



Why B2B online selling is a natural extension of your business model

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Forget the Internet for a moment; Why is B2B (Business to Business) selling is so different to B2C (Business to Consumer)?

Introduction

The difference is clearly in the value of the relationship – and whether the sale is purely transactional or relational. As demonstrated in the table below, from a sales process and business planning perspective they are TOTALLY different.

	B2B	B2C
No of customers	Low	High
Customer monetary value	High	Low
Engagement with customers	High/regular	Low
Customer order frequency	Infrequent	Frequent
Customer order value	High	Low
Items purchased	Regular/repeat	One-off, occasional

Which is why I'm so often astonished by how many companies try to make a B2C eCommerce solution work for B2B customers; if you were offering engineering plastics to Ford, would you use a corner shop instead of an experienced field sales rep? Clearly not. But I am jumping ahead of myself ... we'll get to that in a moment.

The Example: Selling bike parts

As with most concepts, sales models are best illustrated with a very simple example; so let's use the sales of motorbike clothing. Consider a common sales chain – a UK distributor buys motorbike clothing from a US manufacturer (who actually makes the clothing in China of course). They import into their UK warehouse and aggregate these products from their main supplier with bike helmets and various other products from other suppliers.

These products are sold onto bike shops up and down the country who in turn sell their products to bike owners.

Interestingly bike owners (consumers) have a fair loyalty to brands but none-the-less for any one bike shop, the lifetime value of each customer who buys a helmet is fairly low, and the frequency of purchase is relatively low too (a few hundred pounds every few months at very, very best). However sales from a UK distributor to bike shops (B2B) are much more valuable, and

frequent. (Each sale is typically thousands of pounds and is repeated every month, if not weekly.)

Fairly obviously this means there is more regular interaction, and a greater investment in advice, support and relationship building in B2B than B2C.

The distributor will grow sales and boost profits by:

- Recruiting and developing the best retailers,
- Guiding them on which lines to stock,
- Advising which sizes and colours sell best,
- Assisting with window or POS displays,
- Helping with advertising,
- Branding, stock planning,

By contrast a retailer will grow sales and boost profits by:

- Increasingly more self-service
- Spend less time getting to know each customer
- Spend more time on stock, branding, advertising etc.

If that isn't clear enough, let's consider whether a retail outlet could afford to send shop assistants out to visit each potential customer in their home, taking samples and discussing the full catalogue with each customer. Clearly not. No such business could survive. And yet in B2B this is very realistic and very common – aiming to build strong relationships while also shipping a high volume of goods.

The same is equally true of all other industries. Take supermarkets where B2B sales are increasing made online and using in-store self-service checkouts.

While big B2B brands, like Proctor and Gamble, send director-level staff to visit Tesco on a weekly basis. Or try the computer industry where B2C software is often £1.99 or free via the app-store, while B2B software costs thousands and is usually sold with ongoing support and maintenance contracts.

Why is it important to sell online?

88% of B2B customers would prefer to buy online

B2B eCommerce is twice the size of B2C eCommerce

2/3 B2B organisations are already selling online

B2C selling is by its nature transactional and B2B selling is clearly much more relational.

“How many more customers could you get if you had more free time to prospect?”

Taking this online; How do B2B and B2C online selling models translate to the internet?

So, from the above examples it is quite clear that eCommerce suits B2C transactional selling really well but doesn't fit B2B well at all – after all you can't build relationships over a web page. Right? Wrong! Very, very wrong!

Computers are indeed very poor at building human relationships. But what they are really good at is two things:

1. Cost-effective and error-free handling of the transactional stuff like pricing calculations, order processing. Allowing your reps to spend less time doing this “stuff” and more of their expensive time on valuable interactions like listening to customers, giving advice or solving issues.
2. Working evenings and weekends when the customers find time to sit down and to re-order their stock, but your reps are otherwise busy.

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If 100% of your orders are currently taken by reps or phoned/faxed/emailed in and then re-typed into your accounts system by... then how much time would you save by getting 80% of those arriving in your accounts system without investing any staff time at all? How much more relationship building could you do if every member of your customer-facing team had another 10 hours a week to invest in helping customers and providing pro-active advice. How many more customers could you get if you had more free time to spend prospecting?



By taking away the hum-drum repetitive activities (and reducing the paperwork that all reps hate), such as taking repeat orders, checking stock or calculating discounts, your business will be freed from dull and error prone manual tasks. More of a rep's (very expensive) time is then available to proactively help customers, work out who isn't stocking the right lines, advise customers on next-years models or just simply listen and empathise– altogether building good-old-fashioned human loyalty and long-term value for your business.

For B2B eCommerce, it isn't about using eCommerce to reduce service and avoid human interaction but using it to increase both these elements, while reducing costs and errors. In other words, getting computers doing what they do well and humans doing what computers can't do. Well-planned and well-integrated B2B eCommerce will not only reduce costs but it will also help you get much greater value from your reps by focussing 100% of their time on doing what they do best (and what you employed them for)– being good people-people.

Want more?

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