

THE BUSINESS IMPERATIVE FOR TRANSFORMING B2B CUSTOMER EXPERIENCE

SPONSOR PERSPECTIVE

The infusion of technology throughout our society has had a profound impact on the way individuals engage with brands. From next-day delivery to seamless online interfaces, consumers are regularly presented with best-in-class experiences. Business-to-business (B2B) brands are now taking a page out of the business-to-consumer (B2C) playbook, becoming experience-first to build deeply emotional connections and lifelong customer relationships. As a result, consumers no longer apply different sets of expectations to purchasing something for their home or something for their business, erasing the line between traditional B2B and B2C marketing entirely.

As the champions of the customer and stewards of the buying journey, B2B marketers are increasingly laser-focused on not just traditional success metrics and funnel movement but also the emotional reactions customers have as they engage with brands. Through experience management, these marketers can combine operational data, including costs, revenue, and sales, with experiential data such as customer feedback and feelings. The result is a 360-degree, actionable understanding of the customer that fuels meaningful connections at a more human level. This process of listening, understanding, and acting upon individual needs sets a new standard in brand exceptionalism and helps foster a greater investment in the wider community. Modern customers don't just want to be heard; they also want to know brands will learn from these perspectives and act accordingly.

For chief marketing officers (CMOs) who are charged with shepherding their organizations toward true customer-centricity while navigating a record level of distrust in brands—only 21% of consumers say that they've seen firsthand that their preferred brands are acting in the best interest of society as a whole—there has rarely been an opportunity like this one. CMOs are the connective tissue between diverse internal and external stakeholders, driving emotionally rich experiences while keeping the brand accountable. With unmatched knowledge of not only the customer but also of employees, few have the expertise to build a brand identity that reflects the real experiences of the people who matter most. By infusing these voices throughout every arm of the business, CMOs ensure that brands can show up for their audiences in meaningful ways every single time.

Be it a mainstream consumer brand or one of the biggest enterprise technology companies on the planet, all businesses must embrace their humanity. It's the once-in-a-lifetime experiences that make the longest-lasting impressions and build the community of advocates needed for sustainable growth in the digital era. Customers want to feel they're a part of something bigger than themselves, so when you deliver a data-driven, unexpected, and creative experience, it creates an emotional anchor that holds untold value for customers.

Every brand is different, with its own nuanced culture, community identity, values, and purpose. And every customer perceives a brand through a unique lens. By keeping the customer front and center, brands can resonate and connect with their customers most effectively to maximize their relationship and build authentic customers for life.



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As a marketing executive with a company that supplies hotels with everything from bed linens to shower gel, Alice Sadeghian knows her customers want more online choice with the ability to customize their orders. There are the layers of financial approvals, complicated internal corporate structures, and accounting double entries—all the B2B nuisances that companies must still account for as they try to accommodate customers who desire an alternate B2C e-commerce universe for business.

Most organizations and sectors face the same conundrum—B2B customers who expect many of the B2C features and still want to retain some of the traditional B2B processes and benefits, such as having access to a knowledgeable salesperson who understands them and their orders. For B2B companies, creating a superior customer experience is not about simply adopting B2C features but also about strategically and selectively enhancing their customer experience with relevant B2C qualities and creating digital shopping improvements specific to the B2B sector.

The average B2C customer is accustomed to fast and painless digital shopping. When that same customer is making purchases in a professional capacity—as a B2B client—their expectations are heightened, and companies typically fail to deliver. B2B organizations that do not improve their digital purchasing experience will fall behind their competitors, much as many B2C companies did.

Sadeghian, the senior director of digital marketing and e-commerce at American Hotel Register Co., recognized the need to improve customer experience while maintaining certain B2B features. The company, which sells hotel products and services to more than 50,000 customers in over 170 countries, has a new, global e-commerce portal geared toward customers' expectations by being fully mobile. To account for the specifically B2B requirement of securing financial approvals for purchases, the company's e-commerce portal offers an automated, one-click approval process.

“The easier we can make it for our customers to do business with us, the better we protect and grow our market share,” says Sadeghian. “We want to make it a no-brainer for our customers to replenish all of their products in one place so that they come to us.”

HIGHLIGHTS

- Enhancement of their digital shopping options enables B2B companies to boost their growth and unlock new market opportunities by empowering, engaging, and creating a one-stop shopping experience for their customers.
- A transformation targeting customer experience is an enterprise-wide initiative aimed at creating a cross-functional digital operation. Its success depends on C-suite leadership.
- When selecting a technology partner for their customer-experience transformation, B2B companies value vendors that have prior experience in the B2B sector, can provide end-to-end solutions, and are adept at handling data.

The success of the transformation of the digital shopping experience requires the alignment and collaboration of multiple functions, a structural reorganization, and a new cultural mindset. While C-suites across lines of business manage different functions and transformations, their impact touches the entire organization. Through collaboration with and support from general executive managers, department leaders can modernize their strategies, better solve enterprise-wide problems, and drive cross-departmental improvements. Enhancing the B2B customer experience requires such a collaborative approach, supported and championed by the top leaders.

This briefing paper will discuss how B2B organizations are at a tipping point in terms of needing to redefine their customer experience to stay competitive, and it will explore the benefits of and obstacles to doing so. “Customer expectations make it imperative to transform the B2B experience from being process-driven to customer-driven,” says Sunny Mallavarapu, digital transformational project manager at Bosch North America.

The Necessity of Getting B2B Commerce Right

Across industries, customer experience is increasingly important to maintaining and gaining a competitive advantage. In a 2017 survey conducted by Harvard Business Review Analytic Services of 680 executives, 73% said that delivering a relevant and reliable customer experience was critical

to their company’s overall business performance. And 93% of respondents agreed that customer experience would be imperative for business performance in 2019, or two years from the time the survey was conducted.

B2B companies that create the always-on, relevant online buying experience can make their customers happy and reap business benefits. Accustomed to B2C shopping features, B2B customers expect the convenience and speed, often driven by technology solutions, that they have experienced in the B2C environment to be appropriately translated into buying and purchasing. B2B customers are accelerating their shift to self-service websites and applications, and this trend will continue, as Forrester forecasts that B2B e-commerce will account for 17% of all B2B sales in the United States by 2023.

Enhancing their digital shopping options enables B2B companies to boost their growth and unlock new market opportunities by empowering, engaging, and creating a no-brainer, one-stop shopping experience for their customers. Forrester forecasts annual growth of B2B e-commerce of 10%. A.T. Kearney data confirms that companies with more developed digital platforms generate revenue growth at twice the rate of their competitors.

Zekelman Industries, the largest independent steel pipe and tube manufacturer in North America, offers e-commerce channels with access to almost all of the information that customers may be looking for, such as the availability and pricing of products and real-time order tracking, without having to ask anyone for help. “We are empowering our customers with up-to-date information so that they can become accountable to their customers,” says Ketul Patel, director of applications (sales and finance) at Zekelman Industries.

For Bosch North America’s Mallavarapu, having a global digital e-commerce platform with transparent and up-to-date information provides a marketing edge by enhancing communication with the customer.



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“It is a way to engage our customers and make sure that we stay top of mind. How do you keep the relationship with the customer going if you no longer solely rely on the old-school, handshake type of a relationship that was really prevalent with our industry? You can communicate via digital tools and make the customer feel part of the Bosch family.”

The availability of information online also saves the time of salespeople, as they can access information without having to ask multiple people in the organization about updates on their clients. Thanks to the portal, they can be better prepared for their client meetings by keeping abreast of all the digital interactions that the client is having with the company. For example, they can see what the customers are ordering and if there have been any calls to customer service. “Having real-time transparency into what their customers are doing is a huge benefit for the sales team,” says Mallavarapu.

Enhancing the digital aspects of the customer experience also helps the bottom line. For Zekelman Industries, the decision to compete on experience means that the company, a commodity manufacturer, is not forced to compete on price, which leads to higher profitability. By digitizing and automating many of their simple, manual processes associated with inputting or retrieving data, B2B companies are also boosting their margins by saving on labor costs.

Transforming Business Takes C-Suite Leadership

Putting customers at the center is about much more than simply placing technologies at their fingertips. Every time the customer interacts with a vendor is a moment of judgment. Each mistake (such as receiving the wrong information) or inconvenience (for example, a slow or cumbersome system) that a customer encounters at the touchpoint can lead to the loss of a sale or even a lifetime customer.

To work smoothly, every customer touchpoint needs to be powered by different organizational functions,

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cooperating enterprise-wide in real time and aligned at every step. It is creating this well-oiled machine behind the scenes that is at the crux of a successful customer experience transformation.

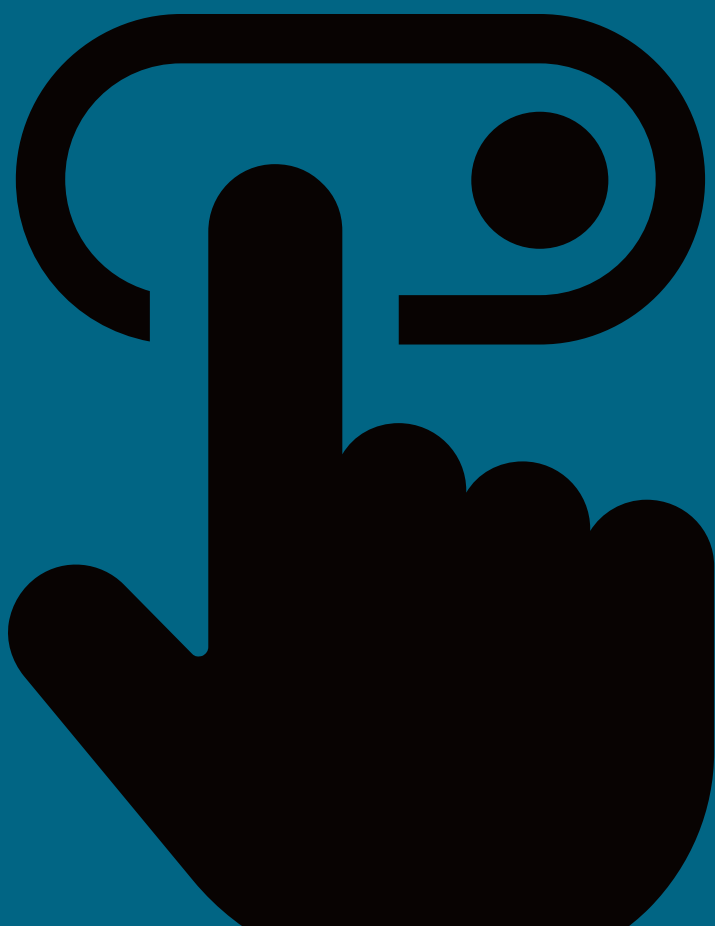
As with every enterprise-wide and interorganizational initiative, the outcome of a transformation aimed at customer experience depends on executive sponsorship. In fact, lack of CEO and C-level sponsorship is often cited among the top reasons that transformations fail. At Zekelman, the vision for digitizing its B2B customers’ experience came directly from the company CEO, which ensured focus, resources, and ultimately the success of the company’s Z-Commerce™ initiative (the trademarked name the company gave its digital e-commerce activities).

Transformations aimed at creating technology-driven solutions are often put under the umbrella of digital transformation, a misnomer if the name is interpreted as led by information technology (IT). “IT is the enabler of the end product, but the champion [of the transformation] has to come from business, such as sales and marketing,” says Patel.

At American Hotel Register, the impetus to transform the customer experience came from the chairman and CEO. The company’s top-level executives continue to support the customer experience improvements, with the current initiatives being jointly led by the chief information officer, the vice president of marketing, and the senior vice president of the supply chain. “The e-commerce portal is the primary way customers do business with us. It is our face to the customer and not simply a technology tool,” says Sadeghian.



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Transforming customer experience requires the redesign of processes, workflows, and structures to enable collaboration across multiple functions. The power tools division of Bosch, a world market leader for power tools and accessories, has reimaged its business processes to enable a “user-first innovation” approach. In the past, the company relied on a traditional linear manufacturing process, with product teams working with end users to identify needs.

But putting the customer at the center means that several functions, including product, marketing, sales, logistics, and engineering, need to be able to dynamically coordinate in real time to respond to customers’ needs. The group does not hand duties off to the marketing team when they are done but instead becomes part of the full life cycle. The original digital marketing team that housed B2B commerce has evolved from a regional digital game to a global end-to-end business digital offerings team. Bosch is now halfway through a multi-year customer-driven reorganization.

This level of internal transformation requires full organizational buy-in and support from the top. “For many years, it was bottoms up, where we were just pushing. But we could only go so high,” says Mallavarapu.

Managing Change for a Successful Transformation

Creating an enhanced technology and data-driven digital experience for B2B customers can be daunting. It requires an internal process reorganization and a cultural shift, calls for new uses of data, and needs to account for the internal structures and needs of the client companies.

While the technology behind the transformation of the customer experience entails maturing from separate one-off websites into a single global end-to-end platform, it is the human element of that transformation that is the hardest. Creating a new customer experience requires an internal remodeling, one that upends organizational structures, establishing

new roles, processes, and teams. While the scale of change can vary, for technology to work well, people must be on the same page first.

At Bosch, the new digital customer experience had to start with uprooting legacy technologies and internal processes. “We have to reboot everything. How do we throw away everything we have been doing to some degree?” asks Mallavarapu. It’s not easy, but there is no other way. “We have to start over to get it right. Otherwise, we are going to be up against this wall again.”

“Internal reorganization and a cultural shift were our biggest struggle,” says Mallavarapu. Bosch is in the middle of implementing a data-driven platform configurable across 60 different countries with the goal of aligning technology, the sales force, and other functions to provide a consistent message and direction. But achieving such consistency can also introduce friction, as apart from other changing roles and collaborations, a third partner—technology—enters the relationship between the salesperson and client. It is thus imperative to help salespeople understand that using technology will make their jobs easier and eliminate their fears of being replaced by technology.

Another challenge is the use of data for e-commerce digital portals. Many companies aim to provide up-to-date pricing, product availability, and shipment tracking as part of their e-commerce experience. This means that the customer gains visibility into internal company information. With such transparency, there is no leeway, and the data that the company is showing on its portals must be current and accurate so as not to disappoint the customer.

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Since data accuracy, warehousing, and management are among the top challenges for organizations across all industries, the exposure of data can pose a risk. Patel advises taking a very cautious and deliberate approach to the exposure of data, starting with the cleanup of the master data. The next step is to identify which data needs to be available in real time, or close to that, and which data needs to be updated overnight. “There’s a lot of negotiation between IT and business to explain why you don’t want everything to be real time,” said Patel, asserting that in the end, all technology issues are dependent on the human factor.

The final set of challenges has to do with the human factor on the client side. To meet customer expectations, the B2B digital experience has to reflect the B2B buying persona. This entails not only elements that the B2B purchaser is expecting or having to handle but also making sure that the portal is not cluttered with B2C types of features that are of no use. What works are proactive features such as notifications about changes in shipment, feedback loops, and improvements in the cumbersome double-entry system. What may not be helpful is recommending “similar products” or offering product reviews, as B2B customers buy to meet their assortment strategies—not according to personal needs or likes.

Most significantly, while in B2C the seller is typically dealing with one customer, in B2B the buying process involves multiple functions, such as inventory, merchandising, finance, procurement, and data entry. It is not only important to design a portal that is smooth for B2B customers to operate; it is also crucial to make sure that the

salesperson is on hand to ease the digital journey if necessary.

Starting such a complex transformation may seem overwhelming. Zekelman Industries’ success was, to a large degree, due to its experience with digital transformation, having built its first e-commerce platform and automated the front-end experience 10 years ago. For companies that are just starting, Patel advises to begin with the concept of the minimum viable product (MVP)—a basic solution that would still make a difference for your customer—and iterate from there. He also suggests to first focus on one or two divisions before unfolding the solution across the whole organization.

And be ready for the long haul. “It’s not a one-off project but a continuous transformation. You are never done with your customer experience management initiative,” says Patel.

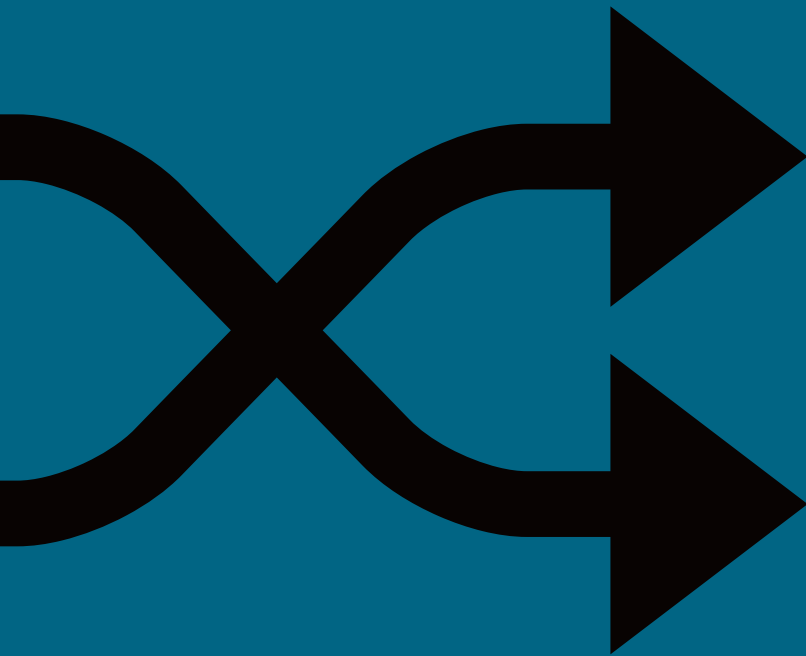
Finding a Transformative Partner

The complexity of the technologies needed to implement a digital B2B customer experience calls for a technology partner that is well versed in such transformations. B2B executives stress the importance of working with a partner that has experience helping B2B companies with enhancing their digital customer experience, can provide end-to-end solutions, and is adept at handling data. Since enhancing the customer experience is an ongoing, iterative process, it is important to work with a partner that is open to innovation and able to collaborate with internal functions.

In many cases, companies are going from a B2B digital shopping experience spread across many small mini-sites into a single, often global, platform offering real-time, personalized service. Creating a single, global platform provides for the ability to scale each enhanced feature and is based on enterprise-wide connectedness, linking the back end to the front end in a closed loop, with the customer at the center.

“Before, we had little pockets of innovation, depending on what the customer needed. And now, for the

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DATA SHOWS THAT COMPANIES WITH MORE DEVELOPED DIGITAL PLATFORMS GENERATE FASTER REVENUE GROWTH, AND BY COMPETING ON EXPERIENCE, THEY ARE NOT FORCED TO COMPETE ON PRICE.



first time in our history, we have an online website enhancement process. When we put in the work, it can be pushed to everyone, and we see the benefit broadly,” says American Hotel Register’s Sadeghian. Having the right internal and external teams involved enabled the company to move a lot faster with the rollout of the digital portal.

Sadeghian highly valued her internal and external technology partner’s experience with data, its track record of working with other B2B e-commerce companies, and its understanding of the complexity of structures on the B2B e-commerce side. “We have our ear to the ground and listen to what our customers are asking for, and we value a technology partner that then is open to innovating with us for the next iteration of their product road map,” she says.

Patel emphasizes the importance of collaboration for achieving B2B customer experience success. Zekelman Industries relies on technology partners to take advantage of product innovations and built-in integrations with back-end systems. “There are partners and tools out there that will help you figure out the best way to transform customer experience,” he says.

The Race to Gain an Edge

Customer experience has become a key differentiator for all companies, and B2B businesses must close the gap with B2C businesses in their online experience to gain a competitive advantage. Data shows that companies with more developed digital platforms generate faster revenue growth, and by competing on experience, they are not forced to compete on price.

Creating a smooth-running digital experience, however, requires support from top leaders, buy-in by the full organization, and collaboration across the enterprise. The process is challenging because it calls for a cultural shift as well as internal reorganization, new approaches to the use of data, and a steady focus on the internal needs of customers. This transformation is complex—and it’s always ongoing.

Given this complexity, B2B executives stress the importance of working with a technology partner that is experienced with such B2B transformations, adept at handling data, open to continual innovation, and able to collaborate well with internal functions. This transformation may seem daunting, but it is essential. Those who have not yet started down this path should get going before they find it is too late.

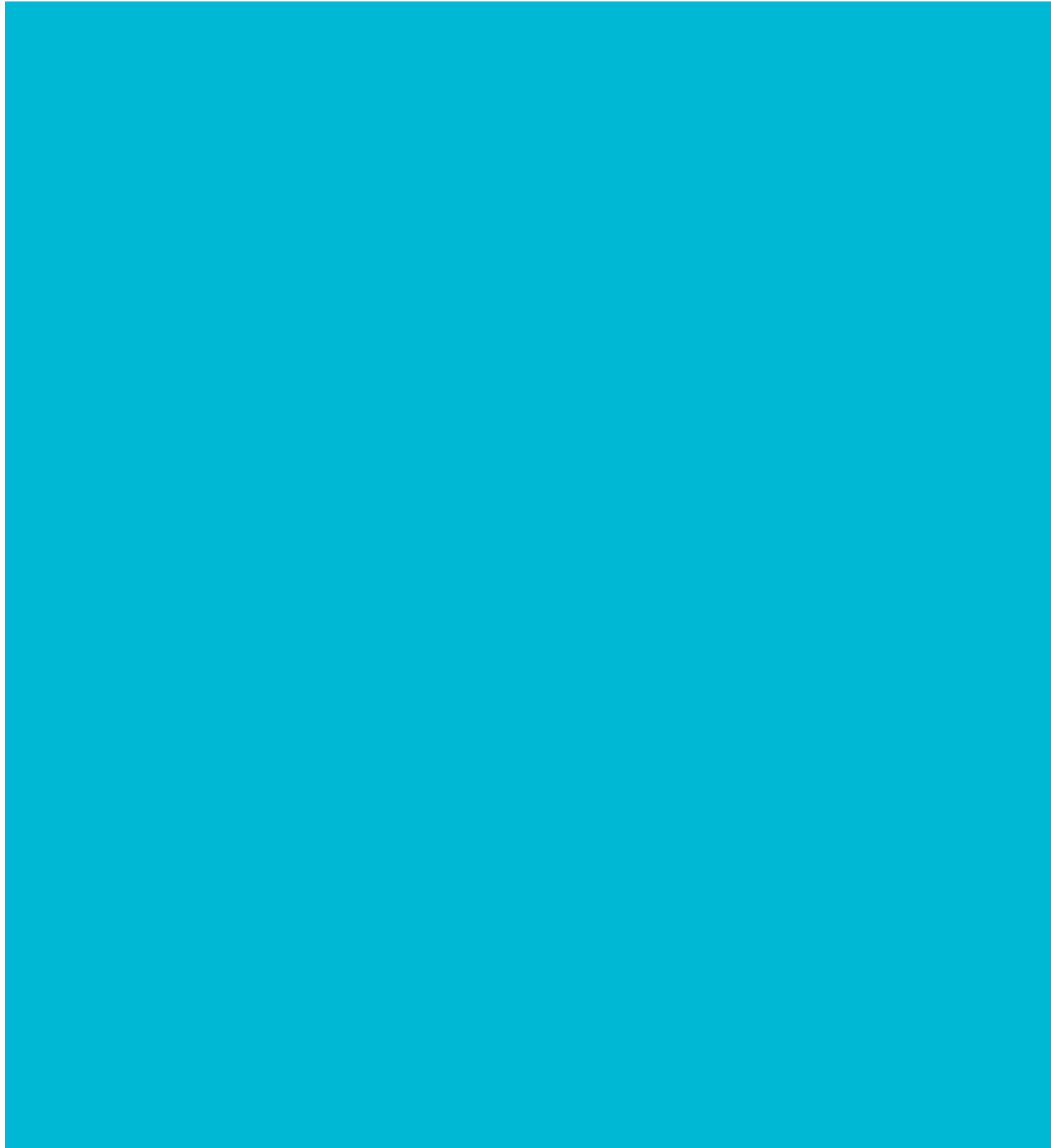
“B2B buyers now want [an experience similar to that of] B2C. If you have not started enhancing your B2B e-commerce experience yet, do not hesitate for much longer, as you may be too late to the game,” says Patel.



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