

To 'B-(or not)-2-B'?

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Digital Strategies for Business-to-Business Companies





Executive Summary

As the traditional approaches to marketing are rapidly being replaced by the digital elements, Business-to-Business (B2B) organizations are forced to think digital for their 'go-to-market' and 'go-to-customer' strategies.

We are also in an era where the company-customer dynamic is changing quickly. Customers are looking for greater transparency around products and services, while companies have better avenues to aggregate and analyze more data about their customers' behaviors and expectations. With a fairly mature Business-to-Customer (B2C) sector showing the way, B2B companies can be more confident about investing in digital strategies.

This paper lays down the case for B2B organizations to adopt growth-oriented digital business strategies to build value, profits and operational efficiencies. We look at the push and pull of strategy and technology, and discuss some of the relevant and emerging digital strategies for B2B organizations.

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Introduction: An 'Outside-in' View to B2B Digital Success

"Business has only two functions: marketing and innovation."

— Peter Drucker

Business-to-Business (B2B) organizations are slowly waking up to the truth of digital marketing. The tremendous success of Business-to-Customer (B2C) companies that have leveraged digital strategies in the last five years has given B2B players hope. They are taking small, but definitive steps in this direction.

There are two major forces driving this change. One is the rapid emergence of digital technology. The second is the major shift in B2B marketing. From reaching the market with good products, the focus has now shifted to consumers in the markets to reach. This 'outside-in' approach makes it imperative to create relevant experiences for customers.

B2B organizations are thus shedding their wariness to realize the significance of digital strategies. The personal nature of digital marketing can help them create better communication and enhance customer experience. Customer demographics and their attitudes matter, and prices and profits are unlikely to fall if companies adopt digital strategies.

However, so far, the perceived absence of severe competition in the B2B sphere has evoked little urgency to force rapid change. Limited competitive analysis and market perspective could be the reason. This has resulted in an incomplete and half-hearted approach to digital strategies.

For B2B companies, identifying and executing growth-oriented digital business strategies can build value, profits and operational efficiencies. And there are some relevant and emerging digital strategies that can be deployed across the value chain of B2B companies. It's important to remember that strategy chooses technology, and not the other way around.

Strategy First, Technology Next

A B2B digital strategy does not translate to technology by default. It is about making products and services smarter, and empowering people with information for greater productivity.

In attempting to digitally reimagine the business, B2B companies need to constantly think from the customer's perspective. How do we make the business outcome-

based? How do we work from the customer's experience inward to meet the organization's objectives and operations?

There are four critical aspects that a sound strategy should look to address in the digital value chain. They are:

- Demand generation
- Ease of search
- Seamless processes
- Superior customer experience

In today's digital world, customers are better equipped with information about products and services than any distributor. They seek greater transparency, from product information to pricing. In effect, the B2B market is really a B2B2C, with direct access to the end consumer as well as distributors. An effective digital strategy needs to provide differentiated communication across all platforms to each critical stakeholder in the value chain (Figure 1).

Figure 1: Key Digital B2B Capabilities

Key Digital B2B Capabilities

Product Development	Supply Chain & Operations	Marketing, Sales & Service
<ul style="list-style-type: none"> ■ Agile products and services for the digital generation ■ Digital and social capabilities to actively listen to customers ■ Co-invention and co-creation with customers ■ Proficiency in digital technologies in R&D and product development such as digital prototyping, virtual labs, data-driven testing and simulation, and digital factories 	<ul style="list-style-type: none"> ■ Networked procurement capability ■ Additional sourcing benefits ■ Dynamic pricing vs. real-time bidding ■ Paperless supply chain ■ Real-time, online manufacturing control ■ Risk management against disruptions 	<ul style="list-style-type: none"> ■ Value for the mobile and socially empowered consumer ■ Omni-channel excellence for seamless customer experience ■ Deep dive customer segmentation ■ Real-time personalization of marketing messages and offers ■ Real-time decision support for sales and service ■ Dynamic pricing



The B2B digital marketing strategy should transform processes, business models, talent and capabilities. It should take charge of data analytics and use the information to create leads, segment customers and analyze behavior.

A mature digital strategy makes individual technologies into pervasive digital connections that enable the organization to interact seamlessly with customers and internal functions. Similarly, it is important to choose relevant metrics that tie the digital activity with revenue and key growth parameters.

The 'Must-have' Digital Strategies

Digital approaches permeate all aspects of the B2B world. Mobile,

social media, Internet of Things (IoT), cloud computing, big data, advanced analytics, cognitive computing, artificial intelligence, robotics and 3D printing are just a few of them.

The following digital strategies can help B2B companies reimagine their offerings, redefine their processes and enhance customer experience to accelerate business transformation.

1. Social Customer Relationship Management (CRM)

Traditional CRM dealt with capturing and managing customer data such as contact details, purchase history and demographics. This was almost entirely information-driven and helped sales people provide

services only to specific customers. With today's customer being much more connected and influential, there is a need to reach beyond customer information and into the realm of customer relationships. This is what Social CRM enables companies to do.

Microsoft's acquisition of LinkedIn is a case in point. LinkedIn's detailed data and information about its users is valuable to Microsoft to build offerings for managing relationships with customers.

By integrating the CRM with social media, customers are kept engaged throughout the purchase journey. This process also allows superior technical support to be offered as it can be crowd-sourced to experts in online communities. For B2B companies, insights from real-time customer conversations

and feedback can help in taking better corrective actions. Satisfied and engaged customers are more likely to be conduits for further business thus saving companies additional marketing dollars. Social CRM can thus improve customer engagement and loyalty, and dramatically reduce the cost of CRM.

Additionally, social CRM tools help:

- Build comprehensive customer profiles by incorporating social data into contact records
- Segment customers and prospects based on engagement metrics and feed them personalized campaigns
- Create relevant content generation cycles
- Inject immediate purpose of action into lead generation and prospecting

2. Influencer Engagement

It is estimated that there are more than two billion active social media users across the world.

Synchronizing the shared experiences of tens of thousands of people drives meaningful relationships over virtual networks. Among social media users, influencers have loyal audiences that trust their opinions on specific topics and are positively inclined toward their recommendations. Social influencers have been shown to generate six times more

traffic and twice the conversions when they share a brand's content on their social channels.

B2B organizations have good scope to expand the influencer engagement paradigm beyond celebrity endorsements. The micro-influencer strategy is one such game plan. Micro-influencers have fewer followers, but can provide greater authenticity. They are easily approachable, do not cost much, and yet help to generate significant engagement.

Take LG's initiative to capture a larger share of the US consumer market. The company partnered with top YouTube influencer Devin Graham (Devin Super Tramp) to create a series of engaging YouTube videos, editing tutorials, and Instagram content to appeal to video editors, artists and graphic designers. The company's 'Seriously Professional' campaign reached 5.4 Million social media users and generated 1.6 Million YouTube views.

For this strategy to work, the sphere of an influencer's social media presence, the demographics and audience interest need to be carefully studied. By carefully crafting the content to excite the influencer's follower-base, a highly rewarding relationship between the brand, the influencer and the community can be achieved.

3. Location-based Services (LBS)

As the name suggests, these are services offered to customers based on their location. The built-in technologies in the customers' smart devices (GPS, compass, RFID and other sensors) are leveraged to drive the geographical context with ambient personalization.

B2B organizations can use LBS to provide services such as vehicle and parcel tracking, turn-by-turn navigation to the nearest warehouse or service center, proximity-based notifications, and even mobile commerce in the form of coupons and advertisements. Other common applications include local news, recommendations of social events, healthcare assistance, directory assistance, emergency response, fleet management and asset tracking.

LBS also opens the doors to collaborative marketing opportunities with non-competitive businesses. In 2014, GE and Quirky (a New York-based ideation company) tied up to promote a new mobile-controlled air conditioner as part of a location-based marketing campaign in Boston and New York. They partnered with Poncho, a weather alert system that sends its users daily forecasts via e-mail and text messages. Whenever the temperature in these areas rose above 75 degrees, the weather alerts included

promotional content about the air conditioners, with a link from where consumers could buy the product.

4. Community Management

The best customer communities are often created by customers, without intervention from the company whose brand they represent. Yet every now and then along comes a company like Reddit that successfully creates a customer community around its product and uses this community as a key differentiator.

Reddit has some of the largest and most active communities that are unique. Over 600 sub-reddits are created every day, and hundreds of reddit meets are globally hosted every year. The strategy of community management is not to manage it, but to let it happen organically.

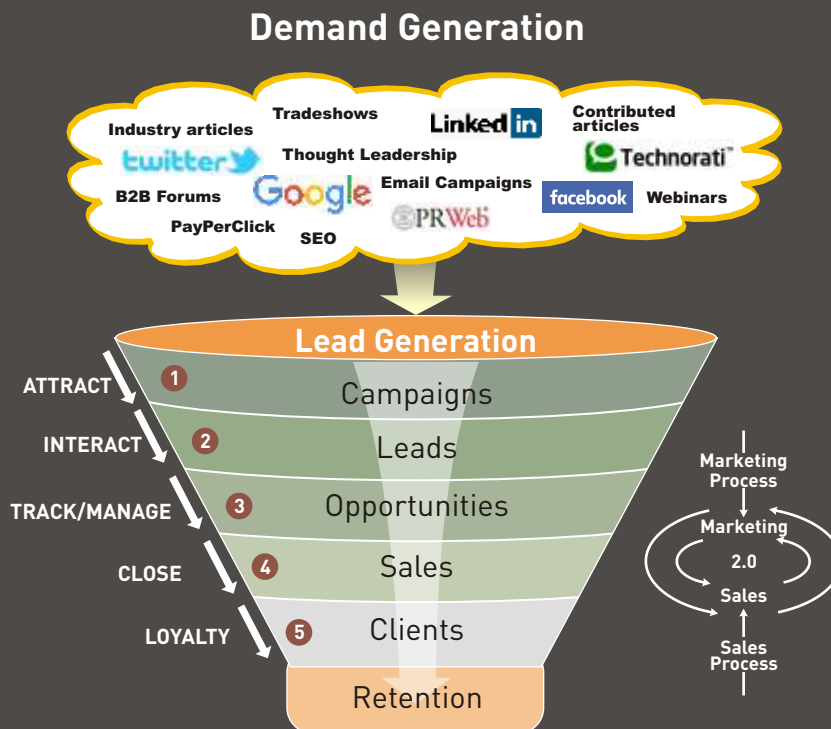
The management of a vibrant B2B community is thus more of an art than a science. Its true value as a strategy however lies in the deep understanding of the industry, culture and issues facing members of the community. High quality customer service, transparency, authenticity and real-time

responsiveness to customer conversations are some of the winning attributes. It is truly an agent of collective, innovative and predictive change.

5. Digital Demand Generation

Is it possible to collect strategies through digital engagement to create qualified sales opportunities? Digital demand generation does just that. It identifies prospects based on their initial actions and nurtures them through digital engagement to provide the sales teams with higher quality leads.

Figure 2: Digital Demand Generation



Source: Illustration by Tim Duranleau, Sr. Director of Marketing, Callidus Cloud

This is distinct from lead generation as the illustration by Tim Duranleau, Sr. Director of Marketing at Callidus Cloud, shows (Figure 2).

Digital demand generation programs should exist as a partnership among growth hackers, content strategists, analytics masterminds, product owners and communication specialists. The common goal should be to build awareness about the brand and industry, and help customers validate the brand specific to their requirements. Additionally, by giving away a sample of their best digital resource (a free tool, an app or downloadable content), companies can create an image of trust and expertise.

6. Industrial Internet of Things (IIoT)

McKinsey reports that B2B applications will account for nearly

70 percent of the value that will flow from IoT in the next 10 years. IIoT relies on the interconnectivity between machines, data and analytical algorithms to generate insights about the state of being, inventory and performance of assets.

For instance, a UK-based company, Veolia, has equipped a 100 km water main and sewer in a town in south-west England with 1500 sensors to check the water quality and detect leakage for real-time monitoring and action.

The challenge thus lies in understanding how to operationalize the technology of IIoT. According to a recent study conducted by IW Custom Research, while an overwhelming majority of senior business executives believe that the adoption of IIoT is critical to the future of their organization, only 25 percent have a clear IIoT strategy. Only 24 percent among them are happy with the execution.

While IoT hardware, from embedded sensors to electronic tags, are good starting points in the value equation, the biggest competitive gains will be achieved by the analysis of IIoT data for informed decisions.

The reasons behind the poor adoption despite the apparent benefits stem from concerns about data security, legacy systems, insufficient skills, lack of budget and a low appetite for risks. The question that companies need to ask is not whether to adopt IIoT, but how to do so in the face of apparent risks. As Richard Soley, Executive Director of Industrial Internet Consortium, says, "The next hurdle for many companies is to develop a clear IIoT strategy, and one that includes protection for sensitive data from cyber-security attacks. Successful IIoT adoption is expected to have a significant impact on business growth."





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