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**Article**

## Sales Transformation – Quo Vadis, B2B Sales?

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# Marketing Review St.Gallen

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# Sales Transformation

Quo Vadis, B2B Sales?

After almost two years of the COVID-19 pandemic, general opinion holds that it has boosted digitalization and turned sales upside down. This article explores whether this is true – and what it means for the future of B2B sales.

Prof. Dr. Marco Schmäh, Dr. Manuel Kern, Prof. Dr. Oliver Götz

Over the past decades, sales has been in constant transformation. Additionally, COVID-19 has upended the world of work as we knew it. Contact restrictions and lockdowns have impeded personal client appointments. Phone and video calls have replaced canvassing visits and meetings. These developments have impacted sales across all sectors. To maintain contact with customers, companies have undergone significant technical upgrades—not only through the provision of digital counselling software, but especially in the hardware sector. The following questions now arise: How has B2B sales changed because of COVID-19, and what long-term consequences can be expected?

Digitalization is in full swing now—not just for companies, but also for customers. In retrospect, the pandemic has been the catalyst for *next-generation sales*. This study examines what this means in practical terms for B2B sales in Germany, what challenges companies are currently facing, and what recommendations for action result from this for the further development of sales. For this purpose, this study starts with a brief literature review as a foundation for answering the research questions.

## Theoretical Background

Digitalization or digital transformation is the process of organizational improvement by inducing significant changes through different combinations of information, computing, communication, and connectivity technologies (Vial, 2019).

A holistic digitalization strategy has tremendous potential. Guenzi and Habel (2020) describe a holistic approach to digitalization in B2B sales and categorize it into *customer interaction processes, internal sales processes, and digitalization of information*. Wengler et al. (2021) developed a similar triad of *people, processes, and data*. According to these authors, digital technologies have the potential to replace the sales representatives, serve as a supplement to the resources available to them, or act as digital services for customers. Furthermore, digital tools can simplify the activities of salespeople and customers and facilitate information exchange (Guenzi & Habel, 2020).

Although both practitioners and researchers agree that digitalization is crucial for corporate success (Kober, 2020; Rodríguez et al., 2020; Wengler et al., 2020), achieving it remains a challenge. For sales in particular, increased use of social media, search engine optimization and the resulting shift in information search mechanisms are making higher demands on companies' digital infrastructure (Heinrich, 2020). This necessitates a cost-intensive expansion of the digital skills of employees, an adaption of the internal interfaces, and high investments in the necessary applications and programs (Zoltners et al., 2021).



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Focusing on medium-sized companies, Wengler et al. (2021) found that digital transformations are successful only when the top management is actively involved in the projects. Budgetary constraints, staff shortages, poor networking between departments, and lack of technical equipment often prevent successful digitalization (Rodríguez et al., 2020; Wengler et al., 2021).

## Research Questions and Methodological Approach

Based on the literature review, this study elaborates the following five main research questions:

- Q1: Which aspects of the sales value chain cannot be managed and executed digitally?
- Q2: Is the lack of IT infrastructure perceived as a challenge by a large number of sales staff?
- Q3.1: Do salespeople support a shift from traditional to digital tools in the future?
- Q3.2: Do salespeople think that social media will be used more in the future?
- Q4: In what ways will the everyday work of B2B sales employees be facilitated by digitalization?

Additionally, sub-hypotheses were developed and tested to analyze different groups within the population of this study.

Based on the results of these hypotheses, the study provides an outlook on the future of sales.

To gain a clear view of the current state of digitalization in German companies and to derive possible recommendations for action, data were collected using a structured questionnaire comprising closed and open questions. The questionnaire focused on the following topics, which were used as key themes for the discussion of the five main research questions:

- development of customer contacts,
- challenges in the sales process,
- tools used to make everyday work easier,
- what B2B sales employees expect for the future.

In cooperation with the Limbeck Group, the questionnaire was distributed digitally to German sales staff and managers from May 5 to May 29, 2021. After excluding questionnaires with incomplete and/or contradictory responses, the final sample comprised 815 respondents. Figure 1 illustrates the sample's main demographic characteristics.

The evaluation of the data was carried out in two stages. First, the qualitative free-form text responses were examined using grounded theory methodology. In an iterative and inductive process, the responses were coded and aggregated into categories resulting in clear statements per main research question. Second, the quantitative data were analyzed by descriptive statistics using the Mann–Whitney U test, the Kruskal–Wallis test, the Chi<sup>2</sup> test, and linear regression. Based on these tests, the sub-hypotheses of the main research questions were tested as illustrated in the [online Appendix](#). After

hypothesis testing, the qualitative data were integrated in the interpretation of the results.

## Main Results

The following findings are based on the qualitative statements from the interviews and the results of the hypothesis testing.

*Key Finding #1: Different aspects must be considered when digitizing the sales value chain and its processes*

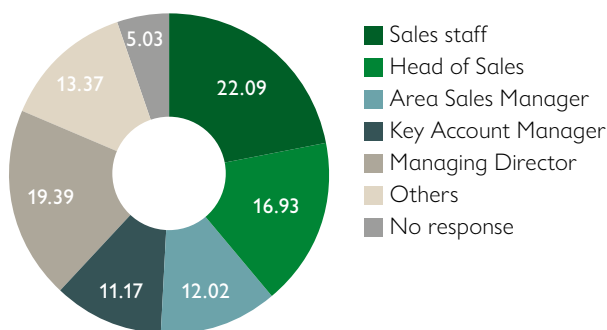
There has been a clear shift towards digital customer contact during the COVID-19 pandemic compared to previous years. At the same time, the digitalization of sales entails numerous challenges, and the nature of the obstacles differs according to industry sector. For instance, it is much easier for financial and insurance services to switch to online consulting than for companies that offer products that require a lot of explanation, such as pharmaceutical and medical technology products or industrial goods. Across those industries the identified challenges are diverse. However, our qualitative data identified four themes as top challenges when digitalizing customer interactions:

- (1) relationship and retention,
- (2) fully digitalized sales cycle,
- (3) initial contact and needs analysis,
- (4) haptics and product demonstration.

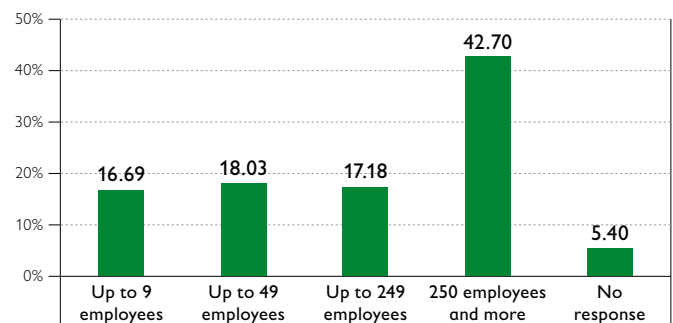
As a result, organizations experience negative consequences from the restriction of personal contacts in the areas of acquir-

Fig. 1: Demographics of the Respondents

Position of interviewees (in %)

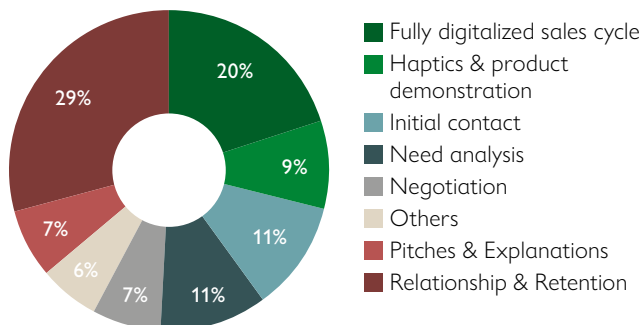


Classification by Company (in %)



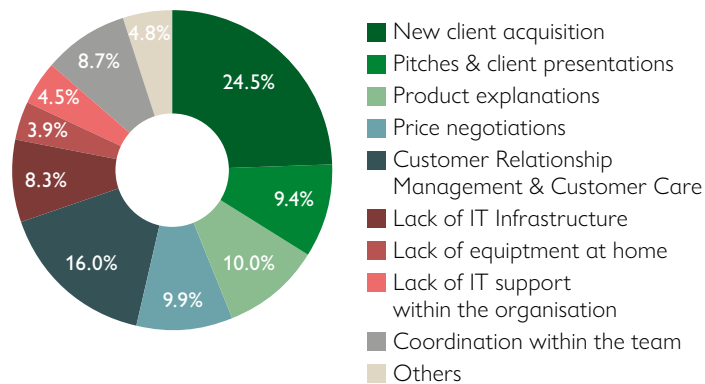
Source: Own illustration.

**Fig. 2: Key Challenges When Digitizing the Sales Value Chain**



Source: Own illustration.

**Fig. 3: Key Challenges When Developing Tools to Facilitate Everyday Work**



Source: Own illustration.

ing new customers and maintaining customer relationships. Additionally, lack of IT equipment has been cited as a minor challenge. In general, it is crucial to consider the nature of the challenges in the context of the company. Company size was identified as an important influencing factor. In small companies with up to nine employees, maintaining customer relationships was perceived as significantly less challenging and the difficulties were generally less severe than in bigger companies. This is because smaller companies generally have a more personal approach toward their customers due to more flexible and less complex company structures and a relatively smaller customer base. Figure 2 provides an overview of the most relevant challenges that have been identified.

*Key Finding #2: Developing IT tools to facilitate everyday work depends on the client interactions and organizations must enable employees to use them and not only implement*

Making use of sales tools, a company can successfully master next-generation sales but only if its employees are trained accordingly. The results of the study show that the IT infrastructure is considered a challenge but not the most relevant one. Rather, having appropriate tools and using them effectively seems to be the decisive factor.

The topic of *remote working* is extremely important because many companies are still uneasy about online teamwork and find it difficult to efficiently organize decentralized collaboration. If these basics remain problematic, digital sales initiatives will not be able to realize their full potential. While remote

working mainly focuses on internal collaboration, all direct client interactions have been identified as being essential when developing tools to facilitate everyday work. Figure 3 illustrates the most relevant challenges that need to be addressed when providing modern IT tools.

Our data also show that some industries are more affected by these challenges than others. In complex businesses environments, such as banking and financial services, tools to enhance product explanations have a bigger leverage than in traditional industry organizations or in pharmacy. In contrast, client relationship management has been identified as a key driver within the production industry and for pharmaceutical

### Management Summary

The COVID-19 pandemic has boosted digitalization. What does this mean for the future of B2B sales? This question was at the core of a scientific research project by the ESB Business School in cooperation with the Limbeck Group. With five main research questions, the project examined the characteristics and effects of the thrust towards digitalization induced by COVID-19, with a focus on the development of customer contact and the resulting challenges for companies, as well as the question which tools can be used and to what extent they make the sales department's work easier.

### Main Propositions

- 1 The COVID-19 pandemic has entailed fundamental changes in sales processes and driven digitalization for both the customer and the company.
- 2 Companies are forced to respond to new digital trends and customer demands to remain competitive.
- 3 Training employees in the use of digital tools is more important than having many different tools.

organizations. In retail, price negotiations are the main leverage where modern IT tools can ease the daily work for sales organizations and their staff. Regarding organizational size, it can be concluded that the larger the organization the more relevant IT tools become, whether for internal collaboration or for direct client interaction. This makes sense as smaller teams can collaborate more easily and may have been affected less by COVID-19 restrictions because they could still meet in the office. We may conclude that organizations seem to understand where the main demand for action is. Digital improvements are required across all industries, even though the detailed applications of IT tools vary depending on the market and the demographics of the affected sales staff.

Moreover, the present study identified social selling as a ‘hot topic’ within the qualitative data analysis and one can assume

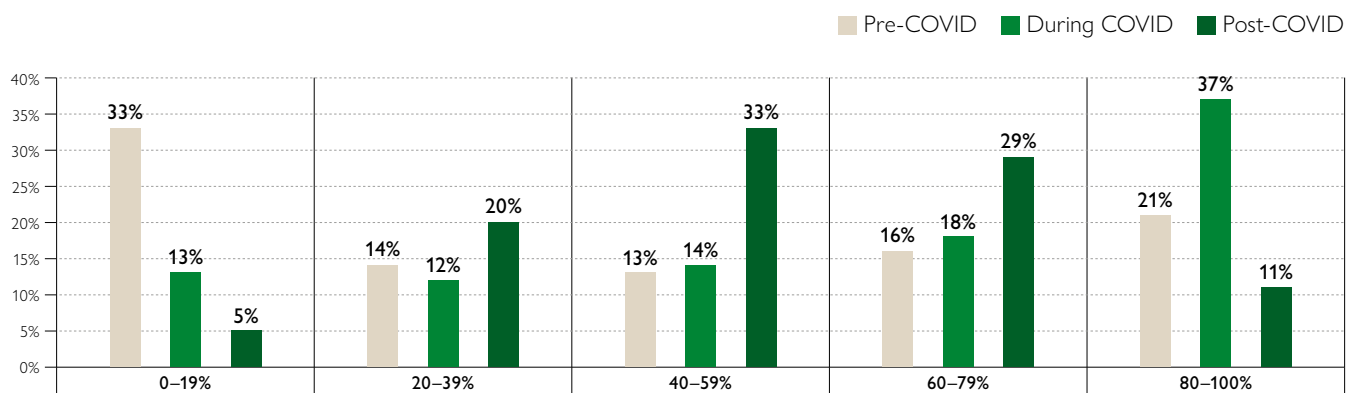
that even more possibilities for addressing customers will open in this field when combining social selling with modern IT tools. The advantages for sellers are obvious:

- (1) *Increase access to the target group:* Social networks offer a direct line to the target group. A seller who acts accordingly and responds to the contributions of their consumers will be able to interact with and acquire customers in an even more targeted manner.
- (2) *Obtain leads:* A strong network is the basis of social selling. High-quality content can be used to attract people who then become new contacts and potential customers.
- (3) *Achieve sales targets:* Virtual relationship building creates a bond with the customer. This makes it easier to close sales.
- (4) *Build a reputation:* Salespeople can use social media to position themselves as experts and give their company a face. In this way, they become the trusted experts for their contacts.
- (5) *Boost customer loyalty:* Authentic commitment and customer problem solving strengthens customer loyalty and trust.

*Key Finding #3: Personal relationship management remains crucial, and collaboration will become hybrid digital in the future.*

At the beginning of the pandemic, many companies were concerned that digitalization would adversely affect customer contacts. However, the present study clarifies that this misgiving did not come true. In general, it can be observed that the percentage of digital customer contacts has increased because of COVID-19—but not to the expected extent. However, the overall importance of digital customer contacts has increased. Ultimately, the lockdowns did not allow for anything else. For

Fig. 4: Percentage of Virtual Customer Contacts Before, During and After the COVID-19 Pandemic



Source: Own illustration.

example, the share of those who handle only 0–19% of their contacts digitally has declined significantly during the past months. Interestingly, the number of salespeople almost exclusively using digital contacts (80–100%) increased during the pandemic, but then dropped again significantly from 37% to 11%. Most respondents (33 %) said they settled on 40–59% digital customer contacts as the pandemic progressed beyond the acute phase.

In addition to this development, the present study also reveals that e-mails and traditional landline or mobile telephones are still the primary communication channels. However, collaboration tools are catching up increasingly fast and many interactions have been shifted away from e-mails and telephone calls towards video collaboration tools. With that said, the integration of social media and the usage of augmented

A handshake and eye contact will always help to convey professionalism and a sense of empathy as well as authenticity.

reality have been identified as the next steps in digital customer interaction. Our qualitative data clearly revealed that customers as well as salespeople believe in the future usage of these tools, for instance in the form of digital exhibitions. However, the data of this study emphasize that interpersonal wants and needs will always be difficult to capture or convey digitally. A handshake and eye contact will always help to convey professionalism and a sense of empathy as well as au-

thenticity. It is clear, therefore, that personal customer contact will still be highly relevant in the future. At the beginning of the pandemic and in the subsequent months, many sales organizations expanded their digital skills and added online consultations to their portfolio so that hybrid models can be used effectively in the future, which means that a mix of face-to-face appointments and remote selling will remain normal for the short- and mid-term future.

## Outlook

In addition to our key findings, the results of this study allow some conclusions to be drawn regarding the future. Three main aspects have been identified as key drivers for future sales operations:

- (1) further progress in digitalization (especially IT tools),
- (2) a mixture of remote and in-person collaboration,
- (3) higher efficiency in processes, partly due to less traveling.

Naturally, the scale of this development depends on the industry. For a pragmatic and individual solution, *personal on-site contacts* will continue to be necessary in areas such as mechanical engineering and medical technology. Yet, virtual reality is already being used quite successfully even for rather sophisticated purposes, for example, to simulate the cleaning of hazardous goods tanks when training employees or to demonstrate how to handle new machines.

Significant progress has been made since the beginning of the pandemic in terms of understanding and accepting *digital*



Source: © Shutterstock.



*processes*. In this context, the use of *new tools* as well as an increased trust in them were mentioned as concrete changes in sales, which are expected to simplify work in the future. Respondents also expect training to be provided digitally in the future and favor *stronger use of technologies* such as AI, social media, and automation. These changes are perceived by most respondents as significantly facilitating the daily work routine. However, increased cooperation with the marketing function is also mentioned as an important factor.

The same phenomenon can be observed for the customer. This means that *face-to-face conversations* will continue to play an important role in relationship building, but *digital contacts* will also increasingly help to maintain and deepen

Companies that want to remain competitive in the future should work harder to make their processes simpler and faster.

customer relationships. There are benefits for both sides. The salesperson and the customer can save time and resources, as there is no need to travel to a meeting. Appointments can often be arranged much more quickly online, as the use of online tools allows all participants to act more freely in terms of location and time.

Companies that want to remain competitive in the future should keep this in mind and work harder to make their *processes simpler and faster*. This is because during the pandemic customers have acquired a lot of experience in dealing with digital products and communication in the private sector, with the result that their willingness to deal with complicated and lengthy purchasing processes has decreased significantly.

However, despite all the digital development, it is crucial not to forego the personal touch. This is characterized by personal contact, but also—and above all—by trust. As a result of the pandemic, customers will place even greater value on a transparent, honest, and empathetic business partnership as well as on individual advice. This is the main task of next-generation sales. Selling is, and will remain, a business between people, regardless of whether it occurs in a conference room or in front of a screen. ■



For a further supplementary table to the article, visit: [unisg.link.mrsg-schmaeh-et-al](https://unisg.link.mrsg-schmaeh-et-al)

## Lessons Learned

- 1 Companies have to place the customer at the center of all marketing activities and anticipate buying behavior.
- 2 In alignment with the new customer demands, they have to provide optimal support for the new sales processes, both online and offline.
- 3 The key to sales success in the future is to become a sales-driven and tech-savvy company.
- 4 To capture all touchpoints of the buyer's journey, it is necessary to restructure the company and its processes and to ensure internal collaboration.
- 5 A well-developed online presence is crucial for covering the decisive phase of the buyer's journey.

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# Sales Transformation

## Quo Vadis, B2B Sales?

Table 1: Hypothesis Overview

Main Research Question	Hypotheses	Hypothesis result	Reasoning Summary
Q1: Which aspects of the sales value chain cannot be managed and executed digitally?	H.1.1: There is a difference in customer contact frequency between pre-pandemic, pandemic and post-pandemic according to the age of sales staff	confirmed ✓	Kruskal-Wallis-Test: Asymptotic significance between 0.009 and 0.018
	H.1.1: There is a difference in customer contact frequency between pre-pandemic, pandemic and post-pandemic according to size of the organisation	confirmed ✓	Kruskal-Wallis-Test: Asymptotic significance between 0.001 and 0.038
	H.1.1: There is a difference in customer contact frequency between pre-pandemic, pandemic and post-pandemic according to complexity of the product	confirmed ✓	Mann-Whitney U Test: Asymptotic significance between 0.001 and 0.024
Q2: Is the lack of IT infrastructure perceived as a challenge by a large number of sales staff?	H2.1: There is a difference in types of perceived challenges according to the organisations industry.	confirmed ✓	Chi-Square Test: Phi between 0.170 and 0.278 Asymptotic significance between 0.000 and 0.049
	H2.2: There is a difference in types of perceived challenges according to the organisations size.	confirmed ✓	Chi-Square Test: Phi between 0.108 and 0.168 Asymptotic significance between 0.000 and 0.048
	H2.3: There is a difference in types of perceived challenges according to the employees age.	confirmed ✓	Chi-Square Test: Asymptotic significance 0.009
	H2.4: There is a difference in severity of perceived challenges according to the organisations industry.	rejected ✗	Kruskal-Wallis-Test: Asymptotic significance above 0.05
	H2.5: There is a difference in severity of perceived challenges according to the organisations size.	confirmed ✓	Kruskal-Wallis-Test: Asymptotic significance above 0.029
	H2.6: There is a difference in severity of perceived challenges according to the employees age.	confirmed ✓	Kruskal-Wallis-Test: Asymptotic significance above 0.025

**Table 1: Hypothesis Overview (continued)**

Main Research Question	Hypotheses	Hypothesis result	Reasoning Summary
<p><b>Q3.1: Do salespeople support a shift from traditional to digital tools in the future?</b></p> <p><b>Q3.2: Do salespeople think that social media will be used more in the future?</b></p>	H3.1: There is a difference in the number of used tools & technologies according to the organisations industry.	confirmed ✓	Kruskal-Wallis-Test: Asymptotic significance above 0.000
	H3.2: There is a difference in the number of used tools & technologies according to the organisations size.	confirmed ✓	Kruskal-Wallis-Test: Asymptotic significance above 0.004
	H3.3: There is a difference in the type of used tools & technologies according to the organisations industry.	confirmed ✓	Chi-Square Test: Person-Chi-Square between 30.626 and 88.202 Phi between 0.194 and 0.329 Asymptotic significance between 0.000 and 0.001
	H3.4: There is a difference in the type of used tools & technologies according to the organisations size.	confirmed ✓	Chi-Square Test: Person-Chi-Square between 10.771 and 22.379 Phi between 0.118 and 0.170 Asymptotic significance between 0.000 and 0.013
	H3.5: If an organisation uses an increasing number of tools, new clients are being attracted by the organisations Remote-Selling-presence.	confirmed ✓	Low ositive linear regression Significance = 0.000 B = -0.133 R <sup>2</sup> = 0.034
<b>Q4: What are the most important workday facilitations for B2B sales employees?</b>	H4: There is a positive correlation between the internal training offers of an organisaon and the confidence of employees to be prepared for the current challenges	confirmed ✓	Medium positive linear regression Significance = 0.000 B = -0.135 R <sup>2</sup> = 0.115

Source: Own illustration.