

Driving B2B Sales in 2020

The definitive guide for understanding the mindset, intent and journey of the B2B Buyer to drive your sales team to success

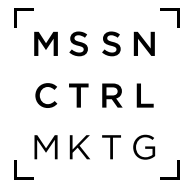
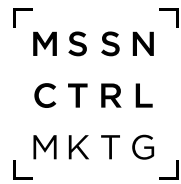


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EXECUTIVE SUMMARY

How Can B2B Companies Drive Sales in 2020?

The first half of 2020 presented a huge shock to healthcare and economic systems on an unprecedented global scale. As COVID-19 continues its spread, health and safety remain of paramount concern, while the global economic situation remains uncertain and unpredictable.

Unlike previous recessions, the pandemic crisis has resulted in significant variance in how individual companies are impacted, based on their geography, industry and product offering.

While the media has focused on consumer industries, this is just as true for B2B companies. For instance, most companies that service the hospitality industry are experiencing significant drop offs in their orders, while technology companies that offer remote working solutions are experiencing an uptick in business.

Many research organizations have released studies that show consumer trends and buying intent, but there is very little research about the buying intentions of B2B decision-makers.

The plans of these buyers are key to the success of all B2B companies in 2020 and, more importantly, 2021. We surveyed senior level executives that are involved with selecting new vendors at large and mid-sized companies to find the answers to five key questions:

- 01 What is the current state of the B2B buyer?**
- 02 Will B2B buyers be open to new vendors?**
- 03 What is the timeline for evaluation and engaging new vendors?**
- 04 What will be the key factors in evaluating new vendors?**
- 05 What is the best strategy for business growth in 2020 and 2021?**

What is the current state of the B2B buyer?

While only 55% of B2B buyers had their budgets decreased due to the economic crisis, nearly every one of them was forced to reallocate their budget towards immediate needs that arose due to the situation, such as telecommuting tools, prioritization of digital offerings, etc. During this process, many felt that they did not receive adequate external support, as only 38% percent of them were satisfied with the adaptation of their vendors to their needs during the crisis.

Those that did face significant budget cuts, were forced to adjust their long-term plans and reallocate work that was previously being outsourced to their in-house teams. These changes will impact their attitudes towards vendors in 2021.



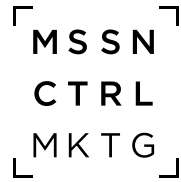
But, the greatest challenge may be new company-wide policies towards hiring vendors. In fact, many B2B buyers will not even be allowed to hire new vendors in the next year, as **47%** of them said that their company has instituted a policy that halts engagements with new vendors.

“The current crisis caused our budget to shrink, so we have become less reliant on outside vendors.”

– Vice President in the IT Department of a Fortune 1000 Company

“While we have made notable increases to the IT budget overall, those funds were earmarked to accommodate the drastic shift in our remote worker strategy and policy.”

– Chief Information Officer at a Mid-Sized Utilities Company



Will B2B buyers be open to new vendors in 2020 and 2021?

The path toward business growth through new customers and engagements will be challenging. There will be a greater focus on allocating budget to current vendors, in addition to new hurdles caused by company policies and stricter guidelines from procurement departments.

Within their current plans, only 59% of B2B buyers expect to evaluate new vendors in 2020, while only 33% believe they will actually make the decision to replace their current vendors. Additionally, 81% of buyers indicated a preference to allocate more budget to current vendors over new ones.

"We will most likely only use vendors that we already know and trust."

—Chief Marketing Officer at a Fortune 1000 Retailer

B2B buyers that are planning to hire new vendors indicated that they still plan to follow their traditional timeline of evaluating vendors toward the end of the year and beginning engagements in the first quarter of 2021.

When will B2B buyers be ready to evaluate vendors?

33%

Q3 2020

26%

Q4 2020

41%

2021 or beyond

When will B2B buyers be ready to start new engagements with vendors?

37%

2H 2020

26%

Q1 2021

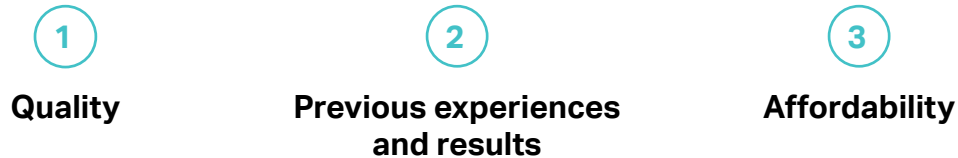
37%

Q2 2021 or beyond

What are the key factors in evaluating new vendors?

The key factors for evaluating vendors have evolved due to the circumstances brought about by the pandemic crisis. Buyers are pressured to focus even more so on budget and costs. While multiple criteria will play a role in their decision to choose a vendor, respondents provided the following guidance as to the key areas of focus in their evaluation of new vendors:

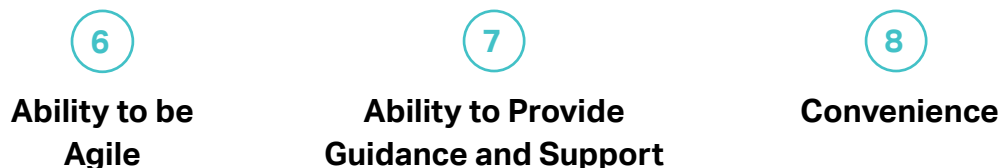
MOST IMPORTANT FACTORS



SECONDARY FACTORS



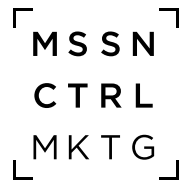
LEAST IMPORTANT FACTORS



It is important to note that despite the fact that affordability has risen in importance for B2B buyers, quality is still the most impactful factor when evaluating a vendor.

“New vendors will need to be true visionaries or industry rock stars. We want to work with the best.”

– Vice President of Finance at a Fortune 1000 Company



Qualitative Results: The Pricing Trap

Qualitative results of the research indicate a strong potential for buyers to create a “Pricing Trap.”

More buyers will be focused on cost. This can be attributed to budget cuts, increased pressure and oversight by their procurement department, or a buyer’s predisposition to “get a deal” in an environment in which they know there aren’t many buyers.

The results of the survey point toward a potential trend of buyers using the current situation as an excuse to push for contracts that include more services at a lower cost.

In a challenging environment, vendors often feel compelled to reduce their prices in order to win the sale. This tactic is frequently used by buyers during recessions and often results in a significant impact on the vendor’s profitability, resources and quality of product.

Do not participate in this race to the bottom. Even the winner really loses.

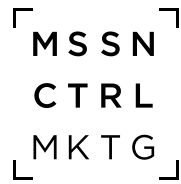
It is important to note that quality, not affordability, is still the most important factor in the buyer’s decision. In this unusual recession, there are many industries and companies that are growing. Focus your sales team on prospects that will continue to prioritize quality work and results, not price.

“Realistically, we have to be more price conscious. It will be challenging to get approval for new vendors given the additional scrutiny from procurement. If there is an opportunity for savings, we may have to choose a vendor that was our second choice in the past.”

– Vice President of Finance at a Large Professional Services Company

“We will no longer hire vendors for our own convenience. They will be expected to add value far in excess of their cost.”

– Vice President of Finance at a Fortune 1000 Company



What is the best strategy for business growth in 2020 and 2021?

The current landscape for B2B sales is complex and will remain so heading into 2021. The key for successfully navigating this unprecedented and uncertain time is to have a focused and unified strategy between marketing and sales.

A FOCUSED APPROACH TO MARKETING AND SALES

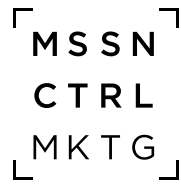
Anticipate fewer sales opportunities in the next year. Companies should identify and focus their resources on the prospects that offer the best opportunity for securing contracts that will help your business grow.

AVOID THE RACE TO THE BOTTOM

Responses indicate that more buyers will base their evaluations on a vendor's willingness to increase the deliverables within a contract, while reducing the cost. By pushing this form of discounting, these buyers will create a "race to the bottom," in which the "winner" will be stuck with a contract that could hurt their business. Immediately remove yourself from the process if the buyer presents this attitude.

AIM TO EXPAND CURRENT CUSTOMERS

Eighty-one percent of B2B buyers prefer to allocate their budget towards their current, trusted vendors. For many companies, the best sales strategy could be growing their current scope of work with the customers they are currently serving.



Mission Control Marketing is a strategic marketing agency that works across multiple disciplines, touch points, and channels. Our team of experienced professionals partner with clients to develop customized marketing strategies that lead to business-focused solutions. We measure our success by the results that lead to tangible business growth for our clients.

Have any questions, or interested in learning more about Mission Control Marketing?

Contact Elliot Schimel at elliott@missioncontrol.marketing

Methodology

This research was conducted in partnership with Researchscape International through an online survey that included 1,232 professionals at large and midsize organizations (500+ employees) that serve as decision-makers in choosing vendors on behalf of their company. It was fielded first on June 26, 2017 and most recently on July 6, 2020.