



Does “loyalty” matter within the Business to Business environment?

“Customer Experience” in B2B environment

Does “loyalty” matter in B2B

- Relative to the Business-to-Consumer (B2C) environment, Business-to-Business (B2B) suppliers operate within a framework that implicitly supports the existence of long - and therefore more likely rewarding - relationships with their customers.
- Customers’ downstream processes are set up to work with the incumbent supplier (production line adapted to specifications of supplier’s parts, marketing material mentioning brand or specs, etc).



- Customers’ buying processes are less flexible (MRP system in place, supplier is on the approved list, EDI payment functionality set up).
- Personal relationships develop between the buyer and the seller, making the buyer less inclined to shop around.
- A buyer has a large number of orders to place every day and may not have the time or inclination to spend a lot of time researching alternative offers.



A consumer is rarely constrained by any of these factors when making a purchase, and switching suppliers/brands is therefore infinitely easier. In the case of certain consumer service products such as banking and insurance, changing suppliers may be somewhat complex and time restricted (e.g. once a year when the policy is up for renewal). Generally though, a private consumer is more at liberty to choose the supplier at the point of every transaction than a business customer, and it might therefore appear easier to retain business customers than private consumers.

Whether the apparent “loyalty” is caused by processes or sentiments for a certain brand or supplier, there is always a limit to how far the goodwill can be stretched, and nobody’s custom is guaranteed for life! Numerous studies have shown the costs of acquiring new customers relative to retaining existing ones. This is partly related to marketing costs. However, just as the processes and systems that facilitate repeat purchases are costly for a customer to update and thus have the same effect as ‘real’ loyalty, the supplier also incurs costs in setting up new customers and therefore has an additional interest in retaining current customers.

It is therefore very wrong to assume - and even worse, to behave as if - loyalty isn’t necessary in the B2B environment, and creating a good customer experience is as important as in B2C.



“Putting the soul back into your customer experience”



The complexity of the B2C purchase life cycle

A consumer purchase is a relative solo activity. One person goes shopping, makes a planned or impulsive purchase and consumes the product. Even where the product is purchased for consumption by others, e.g. by the shopper's partner or children, the entire experience is typically contained within a limited sphere; the household. There are some basic needs of the shopper: availability, relative value, suitability for purpose and of the consumer: e.g. it tastes good and quenches the thirst. If, based on those criteria, the product is deemed satisfactory; it is quite likely that the same brand will be purchased again.

In the B2B environment, the purchased product has many more touch points and the combined 'satisfaction rating' of the purchase/consumption journey may well be influenced by a large number of people with very different needs:

Example: parts used in production

Production planner - the product is available at the right time.

Buyer - the product is available in the desired quantity and time, the price and product number are unchanged from the previous purchase, and the order can be processed electronically with no exception handling required.

Goods-in team - the consignment arrives at the agreed time, in full, and is clearly labelled.

Production manager - product quality meets specifications.

Assembly line operator - the part is easy to get out of the pack.

Accounts payable - the invoice includes correct referencing, the invoice price matches the purchase order.

With a few changes, this example could describe many other B2B scenarios, e.g. a delivery to a retailer, where the touch points would further include merchandisers, marketing and check-out staff, as well as the customer service desk.

Maintaining the customers' loyalty



Failing to meet the expectations at any of these touch points might damage the total Customer Experience to the extent that there will be no repeat purchase! It is therefore essential that the supplier recognises and responds to the combined array of needs and expectations. Some of these requirements will be laid out clearly in a Service Level Agreement (SLA), others may be informal or less obvious.

Depending on the complexity of the product or service in question, a diligent supplier will map out the internal processes and interdependencies - as well as those related to sub-contractors or sub-suppliers - required for providing a good Customer Experience. The formal requirements (as included in the SLA or other elements of the contract) provide a good indication of the customer's key priorities and potential drivers of dissatisfaction.

Furthermore, by obtaining a good understanding of the context in which the products are used or sold on, the supplier can gain some insights that can help them avoid causing irritation and that even enable them to propose or implement improvements to the process that the customer may not have thought of, thereby gaining an extra edge.



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Prior to establishing a new business relationship of a substantial potential, it is worth the supplier's while to engage the individual departments that interface with the customer and/or whose activities impact on the total service delivery and share with them the findings of this research. This will enable the individuals to identify their own roles towards the delivery a good Customer Experience, and will also allow them to recognise any inconsistencies between what is practically possible and what is expected, so that the relevant elements of the contract - or the informal expectations - can be modified accordingly. The supplier should have a process in place for recognising changes in the customer's expectations and circumstances over time, so that appropriate action can be taken, with the objective of delivering a satisfactory Customer Experience each and every time.

In summary, understanding the business customer's expectations, delivering the expected (or an even better) service at each touch point, and preferably pre-empting new requirements and hidden wishes are key to generating good Customer Experiences, which in turn generate loyalty and repeat custom. In times of tough competition, this may prove to be a more valuable way of differentiating your business than offering cut-throat prices or launching extensive marketing campaigns.

If you are interested in knowing more; then please contact us as :- contact@springbaordcs.com



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