Selling in B2C versus B2B Markets

5

In terms of sheer numbers, most salespeople are employed in various kinds of **retail selling**. These jobs involve selling goods and services to *end-user consumers* for their own personal use. These salespeople are selling in the **business-to-consumer (B2C) market**. Examples are direct sellers (Avon, Tupperware, etc.), residential real estate brokers, and retail store salespeople. However, much more contemporary selling is accounted for by the **business-to-business (B2B) market** (which used to be commonly called **industrial selling**)—the sale of goods and services to buyers who are not the end users. Business-to-business markets involve three types of customers:

1. *Sales to resellers,* as when a salesperson for Hanes sells underwear to a retail store, which in turn resells the goods to its customers.
2. *Sales to business users,* as when a salesperson for General Electric sells materials or parts to Boeing, which uses them to produce another product; or when a Xerox salesperson sells a copier to a law firm for use in conducting the firm's business.
3. *Sales to institutions,* as when a salesperson for Lenovo sells 20 laptops to a nonprofit hospital or a government agency.

Sometimes the key success factors and sales activities relevant to B2C and B2B markets and to managing the two types of sales forces are very similar. Success in both types of selling requires interpersonal and communications skills, solid knowledge of the products being sold, an ability to discover customers' needs and solve their problems, and the creativity to show customers how a particular product or service can help satisfy those needs and solve these problems. Similarly, managers must recruit and train appropriate people for both types of sales jobs, provide them with objectives consistent with the firm's overall marketing or merchandising program, supervise them, motivate them, and evaluate their performance.

But B2C and B2B selling also differ in some important ways. Many of the goods and services sold by B2B salespeople are more expensive and technically complex than those in B2C. B2B customers tend to be larger and to engage in extensive decision-making processes involving many people. Therefore, the key success factors and activities involved in selling to business buyers are often quite different from those in retail selling. Furthermore, the decisions made to manage a B2B sales force are broader than those required for a B2C sales force. Although some topics in this book apply reasonably well to both types of selling situations, others apply more directly to the B2B. Overall this book focuses more on the B2B side of contemporary selling.

Note that many sellers work in both the B2C and B2B markets. An insurance agent, for example, sells automobile policies to both individual drivers and company fleet managers.

...focuses more on the B2B side of contemporary selling. Note that many sellers work in both the B2C and B2B markets. An insurance agent, for example, sells automobile policies to both individual drivers and company fleet managers.

Types of B2B Sales Jobs

Even within B2B selling, many different types of jobs exist that require different skills. One of the most useful classification systems for sales jobs identifies four types of B2B selling found across a variety of industries.[14]

1. *Trade servicer.* The sales force's primary responsibility is to increase business from current and potential customers by providing them with merchandising and promotional assistance. The "trade" referred to in the label is the group of resellers, such as retailers or distributors, with whom this sales force does business. A Procter & Gamble rep selling soap and laundry products to chain-store personnel is an example of trade selling.
2. *Missionary seller.* The sales force's primary job is to increase business from current and potential customers by providing product information and other personal selling assistance. Missionary salespeople often do not take orders from customers directly but persuade customers to buy their firm's product from distributors or other wholesale suppliers. Anheuser-Busch does missionary selling when its salespeople

call on bar owners and encourage them to order a particular brand of beer from the local Budweiser distributor. Similarly, pharmaceutical company reps, or *detailers*, call on doctors. When Pfizer first introduced Celebrex, an arthritis drug, its salespeople alerted the physicians in their areas to the efficacy of the product, explained its advantages over traditional pain relievers, and influenced them to prescribe it to their patients. Note that Pfizer sales reps normally don't "sell" any product directly to physicians.

3. *Technical seller.* The sales force's primary responsibility is to increase business from current and potential customers by providing technical and engineering information and assistance. An example is a sales engineer from the General Electric jet engine company calling on Boeing. Most technical selling nowadays is accomplished through cross-functional selling teams because many of the products and associated services are so complex that it is difficult for any one salesperson to master all aspects of the sale.
4. *New-business seller.* The sales force's primary responsibility is to identify and obtain business from new customers—that is, securing and building the customer relationship. Salespeople performing this role are sometimes referred to as Business Development Managers.

Each type of sales job involves somewhat different activities and thus different key success factors.

Like many firm activities in the 21st Century, the selling function in a firm is sometimes outsourced. An **outsourced sales force** entails hiring sales agents—who usually work for a broker organization—that specialize in selling particular types of product lines within the hiring firm's channel of distribution. These brokers usually represent numerous product lines that are not in direct competition in order to avoid conflict of interest. They are most often paid a straight percentage of sales revenue, thus shifting the sales function for the hiring firm to a purely variable cost model. For the broker salesperson him/herself, the characteristics and activities involved in the job are not much different from those of company-specific salespeople.[15]

In order to truly understand the selling process, why successful salespeople do what they do, and how they manage their efforts effectively, you must understand how customers make purchase decisions. The next sections shift the focus of our discussion from the selling side to the buying side. We will examine the participants in the B2B buying process, the stages of this buying process, and finally the nature of organizational buying situations.

PARTICIPANTS IN THE ORGANIZATIONAL B...