

Marketing & Sales Practice

These eight charts show how COVID-19 has changed B2B sales forever

New analysis makes it clear: For B2B sales, digital is the wave of the future.

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The COVID-19 pandemic forced B2B buyers and sellers to go digital in a massive way. What started out as a crisis response has now become the next normal, with big implications for how buyers and sellers will do business in the future.

Recent McKinsey research on decision makers' behavior globally across industries since the crisis began reveals that the big digital shift is here to stay.

Both B2B buyers and sellers prefer the new digital reality

More than three quarters of buyers and sellers say they now prefer digital self-serve and remote human engagement over face-to-face interactions—a sentiment that has steadily intensified even after lockdowns have ended.

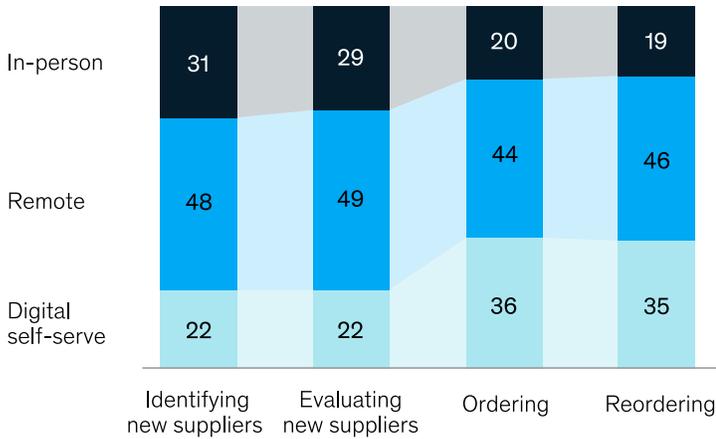
Safety is one reason, of course. But self-serve and remote interactions have made it easier for buyers to get information, place orders, and arrange service, and customers have enjoyed that speed and convenience. Only about 20 percent of B2B buyers say they hope to return to in-person sales, even in sectors where field-sales models have traditionally dominated, such as pharma and medical products.

Exhibit 1

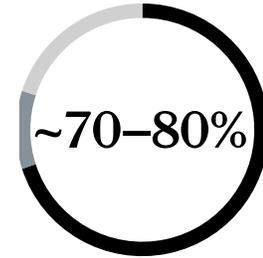
Most B2B seller interactions have moved to remote or digital ...

Current way of interacting with suppliers' sales reps during different stages^{1,3}

% of respondents



... and that's exactly what customers want.



of B2B decision makers prefer remote human interactions or digital self-service^{2,3}

Why?

- Ease of scheduling
- Savings on travel expenses
- Safety

¹Q: "How would you currently interact with sales reps from your company's suppliers during the following stages of interactions?"

²Q: "How would you prefer to interact with sales reps from your company's suppliers during the following stages of interactions?"

³Figures may not sum to 100% because of rounding.

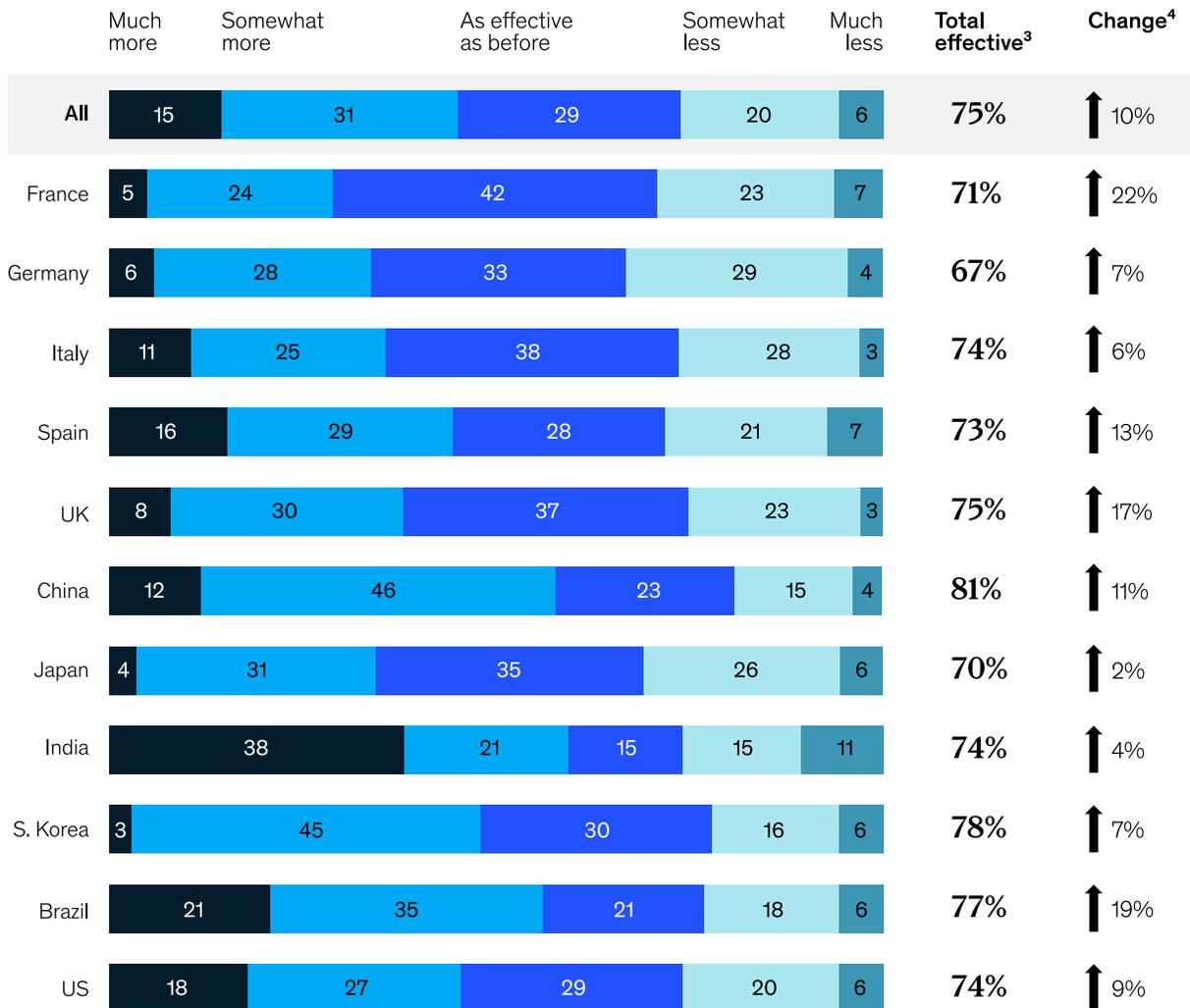
Far from a local phenomenon, the shift to digital and remote engagement has been embraced by decision makers in all countries surveyed worldwide. B2B sales leaders have moved from being "forced" to adopt digital in reaction to the widespread shutdowns in the early stages of COVID-19 to a growing conviction that digital is the way to go.

Exhibit 2

Belief in the efficacy of digital continues to grow.

Effectiveness of new sales model in reaching and serving customers^{1,2}

% of respondents



¹Q: "How effective is your company's new sales model at reaching and serving customers?"

²Figures may not sum to 100% because of rounding.

³Percent of respondents choosing "as effective" or more so compared with prior to COVID-19.

⁴Percentage-point change in respondents choosing "as effective" or more so compared with April.

Source: McKinsey COVID-19 B2B Decision-Maker Pulse #3 7/27-8/11/2020, (US n = 602), (France n = 206), (Spain n = 200), (Italy n = 401), (UK n = 206), (Germany n = 401), (China n = 408), (S. Korea n = 200), (Japan n = 200), (India n = 400), (Brazil n = 402)

Customers are buying big online ...

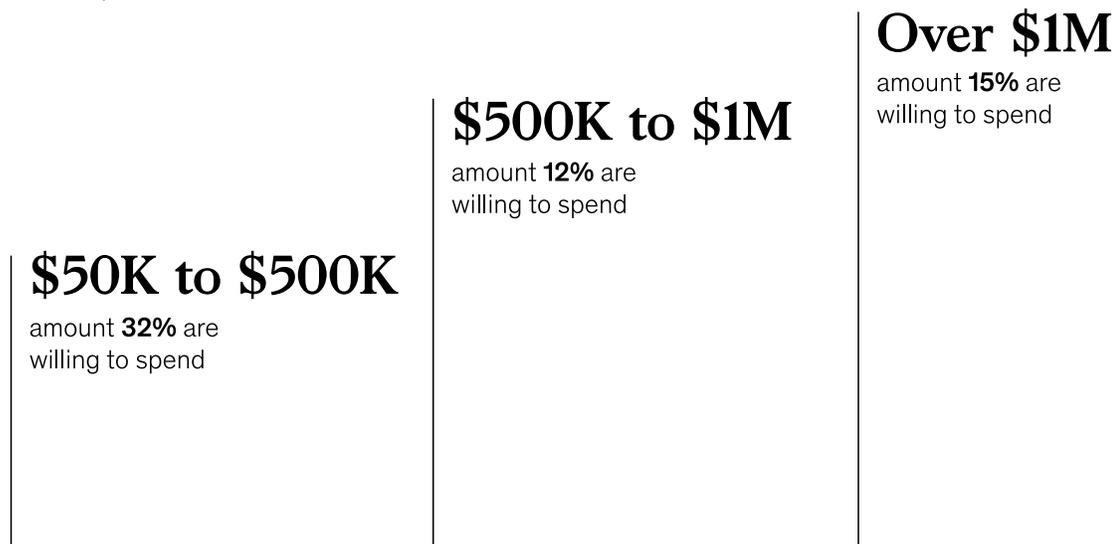
The most notable sign that digital sales have come of age is the comfort B2B buyers display in making large new purchases and reorders online. The prevailing wisdom used to be that e-commerce was mainly for smaller-ticket items and fast-moving parts. Not so anymore. Notably, 70 percent of B2B decision makers say they are open to making new, fully self-serve or remote purchases in excess of \$50,000, and 27 percent would spend more than \$500,000.

Exhibit 3

Buyers are willing to spend big using remote or self-service.

Maximum order value you would purchase through end-to-end digital self-service and remote human interactions for a new product or service category^{1,2}

% of respondents



¹Q: "What is the maximum order value that you would purchase through end-to-end digital self-serve and remote human interactions for a new product or service category?"

²Numbers do not add to 100% because "I don't know" option offered was not included for analysis.

Source: McKinsey COVID-19 B2B Decision-Maker Pulse #3 7/27-8/11/2020 (n = 3,626)

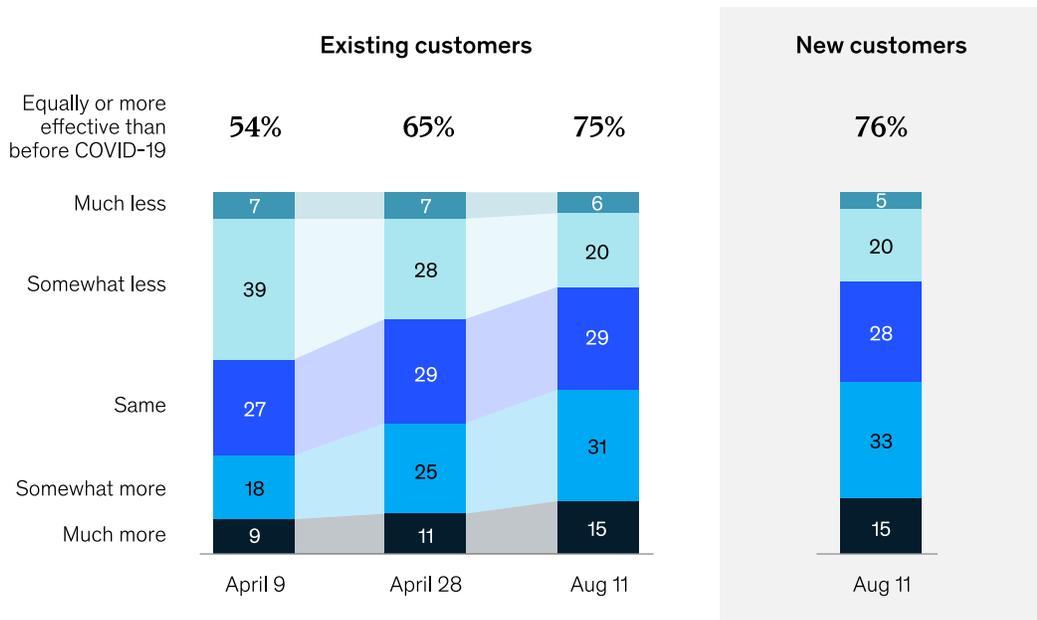
... and remote is working for prospecting too

B2B decision makers globally say that online and remote selling is as effective as in-person engagement, or even more so—and they’re not just talking about selling to warm leads. Sellers also believe digital prospecting is as effective as in-person meetings to connect with existing customers.

Exhibit 4

Remote engagement successfully supports both selling and prospecting.

Effectiveness of new sales model in reaching and serving customers^{1,2,3}
 % of respondents



¹Q: "How effective is your company's new sales model at reaching and serving customers?"
²Q: "How effective is the new sales model in acquiring new customers (eg, those that have never purchased from your organization before)?"
³Figures may not sum to 100% because of rounding.
 Source: McKinsey COVID-19 B2B Decision-Maker Pulse #1 3/30–4/9/2020 (n = 3,619), McKinsey COVID-19 B2B Decision-Maker Pulse #2 4/20–4/28/2020 (n = 3,755), McKinsey COVID-19 B2B Decision-Maker Pulse #3 7/27–8/11/2020 (n = 3626)

Two breakout stars: Video and live chat

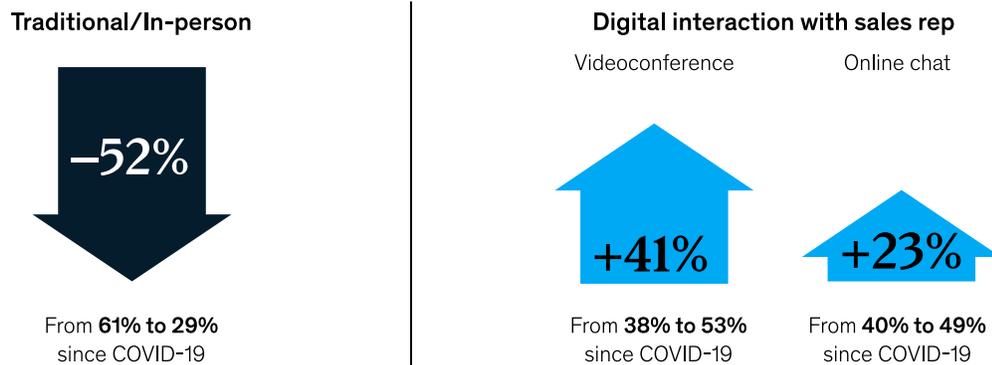
With the massive shift to digital resulting from COVID-19, video and live chat have emerged as the predominant channels for interacting and closing sales with B2B customers, while in-person meetings and related sales activities have dropped precipitously.

Exhibit 5

The majority of B2B companies have shifted their go-to-market model from traditional ...

... to digital, with heavy reliance on video and online chat.

Go-to-market sales model during COVID-19^{1,2,3}
% of respondents



¹Q: "In what ways was your company's product or service sold before COVID-19?"

²Q: "Now today, in what ways is your company's product or service sold during COVID-19?"

³Figures may not sum to 100% because responses under "other" option offered were not included in analysis, and because of rounding.
Source: McKinsey COVID-19 B2B Decision-Maker Pulse #3 7/27-8/11/2020 (n = 3,626)

McKinsey

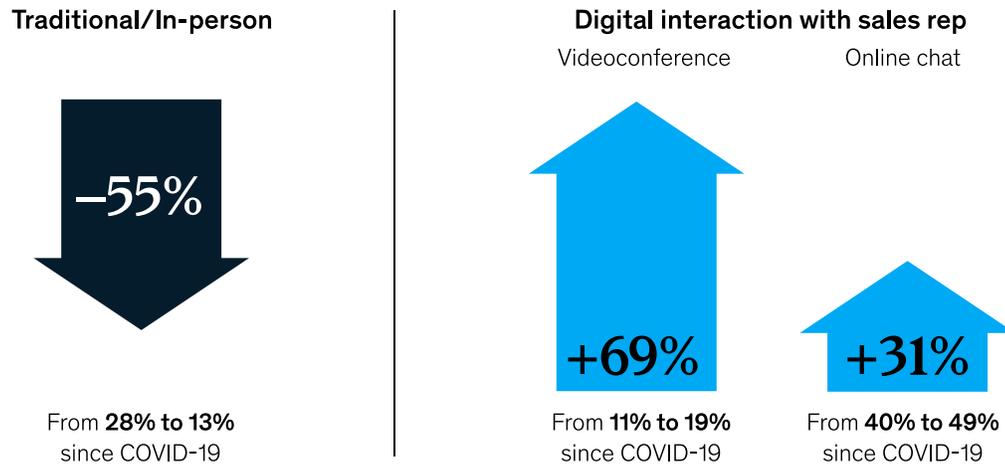
The amount of revenue generated from video-related interactions has jumped by 69 percent since April 2020. Together, e-commerce and videoconferencing now account for 43 percent of all B2B revenue, more than any other channel. Customers also made it clear that, given the choice, they prefer video to phone.

Exhibit 6

Nontraditional channels, particularly video, drive the lion's share of revenue ...

Go-to-market sales model during COVID-19^{1,2}

% of respondents

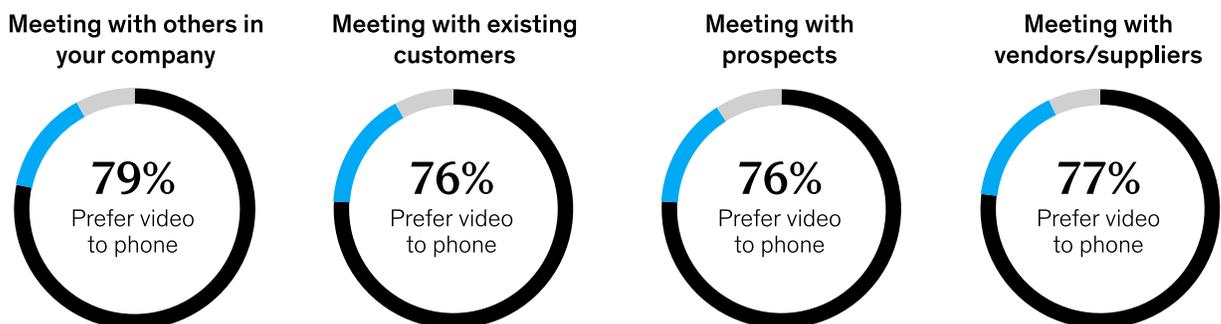


... and are preferred over the phone in all cases.³

Preference for video (eg, Zoom, WebEx, Teams) over phone in different situations¹

% of respondents

■ More helpful ■ Neutral ■ Less helpful



¹Q: "Approximately what percentage of your company's revenue before COVID-19 was driven by.../during COVID-19 is now driven by..."

²Figures may not sum to 100% because responses under "other" option offered were not included in analysis, and because of rounding.

³Q: "How much more or less helpful is it to use video (eg, Zoom, WebEx, Teams) vs phone only in the following situations?"

Source: McKinsey COVID-19 B2B Decision-Maker Pulse #3 7/27-8/11/2020 (n = 3,626)

The future is digital—and optimistic ...

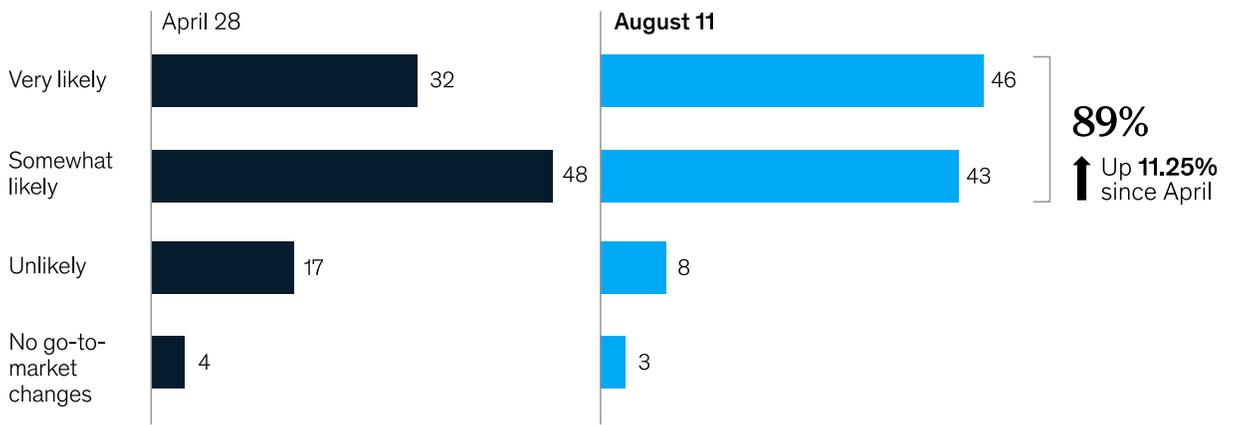
According to survey respondents, these pandemic-induced patterns are likely to become permanent. Close to nine in ten decision makers say that new commercial and go-to-market sales practices will be a fixture throughout 2021 and possibly beyond.

Exhibit 7

Companies expect the changes to stick.

Likelihood of sustaining new go-to-market models for 12+ months^{1,2}

% of respondents



¹Q: "Which of the following statements best describe the changes your company has made to its commercial and go-to-market model during COVID-19?"

²Figures may not sum to 100% because of rounding.

Source: McKinsey COVID-19 B2B Decision-Maker Pulse #2 4/20–4/28/2020 (n = 3,755), McKinsey COVID-19 B2B Decision-Maker Pulse #3 7/27–8/11/2020 (n = 3,626)

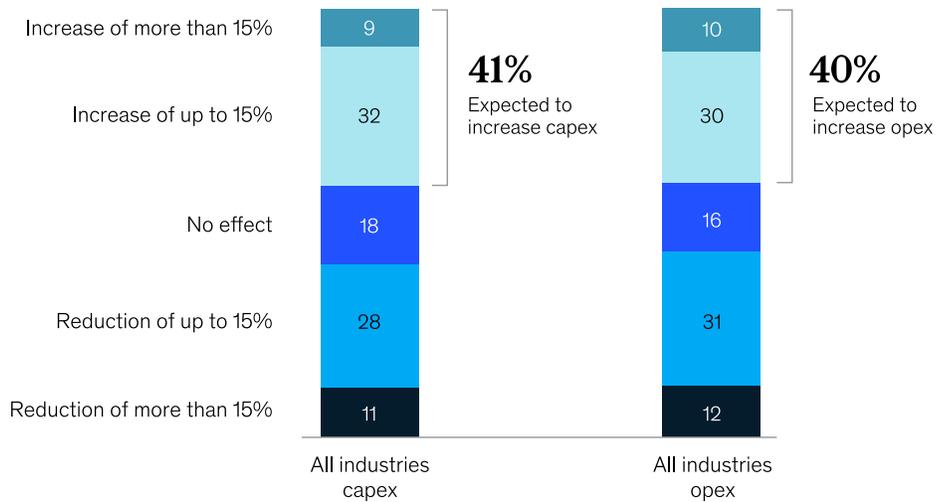
... with B2B spend increasing

Sentiment also remains upbeat for a significant percentage of decision makers. That optimism is reflected in a majority citing multiyear plans for increased spending or maintenance on opex and capex.

Exhibit 8

A significant number of decision makers across industries expects capex and opex to rise.

Expected change in capex and opex investments in industry over the next 5 years due to COVID-19^{1,2}
% of respondents



¹Q: "Over the next 5 years, how do you think will COVID-19 affect your industry's costs and investments in each of the following areas?"

²Figures may not sum to 100% because responses under "prefer not to answer" option not included in analysis, and because of rounding.

Source: McKinsey COVID-19 B2B Decision-Maker Pulse #3 7/27-8/11/2020 (n = 3,626)

The dramatic increase in digital adoption presents a seminal opportunity for B2B organizations. The shift to virtual sales can help sales organizations lower their cost per visit, extend their reach, and significantly improve sales effectiveness—while delighting customers who are demanding these new ways of interacting stick long term and who are likely to reward suppliers that do it well.¹ But while the opportunity is significant, so is the pressure to capitalize on it. B2B leaders that commit to further digitizing their go-to-market models should derive competitive advantage in the form of more—and more loyal—customers than their slower-moving peers.

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¹ McKinsey's 2018–19 Omnichannel Sales Insights Survey revealed that companies offering customers "outstanding digital experiences" alongside "traditional sales experiences" are 1.5–2x more likely to become primary suppliers.