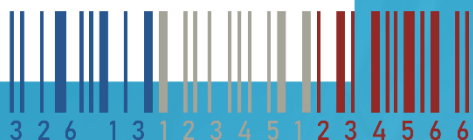


# B2B E-Commerce Pricing : Secrets from best-performing companies

Craig C. Zawada  
Chief Visionary Officer  
Digital Pricing Conference - February 4, 2021

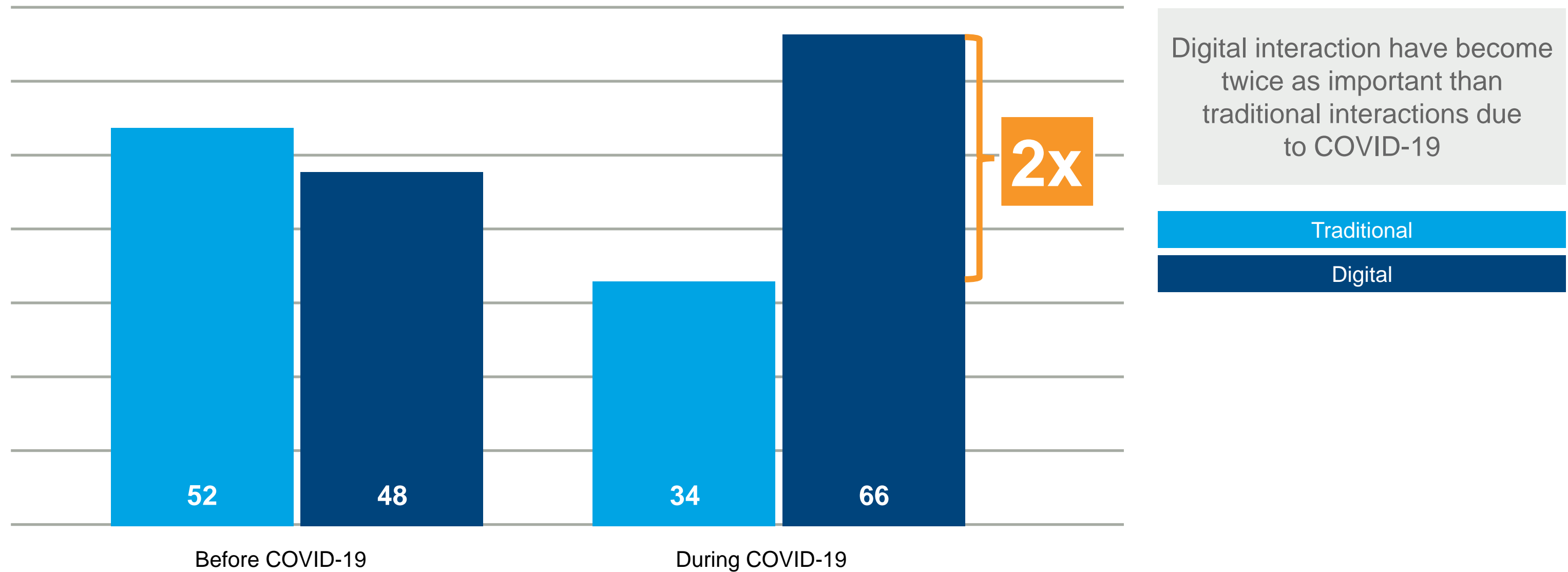
LE CLUB DU PRICING  
FRANÇAIS



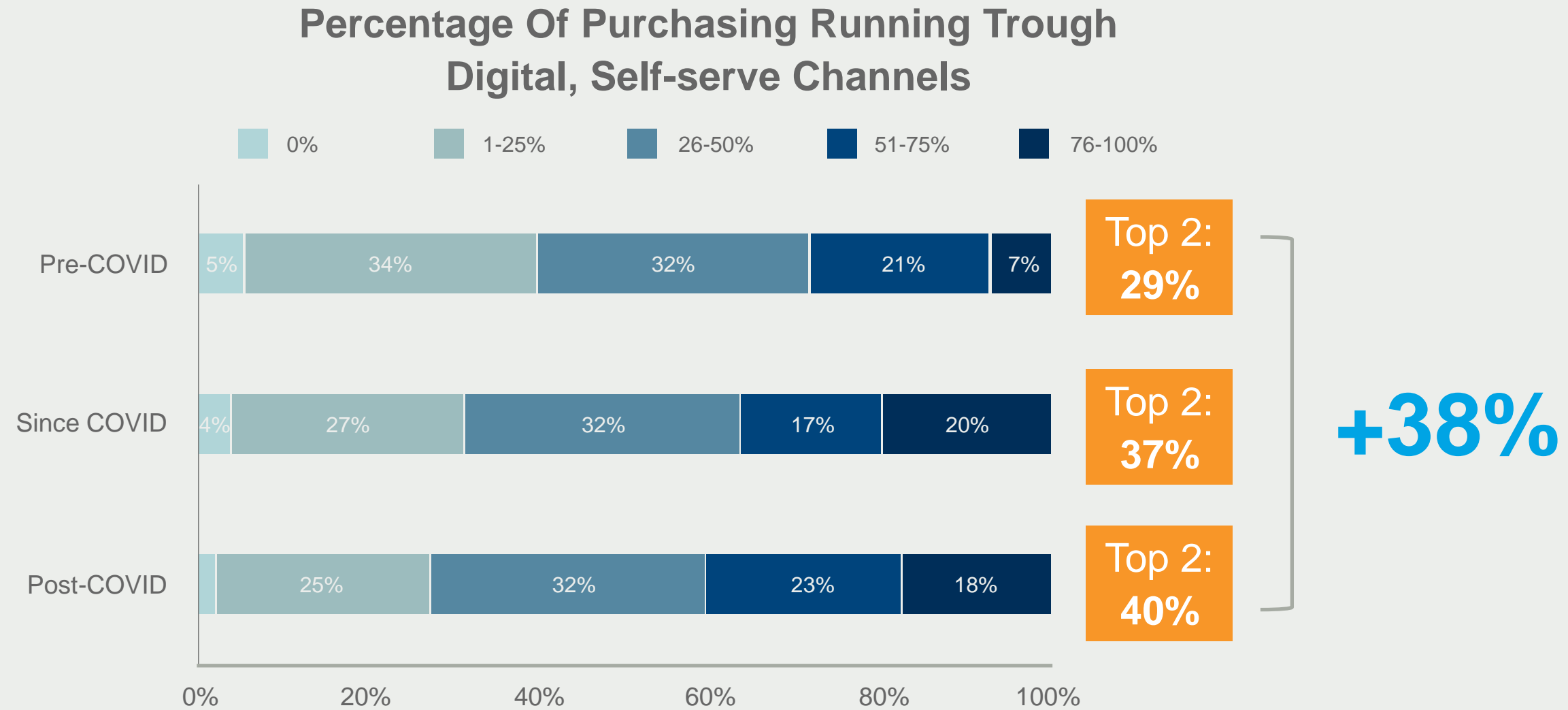
PROS.

# Challenge #1 – This Environment makes Digital an Imperative

Digital interactions with customers are more important



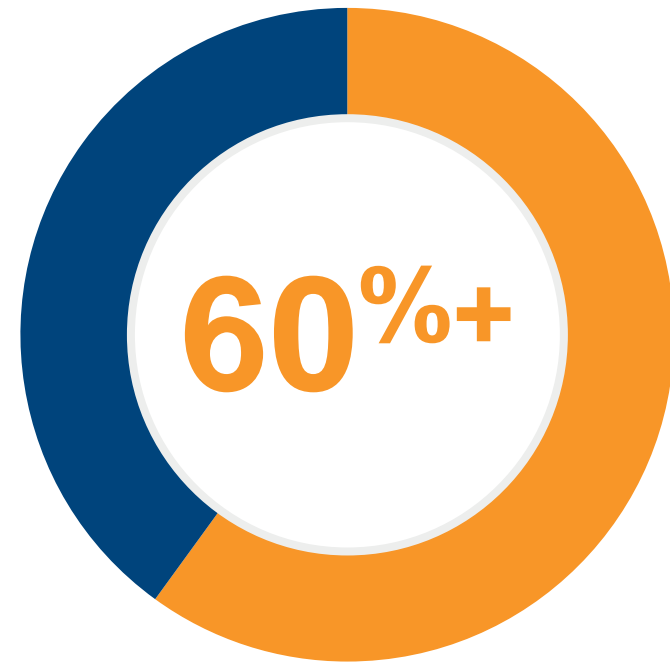
# Increase in Self-Serve Buying Channels



Q: How much of your company's purchasing was run through digital, self-serve channels prior to the COVID-19 outbreak? (n=10)  
 Q: How much of your company's purchasing is run through digital, self-serve channels since the start of COVID-19 outbreak (mid-March) (n=10)  
 Q: How much of your company's purchasing is expected to run through digital, self-serve channels after the COVID-19 outbreak? (n=210)

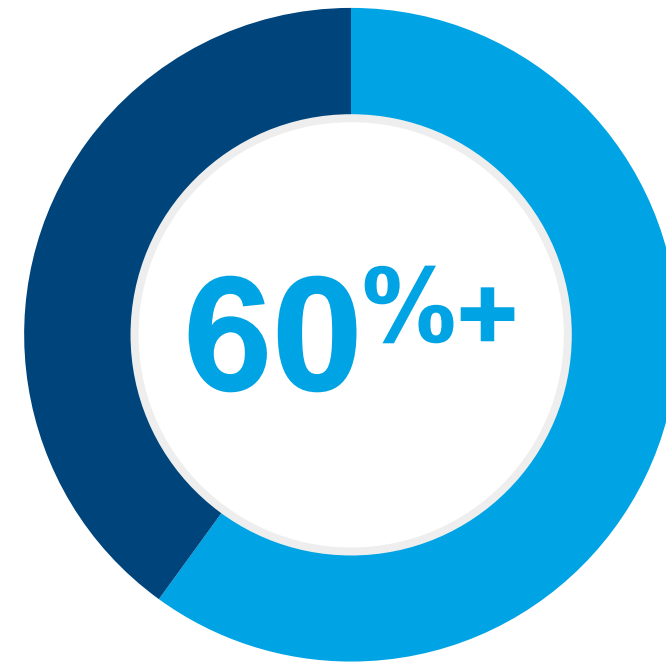
Source: June 2020 Hanover Research of B2B buyers commissioned by PROS

# Not a New Trend...It is an Acceleration of a Recent Trend



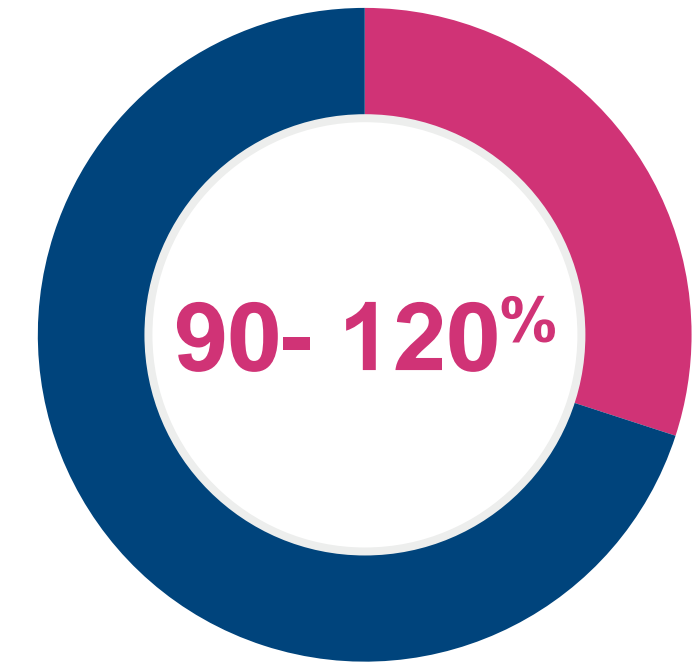
## Speed

60%+ of buyers will pay more to buy faster/instantly



## Trust

60%+ of buyers prefer pricing driven by algorithms



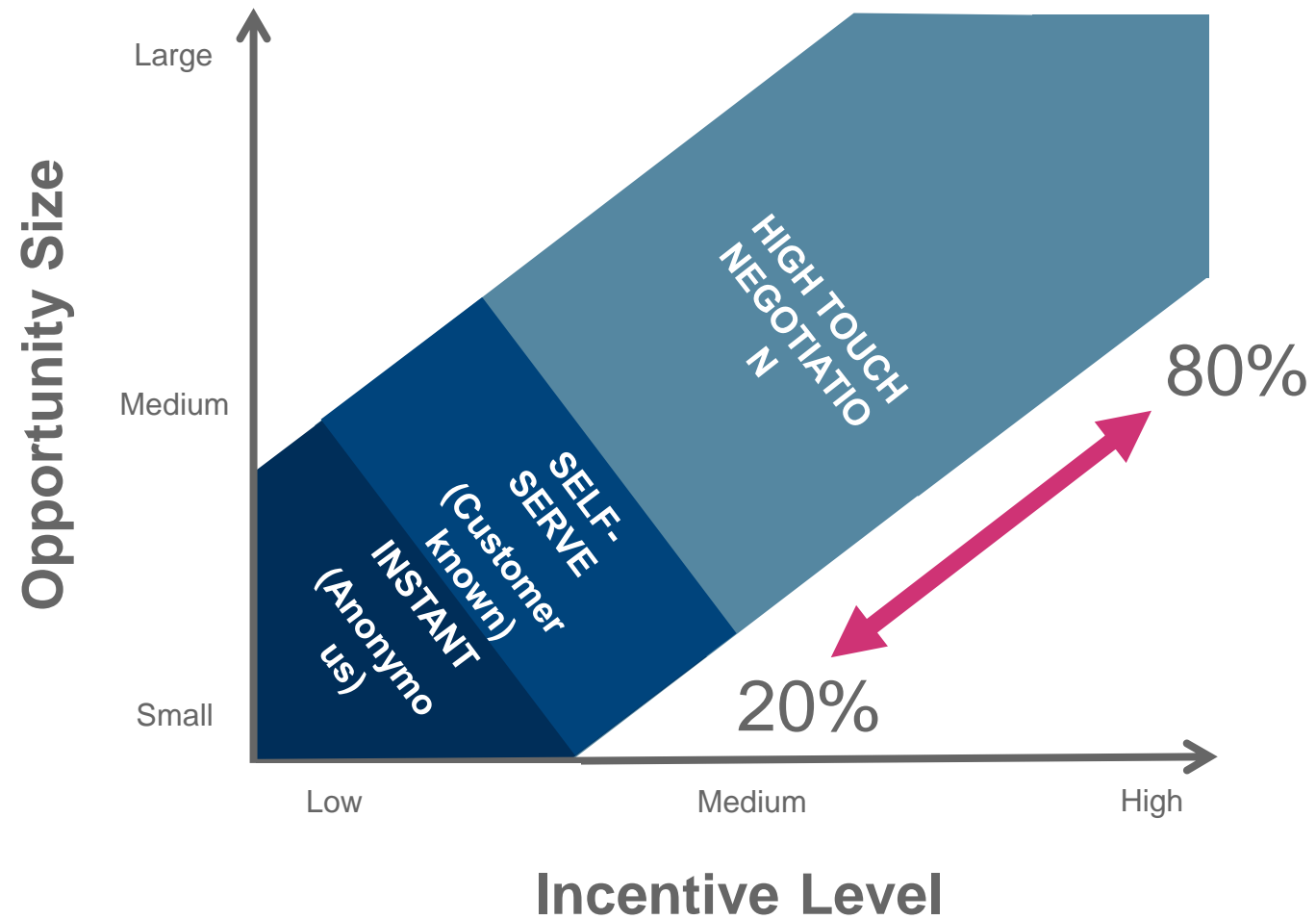
## Self-serve

90-120% increase in the importance of self serve in the research and evaluation phase of B2B buying

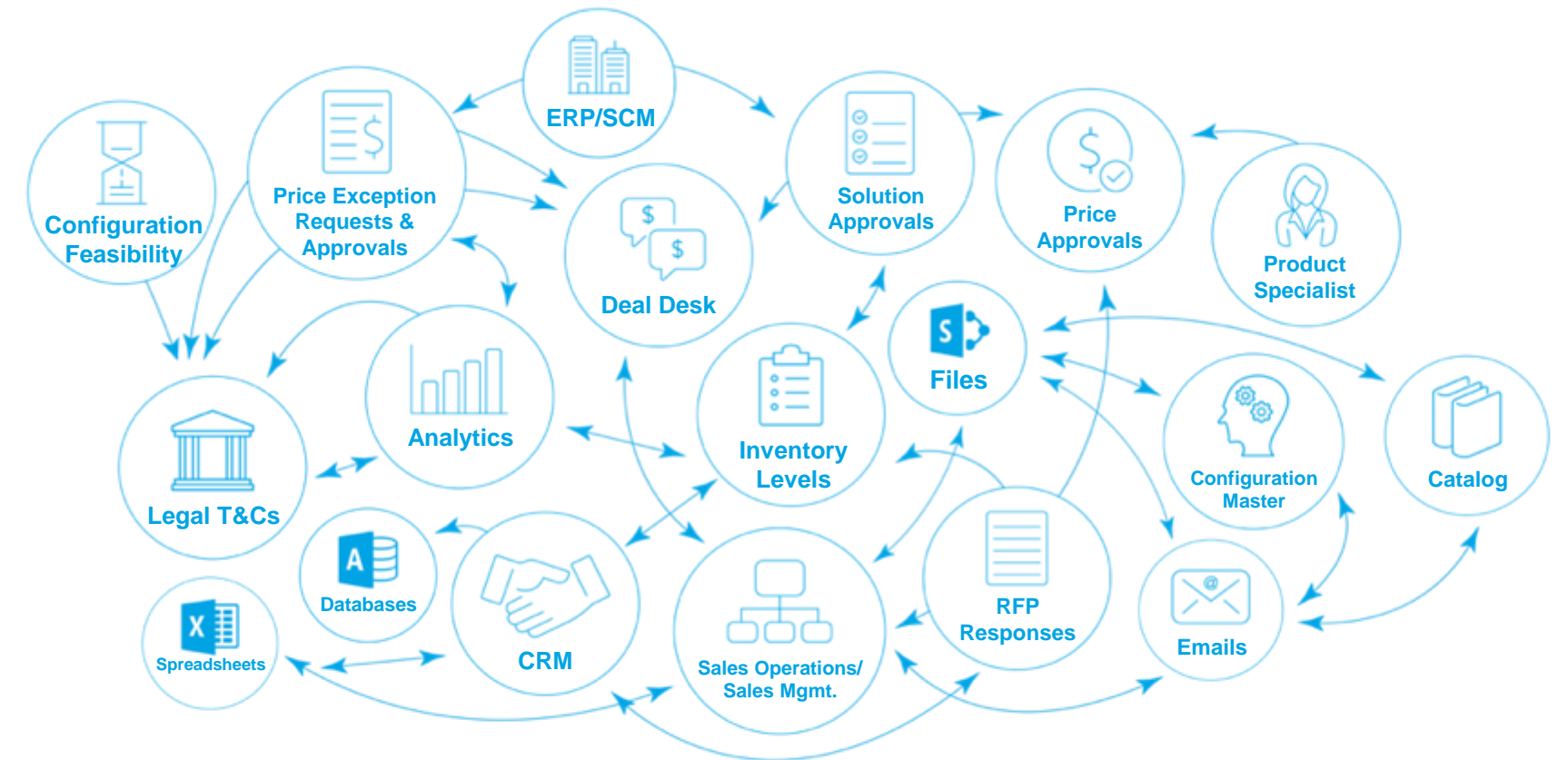
Source: 2019 Survey of 1053 Purchasing Professionals conducted by Hanover Research, commissioned by PROS; McKinsey, bi-annual B2B buyer survey.



# Complication #1 - Existing B2B pricing models make frictionless buying difficult



Over-reliance on “high touch”

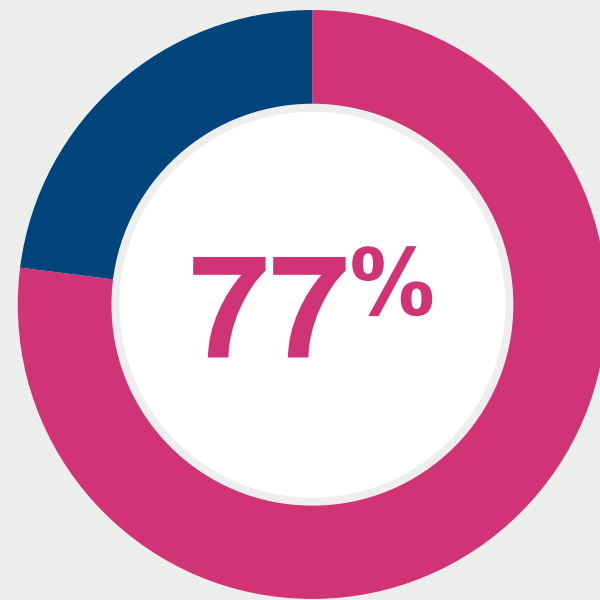


Complicated and Long

# How is this viewed from the new buyer lens?

## Complex Buying Process

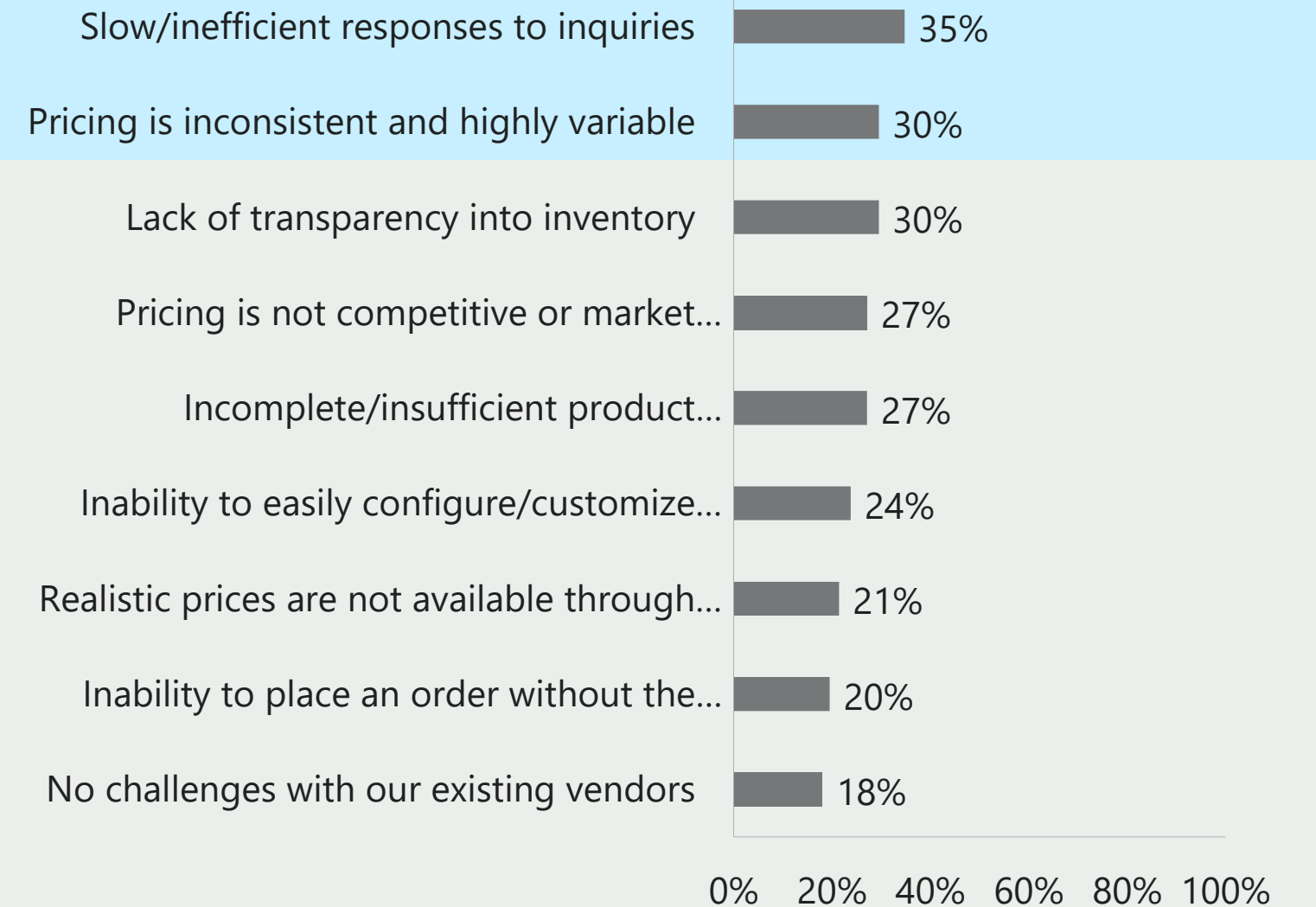
Friction-full buying process creates frustration



77% of B2B buyers state that their latest purchase was very complex or difficult



## Top Challenges With Current Vendors



Q3.7 What challenges are you facing working with your existing vendors? Please select all that apply. (n=210)

Source: Gartner; June 2020 Hanover Research of B2B buyers commissioned by PROS

# Complication #2 – The pursuit of market-relevant pricing

## Finance

- Company financial performance

## Marketing

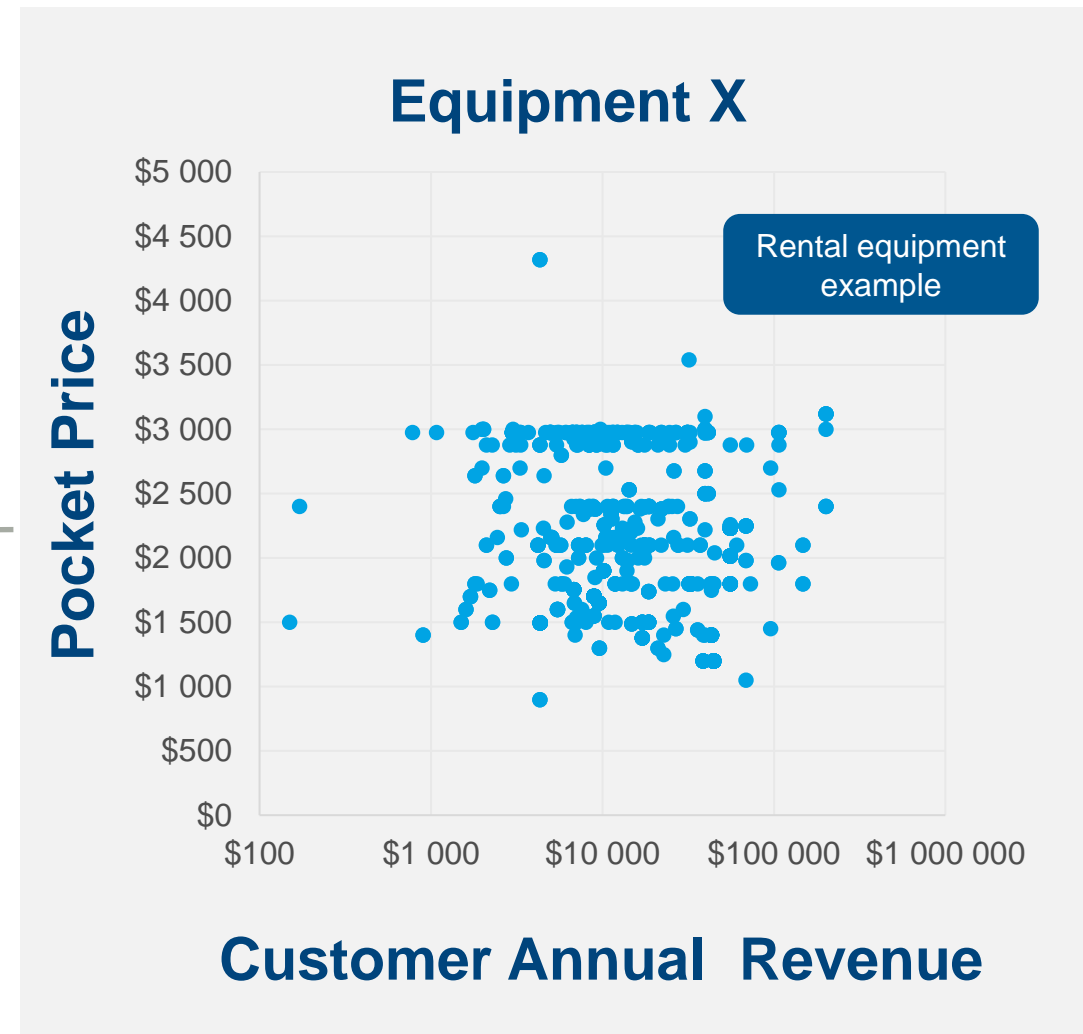
- Competitive positioning
- Customer trends
- Branding

## Sales

- Local customer knowledge
- Experience, negotiation skills
- Incentives

## Pricing

- Price targets
- Visibility (tools/metrics)
- Process Integrity
- Synthesized knowledge

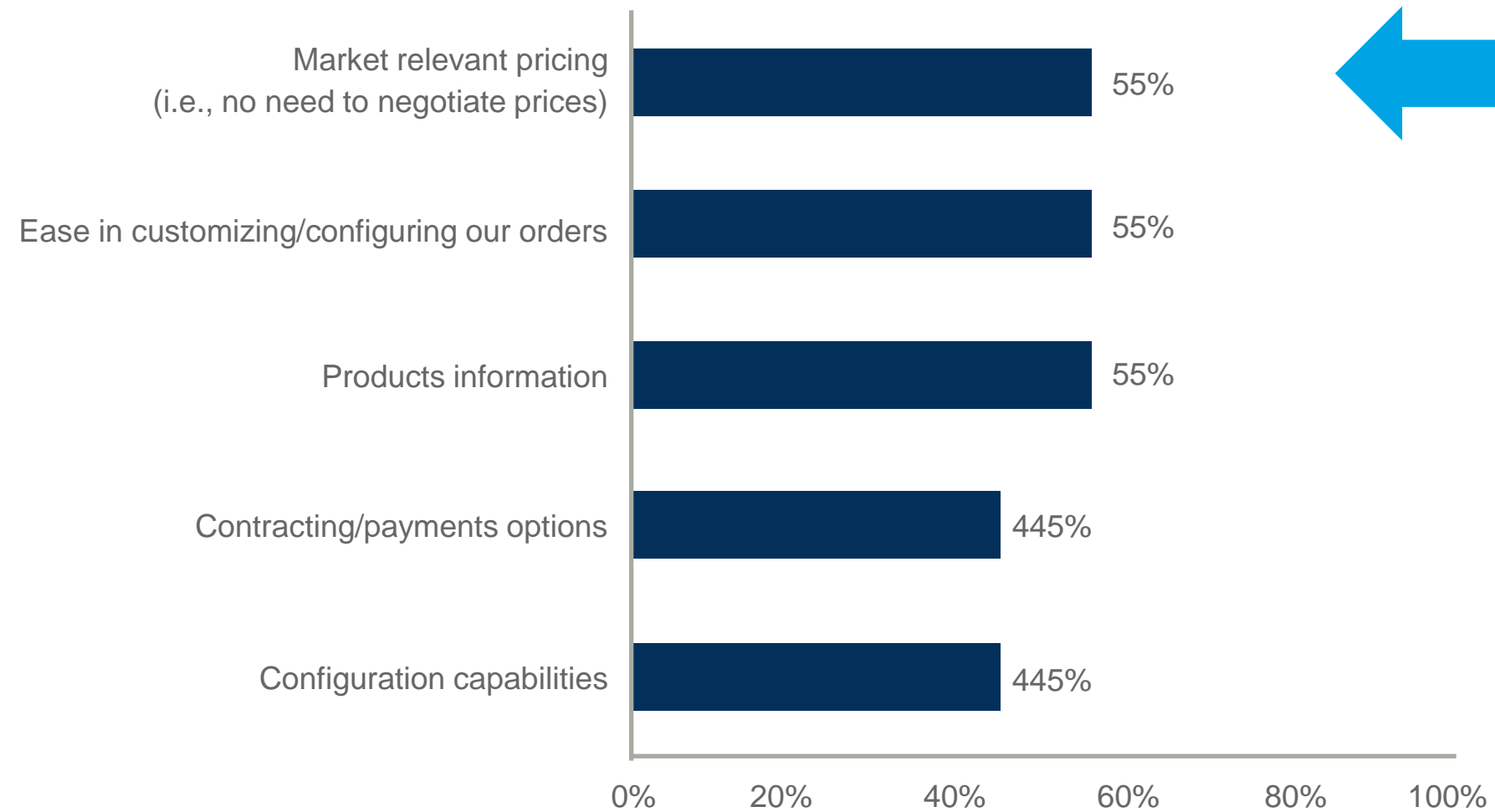


## All Good..... But

- Takes too long
- Error prone
- Often widely inconsistent
- Relies heavily on human judgement
- Not transparent and often “untrusted” by the customer

# How is this viewed from the new buyer lens?

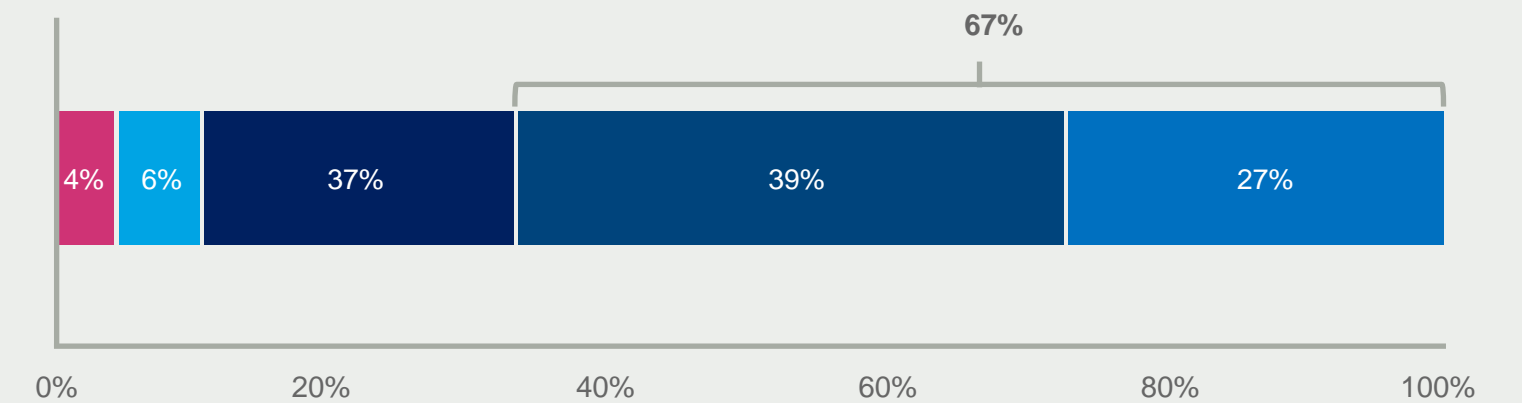
## Important Factors When Switching To Self-Serve Channels



Q: Which of the following factors are most important in considering switching to self-serve channels when purchasing from your suppliers/vendors? Please select all that apply. (n=10)

## Likelihood of Switching to Vendor Offering Personalized Real-Time, Dynamically Updated Pricing

Extremely unlikely Somewhat unlikely Neither unlikely nor likely Somewhat likely Extremely likely



Q: If all other components of your current service remained the same, how likely would you be to switch to a vendor that offered personalized real-time, dynamically updated pricing that reflects market conditions? (n=114)

Source: June 2020 Hanover Research of B2B buyers commissioned by PROS



# Recommendations – Light up your digital channels with the right price and the right process

1. Insert yourself into internal digital transformation initiatives (pricing is integral to digital selling success)
2. Migrate from "high touch" to low/no touch, self-serve pricing
  - High touch – Speed up price determination (move from days to hours)
  - Low touch – Push customer-specific pricing to customer, sales or dealer portals – e.g., target price +.... auto-approved
  - No touch – Move to dynamic market-based pricing
3. Build trust in using science to set market-relevant pricing
4. Develop your playbook to address potential channel inconsistencies
  - Quantify "edge cases"
  - Estimate volume benefit from self-service
  - Have rules in place to coordinate cross-channel conflict (e.g., promos)

# Winning B2B selling model – ideal state for pricing’s role

## Price Consistency



IN-PERSON



PHONE

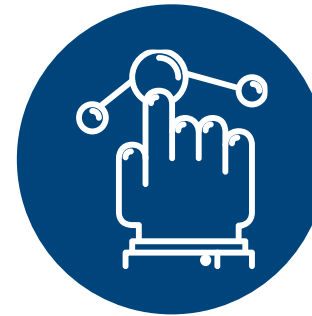


WEB / MOBILE

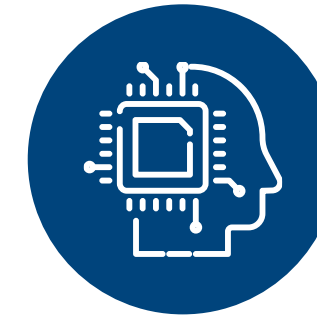


DISTRIBUTION

## Price Experience



SIMPLE/QUICK



CONFIGURABLE



RELEVANT

## Digital Infrastructure Required



USER EXPERIENCE



SOPHISTICATION



SCALE

**Sub-second response**

# Case Examples – Digital Selling Powered by Smart Pricing

Enabling eCommerce

Building materials company

Before COVID-19, 10% online orders were placed electronically. Now over 80% of their orders are done within their online platform

Digital Selling Motion

Air-cargo company

Generated 2x the number of quotes and booked 3x the number of orders with digitally enabled pricing.