Driving B2B Digital Transformation Through Customer-centricity

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Three steps to go beyond classic segmentation and unpack relationships with customers.

Faced with a growing range of tech solutions in marketing, from AI to big data to blockchain, B2B companies too often choose the status quo. Recent evidence suggests the divide between success and failure is not about how much companies spend but how well they integrate technological solutions which create value.

In other words, a company's digital investment does not necessarily translate into marketing return on investment (ROI). For that to happen the firm needs to build a **digital marketing organisation** – data-driven marketing capabilities around the customer.

A pivotal and enduring dimension of success in B2B markets lies in the relationship a company has with its clients. Thus, identifying the type of relationships that you have or would like to have with your customers is an excellent starting point to select and embed digital technology into your strategy. And this process is increasingly important for B2B companies if they are to maintain growth even as digital disruption accelerates the shift from B2BigB to B2SmallB.

Unpacking customer-centricity by relationship type

Customer-centricity is a concept that is touted by many companies but is difficult to implement. To meaningfully address this challenge, companies need to go beyond classic segmentation (such as size and industry type, the equivalent of demographics in B2C contexts) and unpack the relationships with their customers (such as relationship frequency or depth, the equivalent of psychographics in B2C contexts). Susan Fournier of Boston University offers a useful framework by **likening customer relationships to friendship and romantic relationships**: Fling, transactional, best friends, marriage partners or enemies.

The next step is to select a technology that matches the relationship. Big data, for instance, might be a starting point for deepening your understanding of customers. Chat bots could facilitate frequent interactions with them. A particular need for transparency and automation would derive immense value from the internet of things (IoT).

Intel exemplifies a B2B company which analyses its customer relationships and tailors technologies to customer types. The IT multinational moved **from a product-centric to customer-centric** focus beginning in 2015. It streamlined numerous product portals into a single entry point for customers, delivering personalised content through marketing automation and analytics, and linking marketing efforts to sales.

Roadmap for B2B digital transformation

Leading B2B company Air Liquide, similarly, has found great value in embracing the customer-centricity thought process. My new case study, **"Digitally-powered Customer-centricity in the Industrial Gas Sector: The Air Liquide-Airgas Merger"**, co-authored with Jean-Michel Moslonka, the CEO of AGALIO, shows how the global industrial gas company is powering growth by developing capabilities to nurture its customer relationships after merging with Airgas, a B2SmallB player. Air Liquide has hit upon the right formula by differentiating its post-merger clientele, analysing and understanding its relationship with each customer segment, and adopting digital technologies that can transform those relationships thereby creating customer value.

Air Liquide acquired the smaller player because in the industrial gas market, as in other industries, the B2SmallB market was expanding much faster than that of B2B. Airgas, with its six distribution centres, 900 branches, 5,000 delivery drivers and an online shop, specialised in catering to small customers' demands for fast delivery and personalised service. Air Liquide, meanwhile, focused on large clients such as ExxonMobil via a customer relationship management software platform and purpose-built plants.

Getting customer-centricity right in the digital age, as demonstrated by the Air Liquide-Airgas merger, involves three steps after the relationship is clearly defined:

Test and learn: Consider the technologies and communication channels that are adapted to strengthening each type of relationship. Companies would do well to test *and* learn strategies. Testing – via methods like **A/B testing** two versions of a strategy – is the only way to understand how relationships could be improved. However, it is the other half of the process, learning, that is often neglected by companies. Those that act as **learning agents** which find what works and what doesn't equally enlightening are the firms that succeed.

Air Liquide, for example, in 2014 launched ALBEE, a pilot e-commerce site selling gas cylinders. The foray, despite recording modest sales, gave the firm a taste of B2SmallB e-commerce, web analytics and digital marketing. In 2017, Air Liquide replaced the pilot with general purpose e-commerce site called myGAS. By the following year, myGAS accounted for a remarkable double-digit percentage of Air Liquide's sales to SMEs in the nine European countries where the site was active.

Match tech to client: Air Liquide, for one, is prioritising marketing automation, virtual reality, 3D printing, AI and other technologies in its customer-centricity drive. Firms also gain competencies by hiring experts and acquiring start-ups or, in Air Liquide's case, a thriving company with complementary strengths.

In the case of mergers and acquisitions, the question then is of blending two (or more) different company cultures. At Air Liquide, the process is carried out via cross-pollinating customer-centric initiatives. For example, its staff work in short rotation programmes at Airgas while Airgas managers have been appointed to Air Liquide in non-American positions.

Integrate tech and new practices: Understanding the customer relationship should be an **ongoing process**. One part of that solution is **mining big data on social media** and news outlets. Firms could also gather insight through tools such as the Net Promoter Score (NPS), a measure of influence of recommendation (“On a scale of one to 10, how likely would you recommend Airgas to your friend?”). Air Liquide’s **voice of the customer programme**, for instance, incorporates NPS and is able to measure customer loyalty in any geography.

Air Liquide’s experience points the way forward for other established B2B firms seeking to bolster customer service in new growth markets. At a time when the giant markets of SMEs such as China and India offer unprecedented opportunities, the roadmap to customer centricity has never been more relevant.

The Air Liquide case study is available from ***INSEAD*** *or* ***The Case Centre****. Instructors who register on the* ***INSEAD Case Publishing*** *site also have access to video interviews, a detailed teaching note and a slide deck.*

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