

BRINGING AMAZON'S PHILOSOPHY TO B2B MANUFACTURING

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Across industries, customers' buying decisions are increasingly influenced by the experience a seller provides, not simply its prices. Middle market business-to-business (B2B) manufacturers are quickly confronting this reality.

Intensifying industry competition among B2B manufacturers means that striving to become the lowest-cost provider can result in either substandard goods or unsustainable profit margins. Manufacturers must differentiate their offerings in other ways, and Amazon's business model provides a glimpse into how to do just that.

The retail behemoth has cultivated a devoted consumer base not only through competitive pricing options — in fact, Amazon is not always the lowest-cost provider for a given product — but also due to its convenient, efficient and customer-centric buying experience.

Amazon's model of relentless customer experience optimization combined with heavy investments in its supply chain and analytics isn't feasible for most middle market organizations to replicate. It should, however, serve as a blueprint that middle market B2B manufacturers can adapt to address growing competitive challenges.

The Changing Commercial Landscape of B2B Manufacturing

Middle market B2B manufacturers have traditionally focused on generating business by offering the best possible price for products that meet buyers' technical specifications. Experiential factors such as streamlined order processes, rapid quotes, real-time responses to customer inquiries and quick resolution to quality or delivery concerns remain the exception rather than the rule.

Digital technology has transformed the business-to-consumer buying experience; however, middle market B2B procurement processes lag far behind. There is evidence that B2B buyers want this to change. [More than three-quarters of B2B buyers rated their last transaction as "very complex or difficult."](#) according to Gartner research. Specifically, buyers report how nonlinear B2B procurement experiences lead to lost productivity and resource drains for their own organizations.

Despite the growing dominance of digital technology, even large organizations conducting multimillion-dollar B2B purchases may be forced to manage parts of the procurement process via spreadsheets, emails or fax machines. Communication with sales representatives is often inefficient and not standardized, so purchasing becomes a tangle of emails, calls, negotiations and meetings. These antiquated experiences consume financial and staff resources for both buyers and sellers.

Replicating Amazon's Customer Experience

Amazon customers have come to expect efficient ordering and proactive service, whether they're purchasing online or via a mobile device or Alexa voice commands. Contacting a customer service representative usually results in an email or phone response within hours or minutes (if not instantly via real-time chat). Amazon often elects to lose a small amount of short-term profit if it means keeping a customer within their ecosystem. This experience is built on multiple attributes that B2B manufacturers can strive to mirror:

- **Accessibility:** Streamlined purchasing channels with transparency around discounts, shipping options and delivery times build customer confidence and trust.
- **Convenience:** Enabling customers to access secure, intuitive digital platforms with real-time product information, rapid quote capabilities and digital invoicing functionality lets buyers purchase on their schedule.
- **Responsiveness:** Providing multiple avenues (from phone and email to live chat or social media) for customers to give feedback, ask questions or report issues — and reacting in a timely, personalized manner — elevates the buying experience from transactional to relationship-based.

Amazon has translated these principles into the B2B realm with Amazon Business, a service launched in 2015. Amazon Business adapts the company's retail model for organizations purchasing information technology products, office supplies and professional equipment. Through the service, B2B buyers can take advantage of bulk discounts, personalized approval workflows and purchasing analytics.

By investing in and promoting factors beyond the lowest possible price, B2B manufacturers can grow their customer base and strengthen relationships with existing clients.

Future-Proofing the B2B Manufacturing Customer Experience

Going forward, successful manufacturers will be those that stay attuned to industry changes and adjust operations proactively. Creating a future-proof customer experience in the spirit of Amazon's requires systemic changes to B2B manufacturers' business models, including:

- **A deeper understanding of customers' needs.** Transforming the B2B manufacturing buying experience starts with identifying the specific challenges customers face and outlining a strategy for resolving them. [As Jeff Bezos wrote in his 2019 annual shareholder letter](#), "It's critical to ask customers what they want, listen carefully to their answers, and figure out a plan to provide it thoughtfully and quickly." By shifting focus from "How can we create the lowest-cost product?" to "How do our customers perceive value in the first place?," organizations can set concrete customer experience objectives and more effectively prioritize where to deploy time and resources. Manufacturing leaders should spend more time with stakeholders across their customer organizations, asking broader questions around what drives their internal complexity and costs, to reveal new opportunities to create value beyond product performance and price.
- **Cross-functional planning.** An effective customer experience is the product of close coordination between sales, production and logistics teams. Ikea, for example, developed "flat pack" boxes in order to keep mass inventory in-store, allowing customers to furnish their home in one trip. The packaging, however, meant changing the way Ikea products were designed entirely. Sales and production teams need to plan together, in advance, to make these evolutions seamless.

- **Talent and training.** Organizations need to attract and develop employees with sales- and customer service-oriented skill sets to enhance responsiveness and problem resolution. This can be a departure from the expectations placed on traditional B2B manufacturing sales roles. Manufacturers must invest in development opportunities and incentives to help their workforce adapt to new, customer-centric business goals (such as satisfaction scores or cross-selling targets).
- **Prioritization.** Organizations like Amazon have the financial and human capital to build a customer experience-enabling infrastructure in-house. Absent this depth of resources, middle market manufacturing leaders need to prioritize which aspects of their customer experience to transform and how. This is where manufacturers may opt to invest in off-the-shelf, third-party technology platforms that can be quickly customized to support enhanced customer relationship management or inventory management.

B2B buyers will continue to demand more from manufacturers before, during and after a sale. Not all manufacturers have the luxury of Amazon's scale or financial leverage; however, they do have an opportunity to borrow from the company's customer-first ethos. With a strategy for transforming the customer experience — and the operations that support it — B2B manufacturers can maintain healthy margins and gain a long-term edge.

Key Takeaways

Sustaining a B2B manufacturing business as competition grows requires a renewed focus on the customer experience. To do so, leaders must:

Think differently.

Work to evolve the organization's value proposition from being a low-cost provider to one that delivers timely and superior service.

Plan differently.

Treat the customer experience as an operational pillar rather than an afterthought. Build a strategy around ensuring repeat customer business.

Act differently.

Invest in the people, training and technology necessary to offer customers the digital, seamless buying experience they expect.



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