

Manufacturers
and Distributors:

ACCELERATE REVENUE

WITH AI AND PREDICTIVE ANALYTICS



D&B Lattice

Exec Summary

For any large B2B company, maximizing customer lifetime value is critical. That's because it costs 5x as much to secure a new customer than it does to sell more to an existing customer.

For manufacturers and distributors that often have a small target account universe, major focus for sales and marketing teams revolves around cross sell and up-sell plays that increase their share of wallet from their existing customer base.

Savvy manufacturing and distributing companies are always looking for new ways to accelerate the revenue they generate from their existing customer base. One new area that is supporting their quest to increase the economic potential of their customers is the advancements taking place in the predictive analytics and artificial intelligence (AI) industry.

Predictive and AI platforms now help sales reps and marketers to better understand their customers' pain points, and make targeted recommendations. This then enables companies to cross-sell to existing customers, expand their revenue margins with those customers, and then dedicate other specific resources to acquire new customers.

It costs
5X
more
to acquire
a new customer
than it does
to sell to an
existing customer.

In this eBook we'll walk through **five different ways** in which predictive analytics and AI can enable companies to dramatically accelerate their revenue by increasing share of wallet.

Read on to understand how predictive and AI platforms can infuse sales and marketing plays with enriched data and insights that will maximize the customer lifetime value for manufacturers and distributors.

01

Achieve sales transformation
by moving from transactional to consultative selling

02

Find revenue opportunity
with value added services

03

Drive revenue
with effective omni-channel digital strategies

04

Acquire loyal
high fit customers for life

05

Shift purchases
to private label products

Intro

Lattice Engines has worked with manufacturers and distributors for the past decade, and has observed an increasing number of factors impeding their ability to maximize lifetime customer value.

Threat from Amazon

- Mega-sellers like Amazon are starting to carry more specialized products, which will steal market share from distributors

Little differentiation between sales reps

- Sales reps are often perceived as mostly order takers
- Minimal difference in the working styles of reps means customers don't have a particular affinity to one company versus the other

Strong inertia in the buying process

- Customers often stick with suppliers they've used in the past rather than researching new options
- Buyers operate on autopilot, and don't reach out to new companies for their purchases

Little perceived difference between suppliers due to their lack of marketing outreach

- Buyers are unaware of the nuances between different suppliers and don't have time to research it
- It is difficult to get buyers to make a shift when they don't believe there is a dramatic value difference

Digital channels not being used to full potential

- Digital ads are static and out of sync with what sales reps are offering customers
- eCommerce channels are showing initial strong results but there are a lot of uncaptured opportunities

Margins are only 4-8% in manufacturing and distributing, so maximizing customer lifetime value is crucial for success.

Study by RBC Capital Markets Research

While these may seem like insurmountable challenges to overcome, marketing and sales teams can make a few **key changes** that will help companies educate their customers and minimize the impact of these factors.

These changes will also create teams that become valued partners to their customers, which helps them maximize the economic potential of their existing customer base.

One of the most efficient ways companies can make changes to address these challenges is through artificial intelligence (AI) and predictive analytic platforms. With these platforms, companies can create ideal customer profiles and hyper-targeted customer segments, which leads to increasingly customized sales and digital activities.

“Dell was able to cut the number of leads it sent to the sales organization by 50% and the results ‘went up by almost double’ in terms of sales productivity, efficiency, and revenue.”

Wall Street Journal

Lattice Increases Annual Customer Revenue

\$90 million

Office Supply
Distributor

\$100 million

Industrial
Distributor

\$200 million

Computer Software and Hardware
Distributor

We'll now dive into the five main areas that can help manufacturers and distributors overcome these challenges, and accelerate their revenue by maximizing customer lifetime value.

Achieve Sales Transformation by Moving from Transactional to Consultative Selling

There are a number of challenges that are impacting the perceived importance of sales reps in the manufacturing and distributing industries.

There are minimal differences between reps, and they're often just seen as an order taker. In order for companies to earn a greater share of wallet, sales reps need to become advisors, which means shifting toward consultative selling.

In order to become more than an order taker, sales reps need to become trusted experts for their customers. And what are customers looking for? Customers want reps to give them intelligence

about how products can improve their processes for them, and help them learn what other companies in their market are doing. Customers want specific product details, but they also want a rep to be able to guide them on why certain features are better for them than others. It needs to be a conversation around how this sale is going to solve a particular problem for the customer, not just whether they need 200 or 250 units of a widget.



Predictive analytics platforms like Lattice utilize AI to provide companies with rich, complete customer profiles.

This enables reps to get a deeper understanding of the problems faced by different customer personas.

That information is then fed into CRM systems, so call prep time is minimized and reps are armed with specific talking points to drive a contextualized conversation in their sales call.

With this level of detail, a sales rep can look over a customer's profile and determine that they've bought 5000 Bunsen burners, but only 50 distillation flasks.

However, other customers that have a similar profile are purchasing 5,000 Bunsen burners and 2,000 distillation flasks. This provides the rep a starting point for the conversation, as they can then uncover why this particular customer is only purchasing a few of those flasks. If they determine that the customer is purchasing distillation flasks from a competitor, it provides an opportunity to convert them to purchase all their products from your company, not from multiple companies.

“Lattice customers... consistently improved call response rates, close rates and average order value.”

Harvard Business Review *

* July 8, 2016 – “Using Digital Exhaust to Improve Sales”, Harvard Business Review

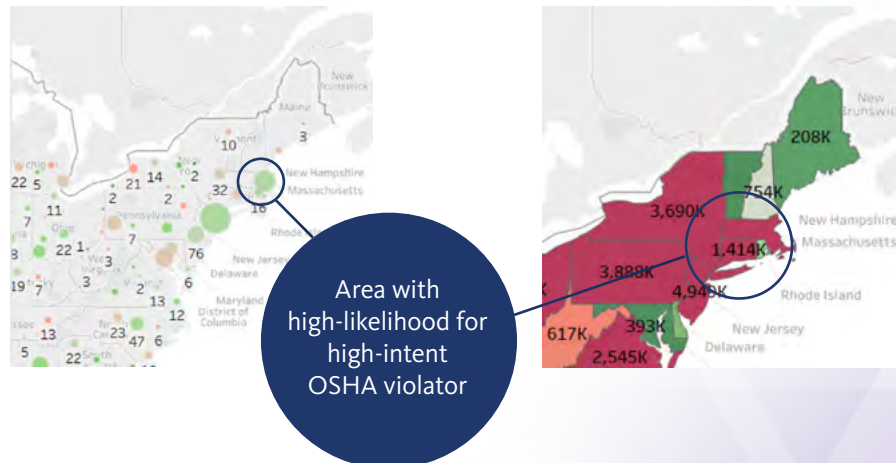
Another way that reps utilize AI platforms to become consultative is through data around events that mean a buying cycle is imminent, or intent data.

For instance, many manufacturers sell safety equipment, and the greatest time when their customers purchase such items is when they've had an OSHA violation. They can create data sets that show when a violation has occurred, and flag for their

reps that they need to be calling on those accounts and offering safety equipment that pertains to their particular violation or construction issue. Another alert could be around when a new building project has been approved, such as a restaurant

or office park. Distributors and manufacturers then know that there will be active sales cycles as the customer will require many new items to complete such as project.

Event data informs the organization when an OSHA violation has occurred



By providing sales reps with this level of detail around their accounts, they are able to stop calling customers and just asking what they need, which is where the perception of them as order takers comes from. Instead they're solving a problem that the customer has, or identifying a need the customer might not have even identified themselves yet, and providing specific ways that their products and services can resolve it.

"We had more data than any of our competitors as result of our direct business.

Our sales people had no way of getting and interpreting this data to get to actionable insights.

The art is about having a conversation once you called a person, but the science is who to call. And that's what AI did for Dell.

Lattice allows us to partner "who" with "what". Not only who do you call, but once you get them on the phone what do you say."

**Marketing Director,
Dell**

Finding Revenue Opportunity with Value Added Services

That brings us to the next area where manufacturers and distributors can use AI platforms to accelerate revenue and maximize the lifetime value of their customer base—value-added services that are additional offerings above and beyond the physical products a company sells.

These kinds of customized services can increase the revenue per deal for a company as reps now have an opportunities to up-sell their customers with services that specifically save them time.

Companies can use their predictive analytics platform to see what kinds of products a segment of customers is purchasing and then identify what kinds of services their team can add on top of it.

For example, a food distributor can see that a certain segment of customers is ordering a multitude of items associated with baking. With that information they can create a customized sales play where a rep offers specific menu designs for baked goods. Many businesses may be looking for these kinds of services anyway, and in this way the distributor is not only becoming a trusted partner to their customer, they're also driving more lifetime revenue from their existing customers.



Customer Examples: Value Added Services

Office Supply

Distributor

The company launched an “aging printer” play with Lattice’s platform. It tracks toner purchases and provides a recommendation to refresh printers to reduce costs. Reps show customers they are buying toner that fits a 4-year old printer that costs .002 cents per print, but instead **they could buy a new printer and pay just .001 cent per print**. This is beneficial both to the customer, which sees a long term cost reduction, and distributor that also sells a new printer.

Industrial

Distributor

The company introduced a set of services to monitor machine performance and make recommendations with respect to better plant operations. Their sales reps identified the right customers using Lattice, then reached out to tell customers they were using steel blades today and getting 3,000 cuts per blade. **If they spent 25% more on a diamond blade they could get 4,500 cuts per blade, and see fewer part change-outs/downtime**. This makes the customer’s job easier, and makes more money for the distributor.

Why Service-Oriented Plays are Important

Customers who order online but still prefer to speak with a sales rep

44%

Services Offered by Sales Reps

New Product Introductions	77%
Inventory Checking and/or Shelf Stocking	65%
Order Recommendations	61%
Product Training	52%
Merchandising/Marketing	49%
Providing Market and Competitive Insights	37%

Drive Revenue with Effective Omni-Channel Digital Strategies

Manufacturers and distributors are increasing their digital presence on email, advertising, social and eCommerce platforms, but have yet to optimize their spend.

According to Forrester, US digital marketing spend will near \$120 billion by 2021 and investment in paid search, display advertising, social media advertising, online video advertising and email marketing will encompass 46% of all advertising spend in five years.

These types of marketing activities are crucial to warming up existing customers so that when a sales rep calls, they have a baseline knowledge of the company's offerings. This marketing support of sales activities is a key part of increasing share of wallet for manufacturers and distributors as well as supporting new customer acquisition.



One of the key ways that companies are increasing share of wallet is by creating hyper-targeted segments of customers using their AI platform, and customizing the messaging to ensure it's speaking directly to the problems that these customers are looking to solve.

For example, if you sell lab equipment, you'd want to have different messaging in your advertising for labs that do food testing versus labs that do DNA testing. With a

predictive analytics platform you can create these kinds of segments based on the ideal customer profile that has been created with your models.

Examples

Company #1

Buys Adjacent Categories:
End Mills, Metal Working

Low Safety Spend Compared
to Peers

Rise in Web Intent:
Employee Safety

Recent OSHA Violation



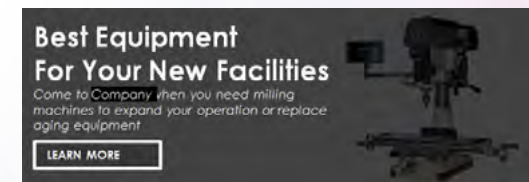
Company #2

Rise in Web Activity
Milling Machines

Uses Old
Milling Machines

Healthy Business,
High Credit Scores

Rapid Business Growth:
New Locations



Once you have those segments created, it's a simple matter of pushing those modeled segments into your marketing automation platform and running targeted email campaigns, and

pushing those exact same segments into social and advertising platforms to run customized campaigns that directly address the customer's pain points.

“What Lattice offers is much more than a sales facing play, it's a customer facing play.

We are using our models for marketing activities like catalogue and direct mail and email.

We saw lift in response rates and average order value.”

**Senior Manager
Business & marketing Analytics
CDW**

Another unique way some distributors and manufacturers are using digital segments is through their eCommerce platforms.

Earlier in the book we wrote about the importance of sales reps becoming more than an order taker. But what if the sale is something small, where all the customer really needs is an order taker? That's where eCommerce platforms come into play.

An office supply company that we work with is using digital ads and email campaigns, along with standard sales calls, to alert their customers to the fact that they have self-service options for smaller purchases. This means that sales reps spend more of their

time focused on value added services or high-value deals, and smaller deals are handled through the company website. In this manner, transactional purchases are no longer the domain of the sales rep.

How Predictive Plays Help Accelerate Online Ordering and Loyalty

Online Migration: Lattice's AI platform identifies accounts and contacts who would benefit from additional online interaction, based on past behavior and purchases for an industrial distributor.

Today

- Leverage web trigger plays to drive eCommerce purchases

Possible Future State

- Drive larger buying contracts on eCommerce platform via targeted messages
- Engage contacts that have stopped purchasing and drive them to eCommerce

Why Get Buyers Online

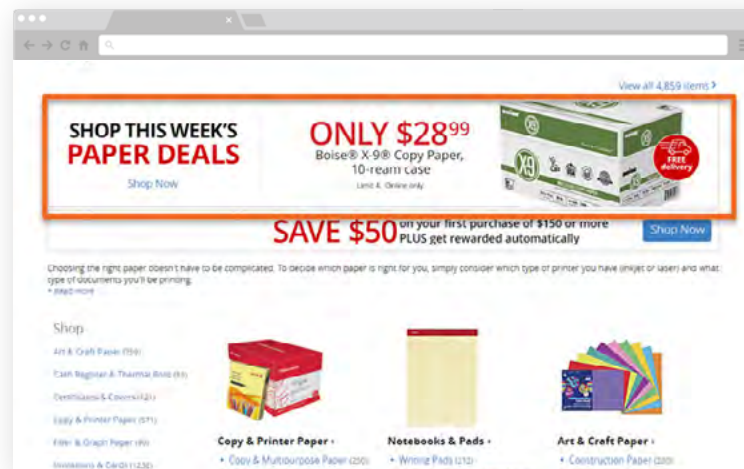
- Increases margins because there is less price negotiation
- Less overhead for company

In addition, the same office supply distributor is creating banners on their websites to show these eCommerce customers other products that they may be interested in purchasing, based on their predictive profile.

This same profile that they use to create talking points for sales reps is pulled in and used to create these recommendation banners on the website, to increase the value of the eCommerce sales. This is similar to the

way that Amazon recommends products to customers, and now B2B companies have the same capabilities, which helps increase their share of wallet.

Using predictive, this office supply distributor displays banners on its site recommending products matching each customer's profile.



Acquire Loyal, High Fit Customers for Life

As we've discussed, it's crucial for distributors and manufacturers is ensuring that customer lifetime value is high, so they need to create loyal, happy customers.

The best way to do this is to provide reps with the ability to become true partners that offer solutions that are aligned to real customer problems, and offer an improved and differentiated experience. In addition to supporting reps, AI platforms can ensure there

are cohesive digital campaigns that surround customers and prospects.

By creating a digital experience that aligns with what a company is discussing with a sales rep, companies can create a seamless buyer journey for all types of sales.



With predictive insights, reps are able to have much deeper insights about what problems a customer account may be facing, and can make specific recommendations to their accounts, at the right time. This means the customer doesn't have to call their sales rep when they're about to run

out of something, the rep can actively understand when a customer is up for new products, or will be impacted by a new product change or industry regulation. When the reps are actively calling customers with this new information, they've created a loyal customer for life.

“With Lattice we can better understand what our customers need so we can make smarter recommendations.

Our customers are going through constant change and its really important for our reps to stay on top of it.

With Lattice it's easy to deliver the experience our customers want—relevant, on point and with them in mind. It's that easy.”

**VP of Sales,
Staples**

Another reason why AI platforms make a difference is because of the granular level of information that reps can access about any given account.

Detailed talking points about what a customer will care about, based on their account profile, as well as past insights on the customer account are all populated into the rep's CRM system, so they can proactively reach out to customers with contextualized communications. This can range from telling customers about upcoming shifts in pricing, to new solutions that would be a fit for them, to a best practice from another customer that they can implement. All of these one-on-one communications create a better, deeper relationship where the

sales rep becomes a trusted advisor to the customer.

When customers have these kinds of deep and differentiated relationships with their sales reps they are much less likely to consider another purchasing another product from a different company. Simply providing sales teams with a deeper understanding of their customers creates a loyal customer base that provides a company with long-term fiscal security.

“I appreciate when my distributor calls to tell me when there has been a modification to a chemical I use.”

**Scientific Equipment
Manufacturer**

Shift Purchases to Private Label Products

One final area where distributors can create additional revenue streams is using their AI platform to shift customers toward purchasing private label products that have higher margins than other branded products.

Business buyers are not as price sensitive or brand loyal as consumers are in their purchasing habits. Companies can use their predictive platforms to identify which customer segments will be the most open to shifting their purchasing habits over to a company's private label products or solutions. This can be done by having your AI platform analyze where there are overlaps between private label

products and similar products that are made by a national or external brand. Then predictive plays are created where reps can see which customers are purchasing lots of a product that comes from a national brand, and offer them a private label product instead.



Example

A food distributor has their own brand of salt that they'd like their reps to sell rather than a nationally known brand.

They launch predictive sales plays in their CRM system that identify those customers that purchase large quantities of salt. Then reps call those customers and discuss why they should switch their purchases to the private label salt instead.

Customers are happy to do it because they save money, and companies are

pleased because with private label products they're cutting out the middleman, thus increasing the amount of revenue they make on the product.

Finally companies can use this same information in their digital programs and launch campaigns that align with the sales rep outreach.

Campaign alignment increases the chances a private label purchase will happen, giving companies an increased pipeline for higher margin products.

Industrial Manufacturer Increases Conversions with Private Label Plays

Total Opportunity Created

\$28 million

Total Opportunity Won

\$8 million

Conversion Rate

30%

Private Label Plays (FY2017)

\$326 million

\$84 million

26%

All Plays (FY2017)

The End Goal

At the end of the day, shifting an organization away from being order takers towards being a group of consultative sellers and cohesive marketers will create what every company wants—**accelerated revenue**.

With the insights that AI and predictive can provide, customer conversations become more proactive and consistent in their messaging.

Once the vendor becomes a trusted advisor and partner to their clients, this will create stronger relationships that maximize

lifetime customer value and drive increased share of wallet.

Revenue Lift

10–30%

McKinsey&Company

23%

BAIN & COMPANY 

25%

BCG

20–30%

Harvard
Business
Review



Request a free trial of D&B Lattice

This eBook was originally written by Lattice Engines which was acquired by Dun & Bradstreet in 2019. Learn more about D&B Lattice, our market-leading Customer Data Platform, by visiting dnb.com.

About Dun & Bradstreet

Dun & Bradstreet, a leading global provider of business decisioning data and analytics, enables companies around the world to improve their business performance. Dun & Bradstreet's Data Cloud fuels solutions and delivers insights that empower customers to accelerate revenue, lower cost, mitigate risk, and transform their businesses. Since 1841, companies of every size have relied on Dun & Bradstreet to help them manage risk and reveal opportunity.

Twitter: @DunBradstreet

info@dnb.com

dnb.com

The contents of this document are suggestions only and based on best practices. Dun & Bradstreet is not liable for the outcome or results of specific programs or tactics that might use advice included herein.

© Dun & Bradstreet, Inc. 2020 All rights reserved.