



**Winning new
Business in a
sideways
economy.**

Challenger



53%

Purchase experience contributes
53% to customer loyalty.

Today's business leaders face an enormous challenge: **how do you drive marginal growth in a sideways economy?**

Particularly at a time when leaders have largely maxed out opportunities for additional bottom-line savings — cutting, saving, downsizing, and restructuring virtually everything they can. Going forward, growth must come largely from improved top-line performance. But how do you sell more when customers aren't necessarily buying more and are unwilling to pay more?

Surprisingly, our research indicates that while the tide of economic demand has surely had a devastating effect on customer demand over the last two years, long-term shifts in B2B customer buying behavior are compounding our best sales efforts rendering even modest aspirations for growth nearly impossible to achieve with current sales and marketing strategies.

In particular, customers now approach most purchases — especially complex ones — armed with more information and a stronger will to battle over price than ever before. As a result, the widely held belief that long-standing, well-nurtured customer relationships provide the most direct and reliable path to growth, proves completely false. Instead, the best companies increase business by challenging customers, not by serving them. To do so, they have redesigned their sales experience to disrupt customers' current thinking — to teach them something, not to just sell them something.

A Dramatic Shift Toward “Established Demand”

Our ongoing study of B2B customer purchase behavior determines that, on average, B2B customers have completed nearly 60% of a typical purchase process before seeking supplier input. Driven partly by a desire for more “objective” information and partly by the increased complexity of their needs. Today’s customers are instead much more likely to turn to either the Internet or third-party consultants to identify and vet potential solutions to their challenges. This is a deeply troubling trend, since demand is typically born in the earliest stages of “discovery” (e.g., needs identification, requirement determination, priority setting).

Customers Proactively Contact Suppliers Too Late in the Process

Customer Purchase Decision Timeline
n = 1,460.



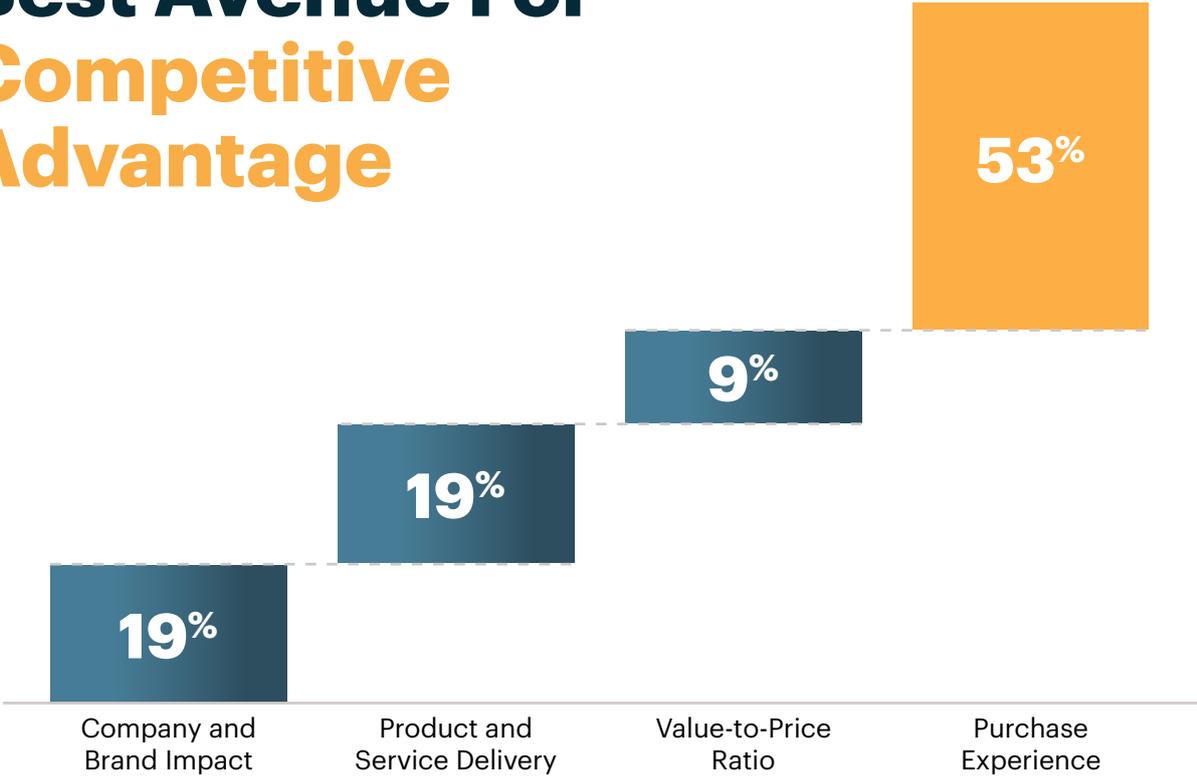
Suppliers find themselves on the receiving end of what we have come to call “established demand,” in which customers enter commercial conversations with a strong sense of both what they want to buy and, more often than not, what they are willing to pay. In this world, the only need left for a sales rep to discover is customers’ invariable demand for deeper discounts and more favorable terms and conditions.

Not surprisingly, leaders frequently attribute the inability of their sales teams to “get in earlier” (i.e., to shape customer demand) to the shortcomings of individual sales reps. However, our research suggests that evolving customer buying behavior renders many traditional sales models, not just individual skills, obsolete. In a world of established demand, where customers have begun buying long before suppliers have begun selling, conventional efforts to help reps ask better questions and more effectively diagnose customers’ known needs only serves to frustrate overwhelmed buyers and allows suppliers to compete for the exact same razor-thin margins.

Customers Seek Insight, Not Solutions

To understand the broad, organization-wide implications of these new market dynamics, it is crucial to understand what exactly customers want from suppliers in the first place. In a study of nearly 6,000 B2B customer stakeholders around the world, the number one supplier attribute most likely to drive growth and deeper customer partnerships was — by far — not a supplier's brand, product, or service but the purchase experience itself.

The Purchase Experience Represents The Best Avenue For Competitive Advantage





That's not to say that brand, product, and service don't matter to customers — they absolutely do. However, in the B2B world, customers clearly indicate that excellent brand, product, and service are merely minimum requirements for consideration, as they perceive multiple suppliers' offerings equally able to meet their needs. When the top two or three players in any given industry can all deliver a wide range of similar, excellent capabilities, even the most comprehensive “solutions” can quickly become commoditized. While suppliers drone on and on about their “world-class” features, customers see only minor differences and ultimately look to price to make their choice.

Customers were, however, very clear that the purchase experience provided a potentially

massive opportunity for a supplier to stand out — accounting for 53% of long-term customer loyalty and growth. While customers perceived very little difference between suppliers in terms of what they sell, they identified significant differences in how they sell. Bottom line, the best companies drive growth by disrupting customers' current thinking, as customers richly reward suppliers able to demonstrate new ways to compete more effectively. As the data dramatically indicate, the single biggest opportunity to drive growth and expand customer relationships is not just the products and services a supplier sells but the quality of the insight that a company delivers as part of the sale itself.

Winning Reps Challenge, Not Coddle, Customers

What kind of sales rep does it take to deliver an insight-based, loyalty-driving purchase experience? In a breakthrough global study of nearly 60,000 sales reps, Challenger identified two insights that provide a compelling and surprising answer.

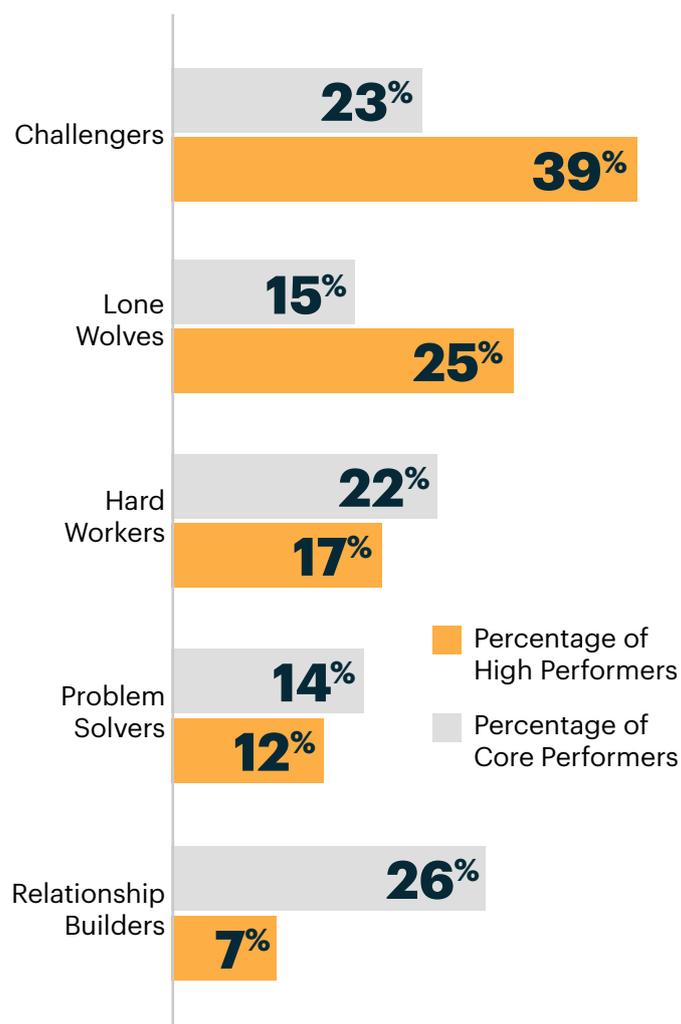
Virtually every B2B sales rep falls into one of five profiles defined by the specific subset of knowledge, behaviors, skills, and attitudes that makes up his or her primary posture when facing off with customers:

- **Relationship Builders** focus on developing strong personal and professional relationships and advocating across the customer organization. They are generous with their time and strive to meet customers' articulated needs.
- **Hard Workers** always go the extra mile. They will make more calls an hour and conduct more visits a week than just about anyone else on the team. They also actively seek feedback and advice for improvement.
- **Lone Wolves** are deeply self-confident, usually following their own instincts over the rules. They typically do things their way or not at all.
- **Problem Solvers** are detail oriented, focusing on post-sales follow-up and on ensuring that service issues related to implementation and execution are addressed quickly and thoroughly.
- **Challengers** use their deep understanding of their customers' business to take control of the sales conversation and to push their thinking. They are not afraid to share even potentially controversial views and are respectfully assertive with their customers and colleagues.

Challenger Reps[®] Are Much More Likely to Be Star Performers

Distribution of Sales Professionals by Performance Level

Percentage of Population





Building the Challenger Commercial Organization

Interestingly, when compared to actual sales performance, one profile dramatically exceeds the others in likelihood to achieve star performance: the Challenger. On average, 40% of star performers were Challengers. In complex sales, that number rose to 54%.

Meanwhile, the rep least likely to achieve star performance is the Relationship Builder. While quality customer relationships are unquestionably vital to commercial success, relationship selling is not — at least not when it is designed solely to ensure customers are happy and well taken care of. When it comes to growth, the best sales reps are challenging the status quo, not reinforcing it.

Indeed, Challengers succeed by delivering the very thing customers are looking for the most from a supplier: disruptive insight that challenges their thinking and increases their competitiveness. In addition, Challengers approach every customer interaction in a tailored manner, aligning that insight to each stakeholder's specific needs and priorities. Yet, Challengers are assertive enough to respectfully push back when stakeholders express skepticism about the insight or resistance to pricing.

Many business leaders fear that individual reps will fail to execute the Challenger approach on their own, and they're right to be concerned. Identifying insights capable of reframing customers' views is not easy, as it means a supplier must know their customers' business better than the customer knows it themselves — at least the part of the business that relates to the supplier's capabilities.

And while star performers might be able to identify and deliver that level of insight some of the time, the majority of reps will consistently struggle. After all, no amount of training is sufficient to enable these reps to consistently ask the right questions, turn the answers into new and surprising insights on the spot, and then teach customers something new about their business.

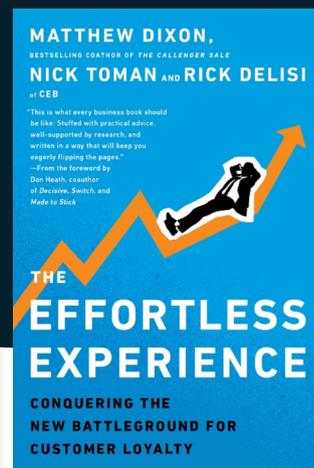
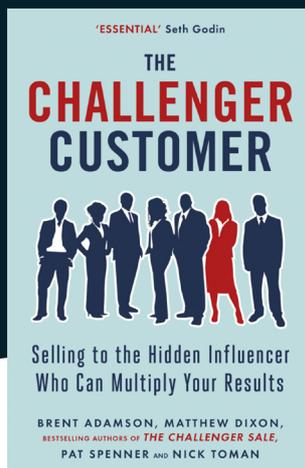
Instead, the best companies look beyond individual reps to build a broad set of capabilities across the entire organization:

1. Build a commercial insight generation engine inside your company
2. Build a management bench able to both develop and support the change
3. Develop sales teams around the core tenants of challenger selling skills
4. Build an organizational ecosystem of support that reduces barriers to adoption

Driving Growth

We challenge conventional thinking to unlock growth and enable uncommon customer experiences.

Challenger is dedicated to driving exceptional growth by changing behaviors in Sales, Marketing, and Service teams. Our commercial transformation programs, including message creation, skill development, and implementation support, have provided performance improvements and significant financial results to hundreds of clients around the world. Each program is supported by ongoing research and backed by our best-selling books, *The Challenger Sale*, *The Challenger Customer*, and *The Effortless Experience*.



For more information, visit www.challengerinc.com