



COMMUNICATION ISSUES IN BtoBtoC MODELS

HOW TO COMMUNICATE TO A PROFESSIONAL CUSTOMER WHO HAS CUSTOMERS HIMSELF

CAPSTONE PROJECT

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1. Executive summary

Communicating into the *BtoBtoC* sector can be destabilizing when you find yourself having to exchange most of the time with an intermediary who is not the final customer of the product you are trying to put on the market. However, the challenges of this communication are decisive for the success of a young company.

Through different points of view, we will try to understand what these issues are and what are the useful practices that some entrepreneurs and professionals advise to put in place for effective and fruitful communication.

Thus, we will analyse the opinions of student entrepreneurs working in *BtoBtoC*, those of a marketing professional, those of a communication professional and finally, we will take the opinion of a distributor into account, representing the second link in the value chain.

The purpose of this work is to provide as much good advice as possible to young entrepreneurs who want to get started in *BtoBtoC*.

2. Scenario

2.1. **Problematic**

When creating a product or service, it is essential to think about the customer for whom it is intended. However, some entrepreneurs sometimes see their marketing strategy become more complex when, in order to sell a product, they must go through an intermediary. Thus, when embarking on a Business to Business to Consumer model, the fact that you rarely deal with the real user of your product can be disconcerting, especially when you are just starting out on an entrepreneurial adventure.

Indeed, if the company's value chain diversifies through *BtoBtoC*, the communication challenges that result from it also become more complex. It is therefore very important to think upstream about the communicational and organisational aspects related to the integration of intermediaries into your business project, in addition to all the usual considerations required to develop a business model.

The purpose of this note is therefore to provide reflexion paths and advice for any young (or not so young) entrepreneur who might be confronted with challenges of communication in the *BtoBtoC* sector.

2.2. **Methodology**

In order to answer the problem as fully as possible, we will take into consideration different points of view. Thus, after a theoretical point that will set the framework for our reflections, we will analyse the opinion of an experienced consultant, the testimony of young entrepreneurs who have recently decided to launch into *BtoBtoC*, the opinion of a communication specialist and, finally, we will be interested in the opinion of an intermediary, representing the second link in the chain.¹

For each of these points of view, we will establish a non-exhaustive list of difficulties and concrete practices drawn from the experience of each expert, but also the solutions and advice they can provide to our considerations.

¹ The list of these experts can be found in the "More information" section at the end of this document

3. Development

3.1. Theoretical framework

The purpose of this point is to provide a framework and therefore some limits to our thinking. Indeed, first and foremost, it is important to agree on a clear definition of the elements that we will be addressed in this work. It is also interesting to note which topics will not be covered below.

3.1.1. Definition² :

BtoBtoC (or Business to Business to Consumer) refers to a business model which product is sold by a company to another which, in turn, will sell that product to a final user as part of a service or not.

This model is particular because the company behind the product, in addition to having two types of customers, has very little direct contact with the second one: the final user of the product. Another particularity that results from this mode of operation is the decisive role played by the intermediary company in the consumer's purchasing decision.

Based on this definition, a first distinction must be made before going deeper into the subject. Thus, as part of this work, we will separate the *BtoBtoC* model from the Wholesaler - Retailer - Consumer chain. The difference between these two models lies mainly in the value added to the product by the intermediary company. This added value can take different forms such as the seller's expertise or the integration of the product into a broader service.

Example :

- *BtoBtoC*: A manufacturer of photovoltaic panels sells them to a solar panel installation company.
- Wholesaler - Retailer : The sale of cosmetic products through supermarkets.

² Written based on the definitions of

- G. POWELL
- B. BATHELOT

3.1.2. The actors of the *BtoBtoC*

- The first link :

It is the company that is the basis for the marketing of the product. In this work, we will focus mainly on start-ups that, for various reasons, fit into a *BtoBtoC* model. This point is an opportunity to remind that entering a model like the *BtoBtoC* is not a choice in itself but rather the result of a strategy that aims to market the product as well as possible as the basis for an entrepreneurial project.

- The second link :

It is the intermediary company that buys a product, but which is not the its final user. It is important to notice that this intermediary is both a customer AND a partner of the first link. Indeed, if it buys the product from the company, it is also the company that is in direct contact with the user and therefore has a significant sales power.

This company can take many forms (specialised shops, service companies, installers, etc.)

- The last link :

It is the final user of the product. While he is essentially in contact with the intermediary, it should not be forgotten that the consumers often know the brand from which they are buying their product. Conversely, just because the company has no direct relationship with the consumer does not mean that the consumer is not his customer at all.

3.1.3. Remarks

Before closing this theoretical chapter, it is important to mention that there will be no discussion of results in the following pages. Indeed, it is very difficult to quantify the returns that can be obtained from the practices described below.

Finally, it is important to specify that our considerations will be part of a *push* approach of marketing which is a logic that gives the distributor the responsibility to sell the product to the final user. The logic of making consumers want to go to the distributor to buy the product, the *pull* approach, will not be discussed here but deserves as much thought in developing a communication strategy.³

³ Annex I

3.2. The point of view of *start uppers*

Let's listen directly to what young entrepreneurs have to say about the BtoBtoC sector. What difficulties did they encounter in launching their project? Why is it really important to have a good communication with their intermediary? What lessons learned from this experience would be useful to have in mind when planning their communication strategy?

3.2.1. Difficulties

When embarking on the unpredictable adventure of entrepreneurship, it is rare to have a very large portfolio of contacts. It is therefore often necessary to start from scratch to find the right distributors, those who will be best able to sell the product that took months (or even years) of work to see the light of day. In addition, it can be intimidating to talk to a trader who may have years of experience behind him or her and an equally important knowledge of the field.

Once the right intermediary has finally been identified it is sometimes difficult to gain the trust of the latter. Indeed, the evidence of the success of your product is thin and youth can frighten many people.

If it is difficult to gain the confidence of his potential distributor, it is often just as difficult to give him yours. Indeed, how can we be sure that the message we want to convey is well understood by the person who will relay it to the consumer? Did he even understand the essence of the product as you imagined it?

Finally, the start-up position can make negotiation with an intermediary more delicate, especially when it comes to talking about prices and margins.

3.2.2. Issues

We have just identified the obstacles that budding entrepreneurs **can** face. However, it is crucial for a start-up operating in the *BtoBtoC* sector to find the right distributor but also to have a healthy relationship with it. Indeed, as obvious as it may seem, without these two elements, the company will not be able to start selling its product and consequently, will not be supplied with enough cash.

Moreover, selling your product through a distributor also means taking advantage of the image, expertise and experience of the latter to reach the consumer. This is a key factor for a start-up that is not yet known in the market.

3.2.3. Tips & Advice

Fortunately, each of the difficulties listed above can be overcome, provided that a reflection is carried out beforehand. Here are some useful tips from student entrepreneurs:

Concerning the search for the right intermediary, a term regularly comes up in the start uppers' discourse: dare. Never forget that you often have little to lose when you meet a potential customer. On the contrary: you have a lot to gain. The work you have done to develop your product makes your speech at least worth hearing.

Putting yourself in the shoes of a potential user can also be useful in order not to find just any distributor but rather the right distributor for your product. It is therefore interesting to ask where the consumer would naturally go to find the product that will meet his needs. To increase the chances of success, it would be interesting to first look at which intermediary company is already making room for novelty and originality in the range of products it already offers.

As it is often the case, what is a weakness for some can turn into strength for others. Thus, you should not hesitate to make your youth on the market an opportunity for the intermediary. Offering your product also means refreshing an existing range by bringing a modern, dynamic (and local?) brand image while demonstrating that your business plan holds up well.

Once your network is well established, it is essential to maintain it. To this end, it is advisable to avoid, as far as possible, 'neutral' and impersonal means of communication. For the relationship with your client to be long-lasting and therefore successful, it is important to visit their facilities regularly giving priority to the most important ones).

Finally, it is strongly recommended that any entrepreneur working in the *BtoBtoC* regularly question himself to improve his relationship with his client and thus create a climate of mutual trust between B's.

3.3. The point of view of a marketing consultant

Now let's focus on the advice of a seasoned marketing consultant. How does he perceive the *BtoBtoC* sector? What are the most important issues for him in the communication between entrepreneur and distributor? What recommendations can he give to a young entrepreneur starting out in this sector?

3.3.1. Issues

The most crucial issue for a good communication between the different links in a product's value chain is the overall coherence of that chain. Indeed, while it is essential to identify user's needs, we often forget that our first customer, the distributor, also has needs to sell this product. It is therefore important to identify these needs with regard to the positioning of our reseller.

Thus, some intermediaries will need to satisfy their customers with a product of impeccable quality, others with a product at the lowest price, still others will not buy a product without being sure to have after-sales service available at all times, etc. It is therefore by ensuring that the product responds to both the user's AND the distributor's request that the consistency of the *BtoBtoC* chain will be ensured and, consequently, that the sale of the product will be facilitated.

As we mentioned earlier, evolving in the *BtoBtoC* also means putting your product in the hands of an intermediary who did not participate in its development. More than the product itself, it is its perceived value that is delegated to the distributor. This is why the communication will also be part of a documentation and training approach so that the trader in charge of selling to the user has all the necessary tools to best distribute your product.

We could summarize this point by stipulating that all these steps are part of an overall goal of motivating the distributor by giving him not only a good reason to sell your product but also by making his task easier.

3.3.2. Tips & Advice

The more previously the communication about the product is framed, the more you can be sure that there is consistency between what you say to the user and what your intermediary communicates to that same user. Thus, the best thing to do is to deliver with your product a "communication kit" for the merchant. This kit must be both technical (purely pragmatic aspects concerning the product and its use) and purely "marketing". To do this, it is sometimes easier to

use clear and concise frameworks such as a *Brand Key*, for example, which will allow a product's values, benefits and identity to be better highlighted⁴.

It is also advisable to understand why one intermediary should be used rather than another and, in this way, to address the most suitable of them. Do I need someone with specific skills (installer, specialized consultant, professional, ...)? Do I need someone who already has a well-established network? Am I looking for a distributor who already has a certain image on the market (known to be ecological, the cheapest, most specialized, most local, ...)? To establish effective communication, it will be necessary to know how to balance your own needs, those of the distributor and those of the user.

3.4. The point of view of a communication expert

Let us now consider the point of view of a communication specialist. Indeed, we have mainly talked so far about the stakes of communication, its conditions and the different interlocutors. But what about the message to be delivered? On what to communicate specifically to convince? What can I say to a customer who himself has customers?

3.4.1. Market development

We are now in a pivotal period where communication is changing significantly, mainly in the *BtoB*. In fact, advertising only really works today for companies that already have a strong brand image. Therefore, if a company wants to penetrate a market and reach new customers, it will have to move beyond the traditional marketing model by communicating in an innovative way.

An effective way out of the traditional constraints of communication is to practice *content marketing*. This activity consists in producing concrete media content for prospects in order to inform them, to interest them but also to position themselves on the market... without directly advertising a product.⁵

Example: video clips, computer graphics, company blogs, etc.

The contributions of content marketing are particularly well suited to the *BtoBtoC* model. Indeed, they allow those who practice it to establish a communication towards distributors that is focused on a solution and values rather than a product. However, revolutionary products are scarce today. What differentiates a company from its neighbour is its values, its identity and its

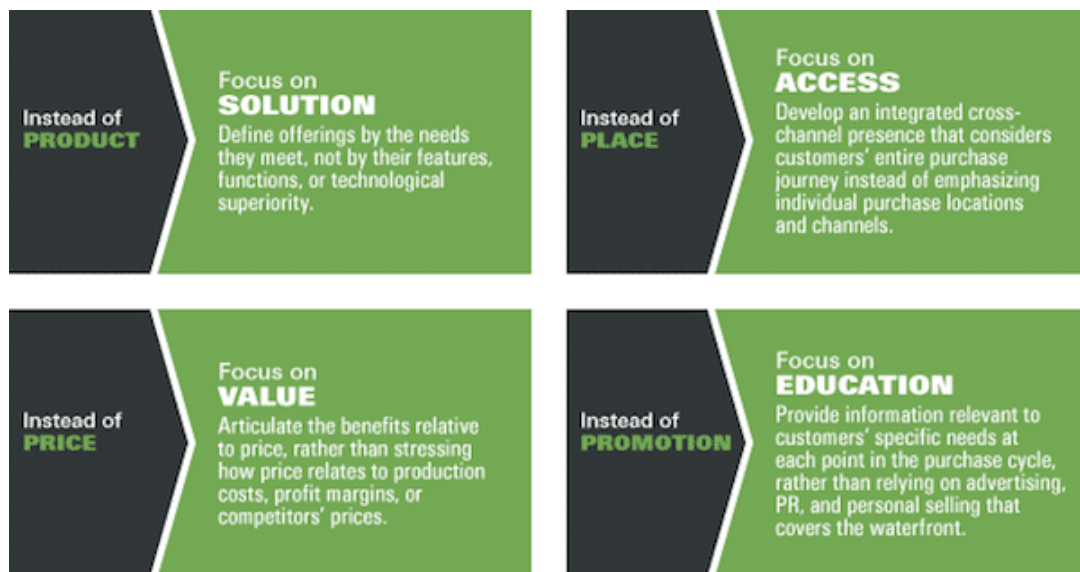
⁴ Annex II

⁵ B. BATHELOT, *Content marketing B2B*

ability to solve a problem. By communicating these elements, you will gradually create legitimacy in the market.

In addition, by creating tangible content and developing outreach work on your solution, you will automatically give the distributor the necessary tools to promote your products to its own customers.

3.4.2. A tool: the S.A.V.E. model



Source : Y. Grandmontagne,

The S.A.V.E. model is a tool created by Ettenson, Conrado and Knowles to modernize and rehabilitate the traditional 4P's of marketing (Product, Place, Prize & Promotion). This tool will be very useful for you to develop your communication and stand out in the market. Indeed, this revisited vision of marketing corresponds entirely to the practice of content marketing explained above since it introduces the notions of solution, added value, needs and education rather than product, price and advertising.

Once again, this new point of view proves that the inexperience and youth of a company does not prevent it from having a constructive and differentiating discourse with potential distributors.

3.5 The intermediary's point of view

This work would be incomplete if we did not put ourselves in the distributor's shoes. What are his expectations towards his supplier? What does he need to sell your product? Does he have any preconceptions about start-ups?

3.5.1. Fears

What had previously been identified as a difficulty for student entrepreneurs in point 3.2.1. naturally translates into a fear for distributors. Indeed, the latter are sometimes suspicious of the reliability of start-ups and their ability to monitor delivery and renewal of the offer. However, this is only very rarely a definitive barrier. Especially since merchants like to talk to new suppliers to keep abreast of market developments.

3.5.2. Contact points

Several locations may be appropriate to meet distributors who may be interested in your product:

- Directly at the employee's workplace. This is a highly recommended method because going directly to meet a potential distributor is to show an interest in his activity. In addition, it is the best way to establish a personal contact and ensure that all the elements have been well understood.
- Trade fairs are places organized for the purpose of meeting people. The distributors who are present there are therefore already looking forward to meeting new suppliers. Once again, these events allow for real exchanges that are always to be encouraged.
- Of course, a large number of contacts are made via the Internet, whether through the interlocutors' own website, or through advertisements, newsletters, etc. Although these contacts are inevitable and essential, they cannot replace a face-to-face meeting.

3.5.3. Needs

Here are the most important elements that will make an intermediary turn to your solution:

- Flexibility is a key requirement when buying from a supplier. The more the company has demands on its distributor, the less interest the distributor will have in buying its product. (ex: minimum quantity to buy, advance payment, ...)
- Reliability is also extremely important (e.g. respect of deadlines, respect for the quality of the goods, etc.).
- As we had previously identified, the added value and distinct brand identity play a key role in the choice of supplier because they will attract customers to the distributor.
- Finally, distributors like companies that inform them in the most complete way about the solution they sell them. Thus, it is always advisable to provide with the product a technical manual, photos, paper supports to put in store, ...

Bonus : give a feedback on purchases made from one year to the next, provide exhibition material, visit the store regularly, have new products regularly.

3.6. Conclusion

The art of *BtoBtoC* therefore consists in constantly seeking to move towards a “win-win-win” situation. That is the complexity of it. The resulting reflection is therefore very important to be settled to consider all the aspects of the value chain through which your product will transit.

In order to summarize the challenges of BtoBtoC communication, we will end with a quote from Guy Powell:

“The customer must believe that they can sell your product to the consumer - and the customer wants that activity to be as simple, easy and inexpensive as possible.”

4. Questions

Many questions were addressed above at the beginning of each item. The following is a summary of the most important questions to ask when developing your communication strategy:

- Which distributor is the most suitable for selling my product?
- What does my distributor need to sell my product properly?
- What is the added value of my product and what solution does it bring to the market?
- What tool would it be interesting to make available to my distributor?
- Is there a coherence between the speech to my distributor, my speech to the consumer and the speech from my distributor to the consumer?
- What can I do to improve my relationship with my customer based on feedbacks?
- ...

5. To go further

For more information, the first and most instructive approach is to ask questions to people who have followed the same path before (VentureLab, student entrepreneurs, ...)

Consulted Experts:

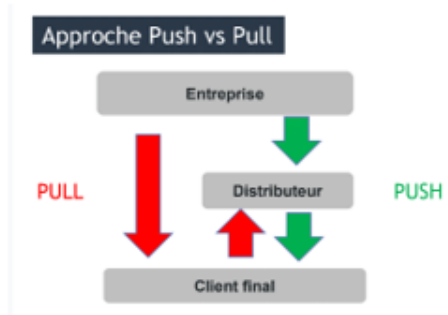
- Gianni Ruggieri : CEO at *Oh! Médias*.
- Pierre-Yves Cornélis : Marketing and Management Consultant at *Edge Consulting*
- Jérôme Crahay : Manager at *Sit On Design*
- Melissa León Blanco and Thomas Fantoli : Student Entrepreneurs at VentureLab

Websites :

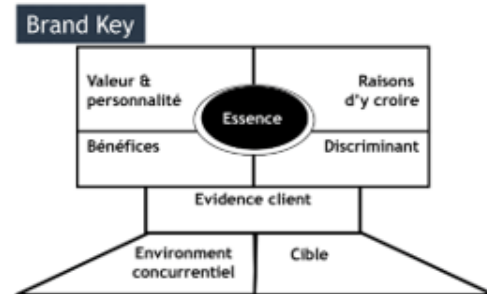
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6. Appendices

I.



II.



Source: P-Y. Cornelis, *Marketing Mission*.