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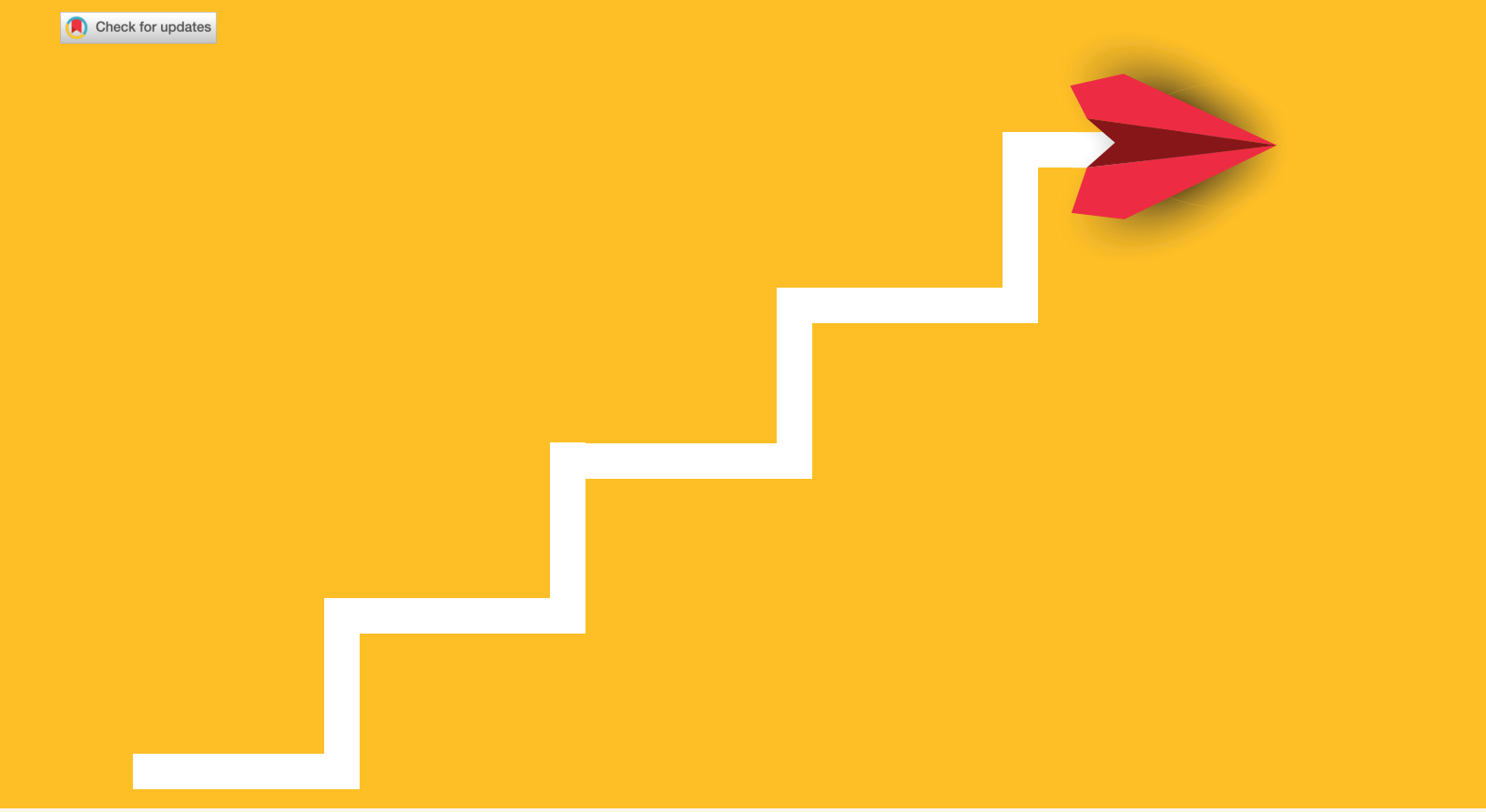

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Effective Business-to-Business Sales Growth Strategy: Evidence from A Study of 44,000 Customers

Vikas Mittal, Jones Graduate School of Business, Rice University
Vivek Astvansh, Desautels Faculty of Management, McGill University
Sonam Singh, Muma College of Business, University of South Florida

Vikas Mittal, Vivek Astvansh, and Sonam Singh analyze a longitudinal survey of 40,000 B-to-B clients and advise suppliers to grow their sales by investing in existing clients rather than just chasing new clients.

The importance of B-to-B companies in the global economy cannot be overstated. From 2022 to 2023, the business-to-business (B-to-B) sector accounted for a staggering 83 percent of the global economy and an astounding 73 percent increase in sales across industries worldwide. In the United States alone, the B-to-B sector accounts for 65 percent of the Gross Domestic Product and employs more than 100 million people.[1]

Growing sales is a B-to-B company's raison d'être. On average, B-to-B companies invest 2 to 5 percent of their gross revenue in sales growth strategies tailored to their products, markets, and customers.[2] B-to-B suppliers invest capital to introduce

new products, target current customers, identify prospective customers, and expand to new geographic markets.

Growing sales is a company's raison d'être.

These companies continually rely on a two-pronged growth strategy centered around their customers.[3] They invest in retaining existing customers and attracting new customers by generating, developing, and converting leads through online advertising, customer account management, trade shows, and sales calls.[4] A typical B-to-B supplier that aims to earn $100 million may invest between $2 and $5 million in these activities.[5]

Before investing in such a growth strategy, the leaders of a B-to-B supplier must consider several critical questions. Should they focus more on developing current customers or nurturing new leads?[6] What proportion of spending should they direct at online versus in-person sales activities?[7] And how can they adjust their strategy in response to external events like the COVID pandemic or new trade tariffs, which may affect different customers' needs and behaviors in different ways?[8] Answers to these essential questions are not readily available.

Lay Practices of B-to-B Leaders

We conducted in-depth interviews with twenty-five CEOs, chief strategy officers (CSOs), and chief marketing officers (CMOs) of B-to-B suppliers in the United States. These respondents represented a range of industries including real estate, technology, industrial distribution, business simulation software, executive recruiting, consulting, oilfield services, manufacturing outsourcing, and finance. Their annual sales ranged from $5 million to over $10 billion. The interviews revealed several strategic tensions that B-to-B executives face and how they resolve them.

Relying on gut feeling, instinct, and intuition to drive a customer-centered growth strategy.

About 80 percent of suppliers rely on executives' gut feelings and intuition when they revise their investments from one year to the next, deciding how to allocate funds to sales calls, online advertising, trade shows, and other categories. Some executives make a bottom-up revision, updating each category and then totaling the amounts, while others work from the top down, choosing a single, total amount and then allocating percentages to different categories.

As the CEO of a valve manufacturing company with $700 million in annual sales said, "The leadership team mostly relies on the VP of Sales to give guidance. To the best of my knowledge her guidance is based on intuition and educated guesswork. Sometimes we just adjust the numbers up or down based on what we are hearing from other competitors in the local area."

The CEO of another engineering company with $20 million in annual sales stated, "There is no rigorous model to figure out our customer mix or growth spend. We go where we think the best return is. A lot of it is based on having our ear to the ground. The sales team guides us."

Prioritizing finding new leads over nurturing existing customers.

More than 95 percent of the B-to-B executives said they focus their sales and marketing budget on customer acquisition, rather than on satisfying existing customers in the hope of earning repeat business and referrals.

The CEO of an advertising agency with roughly $5 million in 2023 sales quipped, "We are hunters. Most of our assignments are one-and-done. If we don't continuously acquire new customers, we will cease to grow."

The chief commercial officer of an oilfield services company with more than $5 billion in 2024 sales told us, "New customers are the lifeblood of any company. Without new customers, you stagnate growth. You can only eke out so much from customers where you have high share of wallet." (*Share of wallet* describes the percentage earned by one vendor of a customer's spending on a given category.)

Using vendors' advice to shape spending on growth strategies.

About 60 percent of our respondents said they base their spending on the advice of their vendors. Salesforce, for example, suggests that sales calls and email newsletters are more effective than brand-building activities like blog posts and expert content.[9] Another brand consulting firm recommends that suppliers focus on industry conferences, trade shows, and website marketing to grow sales.[10]

The marketing director of a quality-testing equipment distribution company with $6 million in 2024 sales told us, "Our big spend is on SEO spending and we rely 100% on our vendors. Frankly, he helps us set the monthly spend, and we go with it."

The sales vice president of an education services company stated, "Last year we spent over $1.5 million on developing a new website based on the advice of a consultant. We believe it will help retain current customers who can interact with us with more confidence."

Understanding that the effect of COVID-19 varies dramatically among B-to-B suppliers.

Our respondents revealed that the COVID-19 pandemic had starkly different effects on different B-to-B suppliers:

- "COVID-19 is still very much affecting our business. Before COVID, 80 percent of our business was from existing clients. Many of them went out of business during COVID, and we have had to figure out new growth strategies." (Chief commercial officer of an equipment testing and calibration company; $50 million in annual sales)
- "Consumer businesses may be back to normal after COVID. Not us. Our growth-strategy mix has changed, and we are still refining it. Today, 80 percent of sales growth is from online channels, including our website. Our sales force is only focused on nurturing existing clients—they are more like customer service reps, not as important for sales growth." (Chief growth officer at a transportation and logistics company; $2 billion in annual sales)
- "Believe it or not, we rely much more on printed collateral for sales growth. Customers like it because the catalog is always available, there are no fancy log-in and passwords, and it does not expose them to internet fraud." (CEO of a software company; $100 million in annual sales)

We searched published papers dealing with B-to-B strategy but found none that addressed the value of nurturing current customers relative to hunting for new leads, the comparative allocation of funds to online versus personal contact efforts, or comparing the pre- and post-COVID approaches of such companies.

In the absence of precise data, measurement, and guidance, it can be no surprise that CEOs, CSOs, and CMOs at B-to-B suppliers continue to spend millions on suboptimal customer-centered sales growth strategies, an approach that can eventually result in wasted resources, sluggish sales growth, increased expenditure on acquiring customers, and a low-quality customer base.

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Key Questions the Leaders of B-to-B Suppliers Must Answer:

- Do customers prefer to hire new suppliers or stay with existing vendors they know?
- Are customers more likely to find vendors through online research results or online advertising?
- How effective is in-person interaction relative to online approaches for acquiring new customers?
- How effective is print media as a customer acquisition strategy?

Understanding the Relative Effectiveness of Sales Growth Strategies

There are two ways to determine how effective suppliers' strategies are: ask the executives of B-to-B suppliers or ask their customers.

Asking chief sales, marketing, and executive officers

Three obstacles limit the value of asking B-to-B suppliers' executives which strategies they use, how much they spend on each, and whether their practices are successful: salience, intuitive leaps, and egocentrism.[11] Put another way, CEOs, CSOs, and CMOs see their company's growth practices as relevant; assume, often without evidence, that they will drive success; and believe that other companies must do much the same. After all, if they didn't believe in their practices, they would change them.

Asking customers

The alternative, which provides a relatively unbiased measure of the success of various strategies, is to ask a representative sample of customers who use a specific supplier. Customers know which growth strategies they respond to; chief sales, marketing and executive offers at suppliers are just guessing.

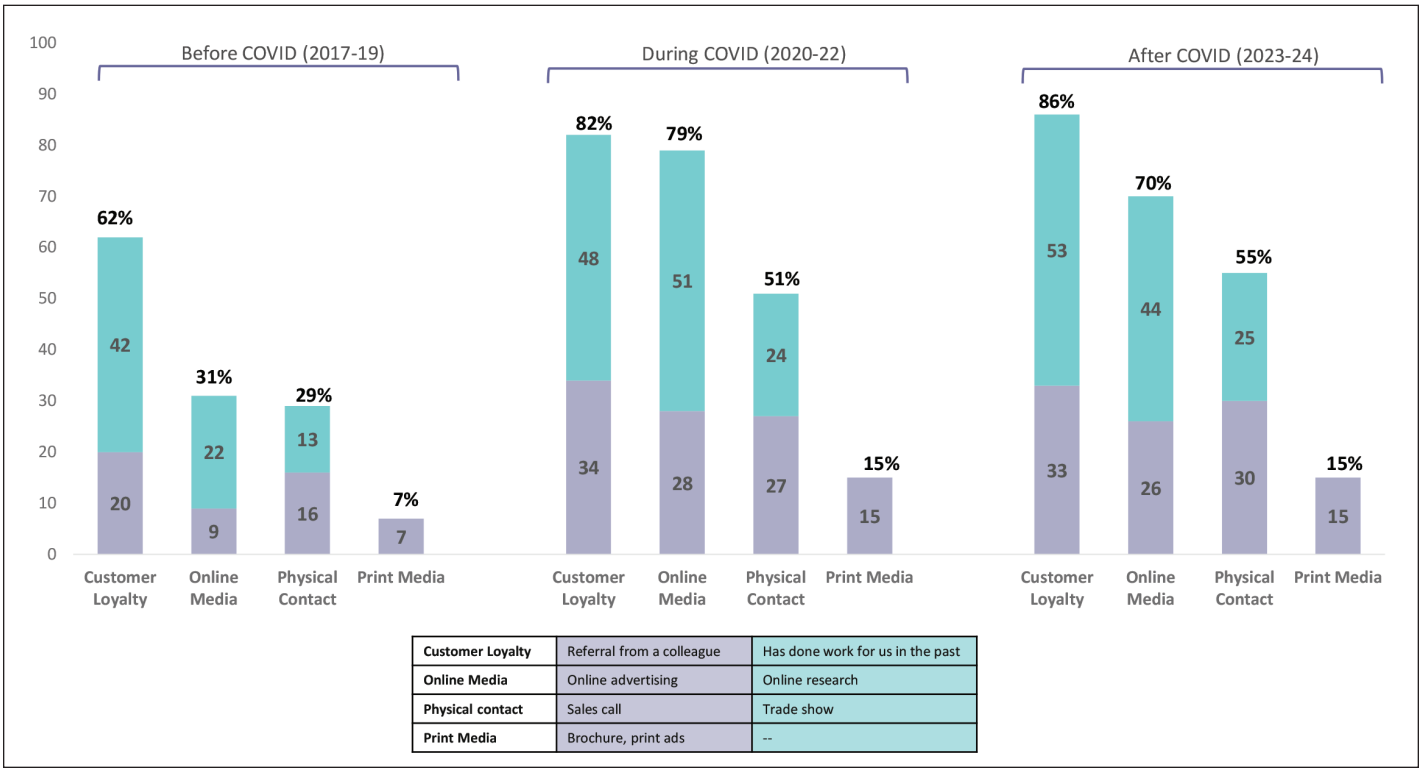
To this end, we use data from the monthly Stratonomics-B2B™ study of 44,822 customers of more than 6,000 suppliers from 2017 to 2024. Each month, a new set of customers, randomly chosen from a panel, completes the survey. Panelists are precluded from future surveys for at least six months.

Each selected respondent completes a proprietary assessment of a B-to-B supplier, evaluating its

Table 1. Customer Responses by Category

Category	Options presented to B-to-B customers	
Customer Loyalty	Referral from a colleague or friend	Has done work for us in the past
Online Media	Online advertising	Online research
Personal Contact	Sales call	Trade show
Print Media	Brochures, print ads	–

Figure 1. The Effectiveness of Various Growth Strategies



performance across eight strategic areas, in addition to overall customer value, customer loyalty, key behaviors, demographics, and firm characteristics. Useful to our research, each B-to-B customer respondent answered: "How did you learn about this supplier for your current project?" by checking one or more of seven options:

- _____ has done work for us in the past
- Referral from a colleague or friend
- Sales call from their sales team
- Trade show/event
- Online research
- Advertising (online)
- Advertising (print media, brochure, etc.)

We categorized the seven options into four groups (see table 1).

COVID-19 effects: The B-to-B executives we interviewed disagreed about how their customers' behavior had changed since COVID-19. Some believed that the pandemic had reduced their customers' reliance on personal contact while others did not. We compared the success of growth strategies during three periods: before (2017–2019); during (2020–2022); and after (2023–2024) COVID-19 (see figure 1). Since respondents could choose more than one of the seven options presented, the sum of the percentages represented by each bar can exceed 100 percent.

Between 62 and 86 percent of our respondents hired a supplier who had already worked for them or who had been referred to them by a colleague who was already using the supplier.

Figure 1 reveals four essential points:

Customer loyalty ranks #1 at any time! In all three periods, customers reported loyalty as the most persuasive growth strategy. Between 62 and 86 percent of our respondents hired a supplier who had already worked for them or who had been referred to them by a colleague who was already using the supplier. However, their responses also showed that online media and personal contact increased in importance over time as ways to nurture current customers as well as acquire new leads.

Erroneous beliefs: Many of the CEOs, CSOs, and CMOs we interviewed said that their growth strategy focused exclusively on acquiring, nurturing, and converting new leads. A few suppliers' customer relationship management databases did not even have a field for sales visits to current customers.

COVID-19 effects: Customer loyalty grew from 62 percent before

COVID-19 to 82 percent during the pandemic and then to 86 percent afterward. In other words, customer loyalty grew by 39 percent from before COVID-19 to after. Given that it requires little to no marketing spending, the most reliable and least expensive strategy to grow sales is to nurture existing profitable customers for repeat business and referrals.[12] Highly satisfied customers give their suppliers repeat business, buy more related products from the supplier, refer others, and continue to buy even when the supplier's rivals lower their prices.

Online research has become more effective, but online advertising has not

Most B-to-B executives understand the need for a strong online presence, but they may not recognize how it has grown. More B-to-B customers now find suppliers through online research (44 percent), and to a lesser extent through online advertising (26 percent).

Erroneous beliefs: Many of the CEOs, CSOs, and CMOs we interviewed said that they had increased their online advertising by more than 200 percent but had not invested at all in customer retention efforts. Even after COVID, online advertising (26 percent) was less effective at drawing new customers than referrals (33 percent) or online research (44 percent). When we asked executives to define online research, most mentioned browsing suppliers' websites, using LinkedIn, and even asking ChatGPT to identify suppliers. Such leaders should consider whether their emphasis on online advertising is detrimental to finding new customers by building online assets and earning referrals from existing customers.

COVID-19 effects: Before COVID-19, 31 percent of B-to-B customers found suppliers through online research and online advertising. Unsurprisingly, this percentage grew to 79 percent during COVID-19. But since then, it has receded to 70 percent. While it made sense to spend more on online assets during the pandemic, the decision of many B-to-B executives to keep ramping up does not appear to be warranted. Instead, they should conduct a judicious analysis to optimize their online spending. Moreover, given that online research is considerably more effective than online advertising, most would do better to build online assets like their website, LinkedIn presence, and AI-usable content.

Personal interaction is critical

B-to-B executives must not underestimate the importance of human interaction. More than 55 percent of B-to-B customers find their suppliers through sales calls (30 percent) or trade shows (25 percent). Sales visits and trade shows are critical to educating customers, building relationships, and developing leads.

Erroneous beliefs: In our interviews, two executives told us they had eliminated all physical sales methods and relied entirely on online strategies. They had based their decision on the recommendations of a few online marketing and branding agencies, never realizing that an exclusively online approach might not be the most effective way to increase sales.

B-to-B suppliers can use trade shows and sales visits to build their brand, educate prospective buyers about their business, and strengthen their relationships with existing customers. By using statistical attribution models, executives can find the best mix of online and personal interactions.[13]

COVID-19 effects: Before COVID-19, 29 percent of B-to-B customers preferred suppliers that offered personal contact. During COVID, that proportion actually increased to 51 percent. And it has continued to grow since, reaching 55 after COVID.

Print media

Print media produce only limited sales growth (15 percent), in part because most traditional media outlets are also available online. Even so, from before COVID-19 to after, print media use grew by 100 percent.

Erroneous beliefs: Several executives indicated that all their companies' content was digital and online. They produced no printed sales materials at all. Yet printed content can be valuable for recruiting customers who dislike having a plethora of logins, fear online theft, or are offline enough to find using online channels inconvenient. To accommodate a range of customer preferences, we advise that suppliers offer a print media option.

COVID-19 effects: Before COVID-19, 7 percent of B-to-B customers preferred print media. During and after the pandemic that number stabilized at 15 percent.

B-to-B executives can rapidly increase their sales by focusing on existing customers.

Customer-Centered Sales Growth: How to Succeed

Growing sales by introducing new products or entering new markets can be expensive and time-consuming. By contrast, B-to-B executives can rapidly increase their sales for less by focusing on existing customers.

Our research offers valuable, factual guidance that B-to-B executives can act on, rather than relying on the intuitive leaps of branding and sales consultants. This guidance is firmly rooted in the experiences of more than 44,000 B-to-B customers and we have arranged it into three essential points.

- Referrals and repeat business are an ever-increasing source of sales growth. Ignoring the value of current customers while chasing new ones is ineffective. CSOs and CMOs should only chase new customers when they can and do satisfy their existing ones. By focusing on current customers, they can earn referrals, cut costs, and attract the right customers – those who appreciate what their company has to offer and have realistic expectations.[14]
- Online advertising is an important tool for increasing sales, though its impact is leveling out. Meanwhile, online research is becoming more powerful, especially as it is more likely to get integrated into AI queries and interactions. As the executives of B-to-B suppliers increase their online budgets, they should build robust online assets, ensuring that diligent research will allow customers to find their firms and consult their sales team. This online real estate will produce long-term value. More superficial efforts, like bidding on search advertising, amount to little more than directing traffic and may yield only short-term returns.
- Human sales teams and trade shows are valuable. Since COVID, customers prefer in-person interaction more than they did before COVID.

A B-to-B supplier's best move is to satisfy its current customers, and its leaders' investment choices should reflect that. Their next priority should be to build a strong online infrastructure that rewards customers' research, and after that, robust online advertising. These leaders should never underestimate the importance of personal contact; trade shows and sales visits are essential. Since the COVID pandemic, the human touch is more vital than ever. ■

Author Bios

Vikas Mittal is the J. Hugh Liedtke Professor of Marketing at Rice University's Jones Graduate School of Management and the founding faculty director of the Center for Customer-Based Execution and Strategy.

Vivek Astvansh is a marketing professor at McGill University's Desautels Faculty of Management and a data science professor at Indiana University Bloomington's Luddy School of Informatics, Computing, and Engineering. He researches the risky decisions of B-to-B companies and their detrimental results.

Sonam Singh is a marketing professor at the University of South Florida's Muma College of Business. She uses statistics and machine learning methods to research the product-market strategies of B-to-B companies.

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