

Supercharge your rebate management

How to Avoid Your B2B Rebate Programme Failing

Rebate Management

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[Image source](#)

Question: What makes a successful B2B rebate programme?

Answer: One that generates more sales.

Well, of course, that is true – but there are other considerations to take into account.

Offering rebates is a great way to generate buyer demand – perhaps for high margin products to increase revenue, or maybe for underperforming products you’re struggling to shift.

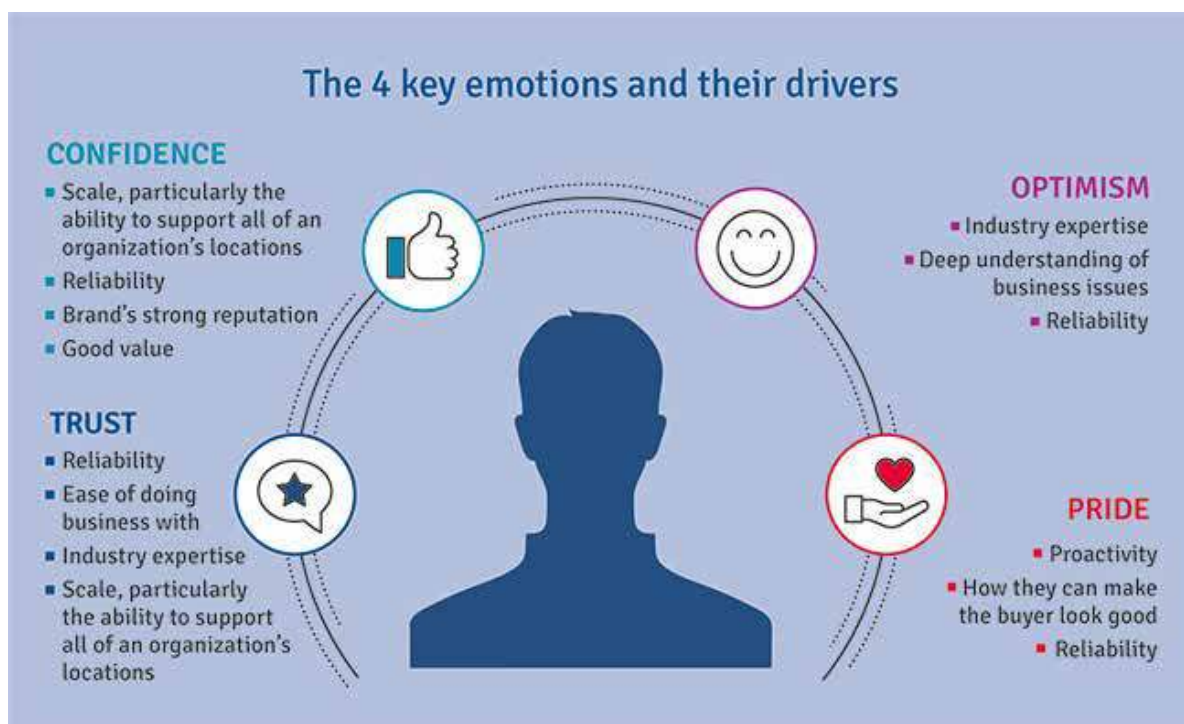
You may offer rebates to B2B customers to [incentivise increased purchase volumes](#) or order frequency, reward strategic customers for meeting growth targets, or encourage loyalty and build buyer preference.

These are all common goals B2B companies strive for when creating incentive programmes for customers.

But is offering the rebate incentive itself enough to encourage the types of buyer behaviour you want to encourage?

What Drives B2B Buying Decisions?

B2B buyers and decision-makers, even when purchasing in a corporate capacity, are of course real people with real emotions, moods and impulses – and confidence, trust, optimism and pride are all emotional responses that influence purchasing decisions.



(Image source: quirks.com)

B2B rebate programmes often underperform or simply fail to drive desired buyer behaviour – be it to increase purchase volume, cement loyalty, or anything else – when they fail to make these emotional connections with B2B customers.

Are you personalising your B2B customer rebate programmes, or simply taking a “set it and forget it” approach, offering the same deal to each of your buyers?

Does your rebate programme provide a good customer experience, or could it be damaging your customer relationships?

Are you using your programme to build trusted partnerships, or is it simply a means to compete on price?

Of course, B2B purchases are made with logic and reason – purchasing and procurement teams must rigorously evaluate vendors in terms of quality of goods and the price they will have to pay for them. However, as a study by Bain & Company – [The B2B Elements of Value](#) – has revealed, “personal concerns that business customers bring to the purchase process are increasingly important,” too.

EXPERT TIP: Buyers have a lot of choice as to where to purchase their goods and services, however product lines are not always profitable until the rebate has been paid. Set a target for them to hit, or exceed, to encourage your buyers to procure more. This leads to a WIN:WIN situation.

B2B Elements of Value

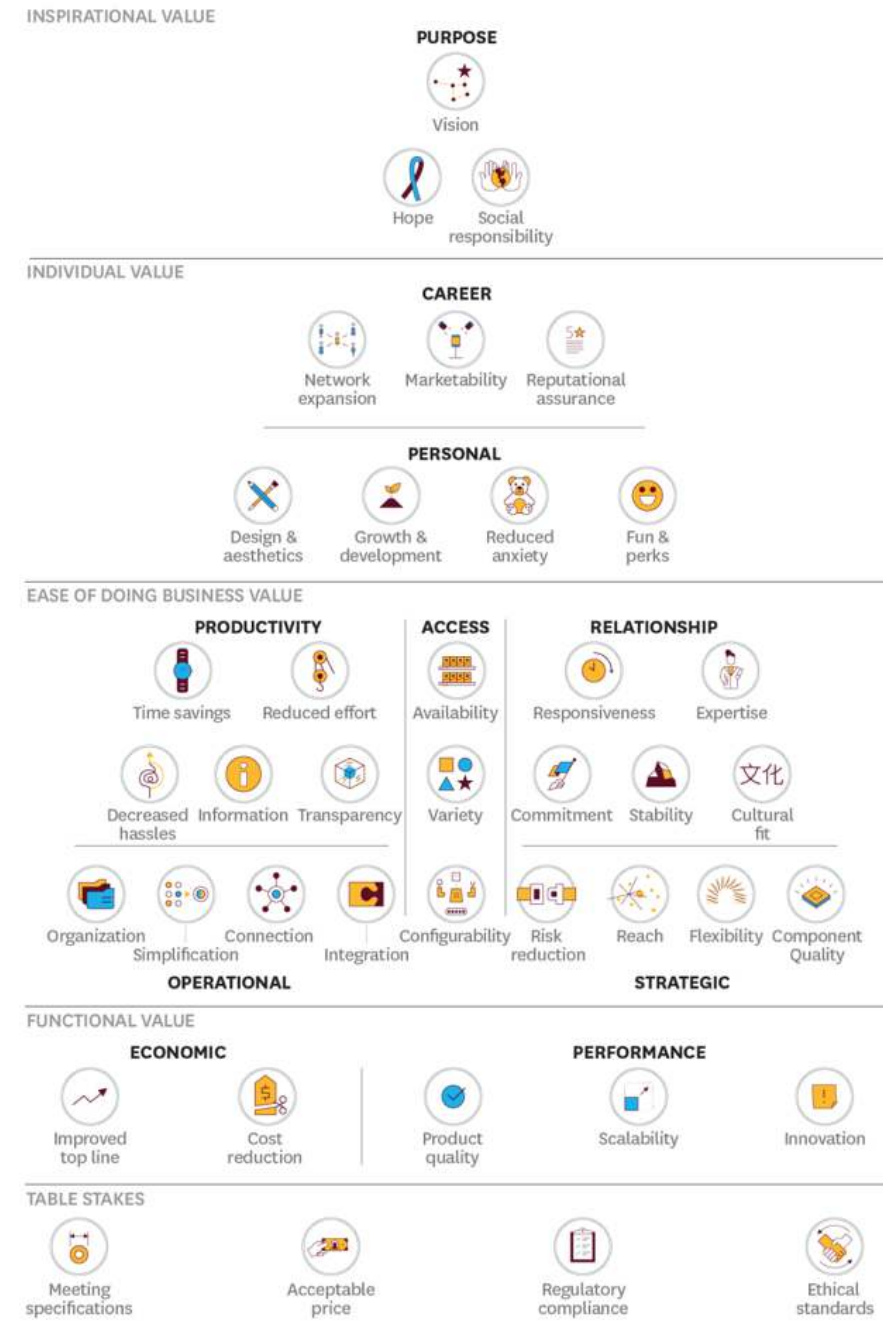
To help [B2B suppliers](#) understand customer priorities, Bain analysed three decades’ worth of quantitative and qualitative customer studies the firm had conducted for its clients to find out what matters most to B2B buyers.

Far from being driven only by “rational” concerns such as ‘product features’ and ‘price’, Bain identified no less than 40 fundamental “elements of value” B2B offerings provide customers. These elements are organised into a pyramid – with those that provide more objective value at the base and those that offer more subjective value higher up.

As Bain explains, at the base of the pyramid are the table stakes – “*meeting specifications* at an *acceptable price* in *compliance with regulations* while abiding by *ethical standards*.” Next up are functional elements, which address companies’ economic or product performance needs, such as *cost reduction* and *product quality*. These are all objective values.

The B2B Elements of Value Pyramid

Bain has organized the 40 distinct kinds of value that B2B offerings provide customers into a pyramid with five levels. The most objective kinds of value are found at the base, and the higher a level is, the more subjective and personal the types of value it contains.



(Image source: hbr.org)

In the third layer however, while there are still elements that provide purely objective types of value – those that improve a customer’s productivity, for instance, or operational performance – there are elements that involve subjective judgments from buyers. These include things that enhance relationships between buyer and seller, such as a seller’s **responsiveness** and **commitment** to the customer organisation.

All of these elements – both objective and subjective – make it easier for the customer to do business with the supplier.

The elements in the fourth layer provide further types of subjective value and address individual buyers’ priorities. These may be personal (such as **reduced anxiety** about the supplier’s credibility and ability to deliver), or career related (such as providing **reputational assurance** to individuals who are accountable for purchases).

Finally, at the top of the pyramid, we have inspirational elements of value: those that can improve the customer’s **vision** of and **hope** for the future – by helping them anticipate changes in the market, for instance, or by giving them the confidence that the partnership will help them scale or expand in the coming months and years.

An organisation’s ability to deliver on all or as many of these elements as possible influences B2B buying decisions and, by extension, company performance.

And why wouldn’t it?

B2B purchases are often long, drawn-out, complex decisions involving a number of different people (three to four, on average, according to [B2B International](#)). The stakes are also high in the B2B world, with purchases being often high-value and carrying significant strategic and financial risk.

The pressure on B2B decision-making units (DMUs) to make the right choice can be immense – and so it’s hardly surprising that they turn to their emotions to help them make that choice.

In fact, while rational factors of course need to be satisfied for a potential supplier to be considered, B2B International’s study of 2,000 international decision-makers finds that 56% of the final purchase decision is based on emotional factors.

Where, then, might your B2B rebate programme be failing to tap into both objective and subjective values that B2B buyers hold almost equally dear when making purchasing decisions?

Mistakes to Avoid in Your B2B Rebate Programme

Every interaction buyers have with your brand influences their decisions and overall impression of your company.

While effective [pricing strategies](#) will satisfy rational and objective concerns, your rebate programme must also offer a pleasing, easy and convenient customer experience. Are you providing the transparency needed for easy and accurate rebate claims? Do you require your customers to manually fill out rebate submission forms for each claim they wish to make? Do you fulfil rebates in a timely fashion? Are you sure you're honouring all customers with all rebates they're owed?

Your B2B rebate programme should be designed to facilitate trusted partnerships with buyers that gives them the confidence and optimism to remain loyal to your organisation for the long-term. Failing to provide a satisfying customer experience at any part of the rebate process will lead to low levels of participation, leading to an underperformance of your rebate programme.

Reliance on outdated systems like spreadsheets, emails and manual submission forms can lead to delays, errors and clunky, time-consuming processes – all of which erode trust in your programme and your brand.

EXPERT TIP: We worked with a large client in the construction sector. Their rebate process was very complex with each invoice line having circa 14 rebates – and unfortunately a spreadsheet error rate of 3%. Doesn't sound a lot does it? But 3% of £70m is £2.1m. Would you knowingly give this away?

To make things as simple, fast and convenient as possible, your rebate management system needs to be one that records rebate deals in a structured and searchable fashion and makes all rebate information readily available for both internal teams and customers to review and sign-off.

When the time comes to pay out customer rebates, the finance department must also have ready access to all rebate data so it can validate customer claims quickly, ensure rebates are paid and relationships remain healthy.

Better Data = Better Performance

Inefficiencies in rebate data capture and information sharing are indeed primary causes of B2B rebate programme underperformance.

When managed effectively, rebate programmes offer huge value to all parties. Sellers can provide attractive volume and loyalty incentives, buyers get a better price and both can collaborate on joint business planning initiatives and establish mutual growth plans.

Rebate data – and easy access to it – is at the heart of such relationships.

EXPERT TIP: Everyone in the supply chain must contribute good quality data to ensure the process is effective and timely. Why wouldn't you? However in some cases we have seen the process collapse for avoidable reasons: it's too difficult; lack of access to the right data or they just don't want to provide it. If true collaboration is happening across your supply chain then all parties should be transparent.

Once a rebate agreement is in place, sales teams need to be able to carefully track sales and customer performance against those agreements in real time.

If they can do this, they can alert customers to any potential shortfalls in sales that would mean they miss their volume targets – and thereby drive the behaviours necessary to ensure those targets are met.

When this data is hidden away in hard-to-decipher spreadsheets, however, opportunities to collaborate in such a mutually profitable fashion are lost.

Having easy access to accurate and reliable rebate data also means you can optimise your sales and marketing strategies for both new and existing customers.

By analysing the data from the incentive programmes and rebate promotions your customers engage with, your sales and marketing teams can unlock insights that reveal opportunities to upsell, cross-sell, or target similar buyers with personalised promotions that build trust and affinity.

Without the appropriate tools to capture, organise and analyse rebate data, however, you're left shooting in the dark.

EXPERT TIP: This is a significant watch out: suppliers often advise their buyers on what is owed. If you don't provide visibility of your process and the data used to calculate the amounts owed, you are opening yourself up to lots of challenges and queries which can take up significant amount of time, eroding your profit margins.

Use Rebate Management Software to Maximise Engagement with Your B2B Rebate Programme

B2B sales success is rooted in forging trusted partnerships with buyers and tapping into both objective and subjective values that decision-makers call upon when making purchasing decisions.

Incentives and rebate programmes play a key role here – but you need an accurate and reliable system to make them work. If you're offering a poor customer experience with your rebate programme, or your rebate and sales data is inaccurate or difficult to share, you're eroding trust and confidence with buyers.

This ultimately leads to poor rebate performance and unnecessary disputes which jeopardise the relationships the programme is supposed to strengthen.

Customer expectations are rising, so you need to get your rebate management right.

How to Avoid Your B2B Rebate Programme Failing

With [rebate management software](#), all your agreements are recorded and stored in the cloud for easy access, search and shareability. Sales tracking and calculations are real time and automatic – and both internal teams and customers can review, approve and sign-off deals through a shared portal where all data, terms and conditions are stored.

The full lifecycle of all rebates can be managed easily in one platform, helping you build trust and transparency with your customers and forge strong, profitable relationships.

Want to learn more about how to improve the performance of your B2B rebate programme? [Talk to our experts](#) at [e-bate](#) today for more information or to [request a demo](#) of our cutting-edge rebate management solution.



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