

How Does GDPR Affect B2B Sales?

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On May 25, 2018, the General Data Protection Regulation (GDPR) went into effect. Since then, all businesses that collect or process the data of EU citizens have had to comply with its requirements.

Due to its restrictions, GDPR is something every B2B sales and marketing team has to adhere to – and should stay up to date on its rules. Unfortunately, roughly 50% of businesses know little to nothing about GDPR, and only 20% believe they are compliant.¹

GDPR affects B2B sales at a high level. Data is essential for successful marketing and sales strategies, and GDPR affects how businesses collect and use that data.

With GDPR in place, all EU personal data must consent to use – cold-calling/emailing or buying third-party lists of EU leads isn't a feasible strategy anymore. Unfortunately, this might mean losing audiences through opt-outs if businesses don't offer a solid incentive and build trust with their customers.

Data helps businesses connect with their buyers – especially in B2B marketing, where we often use individual decision-makers' data to market directly to them. In B2B purchases, there is usually a group of decision-makers rather than one. The more decision-makers, the more data is juggled as they move along the sales funnel.

Despite strict privacy legislation around data, B2B businesses need to prioritize

using it more than ever. In fact, "60% of B2B sales organizations will transition from experience- and intuition-based selling to data-driven selling, merging their sales process, applications, data and analytics into a single operational practice."²

To understand precisely how GDPR affects B2B sales, let's first uncover what it is, why it exists, and what it means.

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Overview of GDPR

In short, GDPR requires businesses to protect the personal and identifiable data of any citizens and residents of the EU. Additionally, organizations using that data must obtain explicit permission from the user for how and why they'll use it.

While there are many facets of GDPR's regulations, there are eight key privacy rights the data subject (i.e., the individual whose data is collected) is entitled to under GDPR.³

1. The right to be informed
2. The right of access
3. The right to rectification
4. The right to erasure
5. The right to restrict processing
6. The right to data portability
7. The right to object
8. Rights concerning automated decision-making and profiling

These privacy rights aim to give people more power over their personal information, and this type of legislation is popular with the general public. In fact, 79% of Americans are concerned with how companies are using their data.⁴

Due to the popularity of these laws and the growing risk associated with data breaches, many other countries are following suit with data privacy legislation. While none are as strict as GDPR, it's only a matter of time before data collection is regulated globally.

How Does GDPR Affect B2B Sales?

Revenue Loss

B2B companies selling to EU citizens may experience revenue loss. One study showed that companies across the world targeting EU citizens saw an 8% reduction in profits and a 2% decrease in sales.⁵

Additionally, the impact on smaller companies can be more significant than on larger ones, which typically have more budget to cover data privacy resources, specialists, and legal consultants to monitor and maintain GDPR compliance.

Fines for Violating GDPR

The repercussions of violating GDPR are severe. Companies that do not comply are fined based on the level of infringement.

On the lower end, companies that violate GDPR could see fines of up to €10 million or 2% of their annual revenue from the previous year – whichever amount is higher. On the higher end, companies with more serious infringements could see fines of up to €20 million or 4% of their worldwide annual revenue from the previous year, whichever is higher.

These fines represent a serious financial impact, especially for smaller companies.

Companies today also face more scrutiny and harsh criticism from the public. B2B businesses have a reputational cost to consider as a consequence of failing to comply with GDPR.

New Data Strategies

It is essential to consider how GDPR will affect data collection and use strategies.

Businesses targeting the EU market and still using cold-calling/emailing tactics must ensure the prospects explicitly consent to communications.

Marketing and sales teams using third-party data for their strategies should now

switch to first-party data. This switch can be hugely beneficial for your business, since first-party data offers more valuable insights into what customers want.

Changes To Current Privacy Policies

B2B companies need to have clear privacy policies which explain to potential and current customers how and why their data is being used and collected. Businesses should regularly review their privacy policy, even if they aren't targeting the EU market. This will build more consumer trust with their target market and keep their practices up to date.

Part of GDPR's strict policy is that data sharers must opt-in for their information to be collected and used. Businesses must be transparent with users, which can be rewarding, as this helps companies build trust with their customers. Eighty-eight percent of users are more willing to share their information with a company they trust. ⁶

When companies are transparent in their policies, there are no ambiguous opt-ins, and customers know what their data will be used for when sharing their personal information.

B2B companies will also generate more qualified and high-intent leads when consumers know what they're opting in on. Consumers who willingly share their information, especially when receiving marketing emails, are far better leads than those who didn't opt in.

Personalization Challenges

Creating a personalized experience for buyers as they travel through the funnel is vital to effective campaigns. One study showed that 62% of consumers would drop a brand that delivers un-personalized experiences. ⁷

Fortunately, B2B buyers are willing to share their information if the incentive is compelling enough. When businesses understand their customers, they can build better-customized experiences.

A pivotal piece to gathering lead intelligence is determining buyer intent, which first-party data can provide. Once you've built an earned relationship with prospects, you'll discover their intent and motivations to better engage with them.

How GDPR Affects UK and US Companies

Whether you're already established in the EU market or hoping to carve out a place for your business, you need to comply with GDPR before collecting data from EU citizens.

Additionally, in the US, privacy bills that mirror GDPR's requirements have been passed in multiple states, and new ones are constantly being introduced.

When this trend is closely observed, it's clear that legislation will only become stricter. Only five states have passed bills, but several more are on the docket. While there are some critical differences, what most have in common is that users have a right to data privacy.

Across the board, practicing safe data handling and maintaining privacy compliance is a good best practice to follow.

Ultimately, the loss of third-party data will help strategies become stronger. Focusing solely on the buyer helps B2B businesses build customer trust, leading to more partnerships, customer retention, and customer loyalty.

Start Preparing for Changing Data Requirements Today

GDPR affects sales strategies for businesses everywhere and may even affect their revenue. GDPR is undoubtedly not the last legislation of its kind, and many countries and US states have followed suit. For B2B companies to keep up, it is crucial to seek legal and compliance counsel.

Having a professional regularly audit data collection and keep an eye on passing legislation will place B2B companies miles ahead and reduce the impact on your bottom line as much as possible.

Now is the time to create a GDPR-compliant data management plan.

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