elasticpath

Solving the B2B Commerce Puzzle

01

Introduction

In the B2B commerce arena, seamless buying experiences that offer the right combination of digital tools and human interactions are more important than ever for buyers. But while company leaders understand the urgency for innovation, few have made the right investments.

Money on the Table

Companies know they miss out on revenue if they don't offer the quality experiences buyers have come to expect. But in an attempt to meet the needs of digitally savvy customers, most B2B companies turn to legacy B2C eCommerce platforms that leave buyers unable to complete the complex steps required in a B2B environment and cause sellers to leave money on the table.

So, what's the missing piece of the puzzle?
Purpose-built B2B eCommerce solutions.

Purpose-built B2B eCommerce platforms support how B2B customers want to buy across all digital and physical touchpoints, and how sellers need to maintain strong customer relationships to maximize sales. From sophisticated account management to customer-specific catalogs, eCommerce tools designed specifically for B2B give businesses a leg up in an increasingly competitive landscape.

The following report, based on a survey of 300 B2B eCommerce decision makers, identifies a gap between expectations and reality among B2B leaders, and offers a guide to solving the B2B commerce puzzle.

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The Challenge

B2B businesses face immense pressure to keep up with heightened buyer demands for seamless commerce experiences. In fact, just under half (45%) of respondents say they have lost a customer due to the quality of their experience. Businesses can envision the solution to the challenge but are missing the pieces necessary to get there.

Falling Behind

B2B businesses understand the gravity of digital innovation today. They know that if they fail to offer the quality experiences buyers expect, they'll lose sales to competitors — including non-traditional competitors like Amazon. Fifty-two percent of our respondents believe Amazon Business poses a sizable threat to their companies.

Many B2B businesses have achieved success because of the quality of their products and their ability to form meaningful relationships with customers, but translating that experience to digital channels has been challenging. B2B businesses must focus on digitizing the B2B buying experience rather than attempting to mimic B2C eCommerce. Businesses that can meet and exceed the unique needs of B2B buyers will gain a competitive edge as retail giants like Amazon continue to gain traction.

"In the B2B space today, it's either innovate or die."

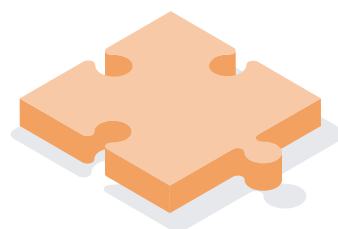-John Bruno, VP of Product Management at Elastic Path

45%
of respondents say they have lost a customer due to the quality of their commerce experience

52%
of respondents believe Amazon Business poses a threat to their companies

A Balancing Act

In addition to understanding the importance of digital innovation, B2B businesses also have a sense of urgency. They know they need to act fast to improve the experience for buyers or risk losing significant revenue opportunities long term. Four in five respondents (82%) agree that if they do not improve the commerce experience in the next year, they will see a negative impact on customer retention, while 80% agree that if they do not improve the commerce experience in the next year, they will see a negative impact on customer acquisition.

But while B2B businesses know the clock is ticking, many find themselves unable to move forward. It's often not budget or lack of buy-in that stalls progress in innovation, but rather the inability to move beyond outdated systems to accommodate buyer demands — whether it's a need for self-service online buying or human-assisted sales. Many B2B businesses are trapped in legacy systems with no flexibility to evolve alongside the unique and often complex needs of B2B buyers.

82%

agree that if they do not improve the commerce experience they will see a negative impact on **customer retention**

80%

agree that if they do not improve the commerce experience they will see a negative impact on **customer acquisition**

It's All About the Customer

The customer experience must be the driving force behind B2B eCommerce innovation. But too often, outdated systems get in the way. So, where do you start when your systems need a serious upgrade? Prioritize with a customer-centric focus in mind. All of your investments and efforts should begin with an empathetic understanding of your customers' needs. Look to systems that are built with the B2B buyer in mind.

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A Wrong Turn

Eager to meet customers' growing expectations for seamless buying experiences, businesses often rely on eCommerce platforms built for B2C sales. But legacy platforms designed for consumers won't help businesses crack the B2B commerce code and an adherence to the design of these platforms leads sellers down the wrong path.

The Complexity of B2B Sales

Given the importance and urgency of digital innovation, most B2B businesses are making eCommerce investments. Nearly all respondents (91%) agree that their companies' leadership is investing enough money and resources into improving the digital customer experience.

The problem is that the investments most businesses are making are not the right ones. The world of B2B buying and selling is almost nothing like its B2C counterpart. In addition to longer sales cycles and multiple channels of interaction, B2B organizations have unique

needs for product assortment and payment options, often driven by contractual agreements. Legacy platforms designed for B2C sales will never enable this type of selling.

Most importantly, sales representatives will always play a valuable role in the B2B sales process — regardless of the complexity of the sale. While the sale of complex, non-consumable products certainly requires additional sales support, there is still potential to further optimize simple self-service reordering.

91%

agree that their company is investing enough money and resources into improving the digital customer experience
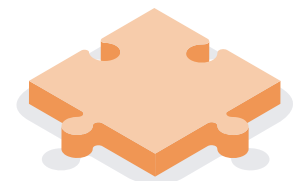
For instance, when a seller can see anomalies in buying patterns, he or she has the opportunity to add value, make suggestions or preempt a customer need. These additions add value in what is otherwise a low-touch relationship — without added friction for the buyer. With the right tools in place, sales professionals can be confident their time and efforts are focused on opportunities to add value to the buyer and grow that relationship.

It's in organizations' best interest to support their B2B sales teams with tools that empower sales representatives to take a hands-on approach, while still offering a streamlined interface for the buyer. Unfortunately, most legacy systems fail to give sales representatives the tools and data they need to move beyond administrative roles and intervene or support sales cycles.

75% of B2B buyers agree that their purchases typically involve people from a wide variety of roles, teams and locations.

-Gartner

Enabling the B2B Experience

While almost all respondents have implemented technology to improve the digital experience for customers, few are offering the tools required to truly enable B2B buying online, resulting in eCommerce systems that are too similar to B2C.
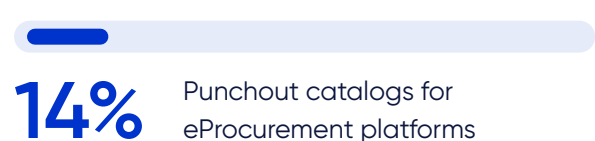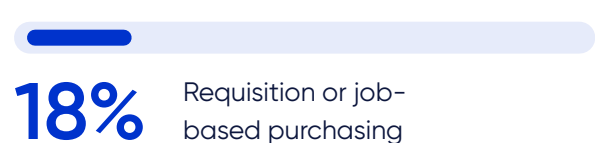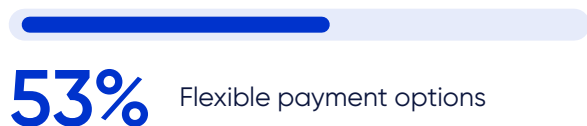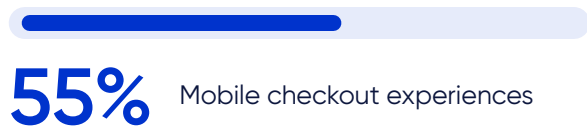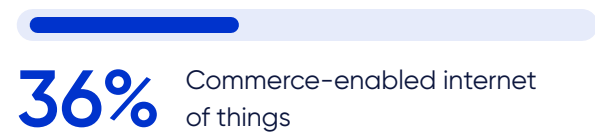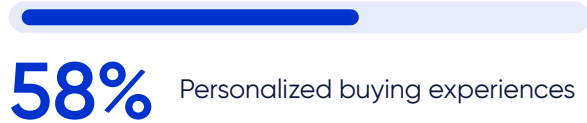
With platforms designed for consumer sales, buyers are left without the ability to complete orders online in the same manner they have completed orders historically. Nuances like contract-based pricing or project-based ordering — activities traditionally handled over the phone with a rep — have not been accounted for on digital channels, leaving

buyers frustrated and confused. And given how easy it is for today's buyers to switch to competitors, including Amazon, companies cannot afford to get the customer experience wrong.

Only 18% offer job-based purchasing, and 37% offer flexible pricing models. About half (51%) offer account-based buying agreements. All of these features are crucial for enabling a seamless buying experience, yet very few companies embrace them. Most B2B eCommerce sites today are basic B2C-like digitized catalogs with the ability to personalize recommendations.

Technologies implemented to improve the digital commerce experience for customers

58% Personalized buying experiences

57% Digitized catalog management

55% Mobile checkout experiences

53% Flexible payment options

51% Account-specific buying agreements

50% Self-service checkout experiences

38% Automated re-ordering

37% Flexible pricing models

36% Commerce-enabled internet of things

34% Bulk ordering

27% Quoting

18% Requisition or job-based purchasing

14% Punchout catalogs for eProcurement platforms

B2B buyers are buying for their businesses, not their lifestyles — basic digitized catalogs and shopping carts won't be enough to meet B2B buyers' needs. For these buyers, it's all about enabling efficient buying and selling, and solving both long- and short-term problems. For example, a buyer might need to create a new order for a quickly moving project. But in a traditional shopping cart set up, that buyer would need to discard any orders he's started for long-term projects. It's a frustrating and inefficient process. The right B2B platform, however, would allow for multiple carts to enable these types of complex buying situations.

Legacy eCommerce platforms come with massive architectural and functional limitations. These systems may seem like an easy solution to the growing demand for digital in the B2B space, but in most cases, they prevent you from taking advantage of new technologies and opportunities to expand customer touchpoints.

"B2B commerce is due for a revolution. B2C commerce tools do not work for B2B businesses, and they never will."

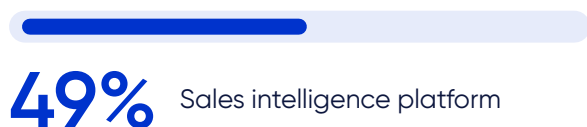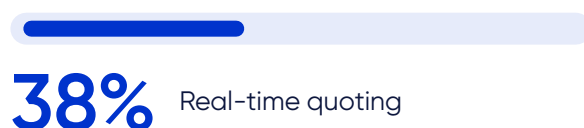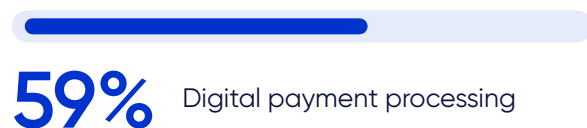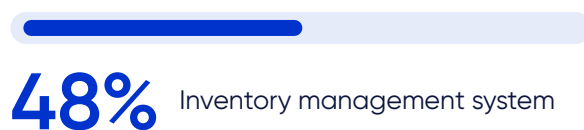- John Bruno, VP of Product Management at Elastic Path

Sales Technology Is Crucial

Technology to help sales representatives better service customers is another key piece of the B2B commerce puzzle. However, when asked what tools they've invested in to help sales teams, most respondents say they are focused only on basic tools that do not elevate sales people beyond administrative roles, leaving buyers unable to complete purchases with the support they need.

Most respondents (82%) say they've invested in CRM and other basic offerings like digital payment processing and e-signature solutions. But only 35% offer mobile support and 38% offer real-time quoting software — tools that would help sales people save time on administrative tasks and free up time for more consultative selling.

Technologies implemented to help sales teams better serve customers

82% Customer Relationship Management (CRM)

59% Digital payment processing

54% E-signature solutions

49% Sales intelligence platform

48% Inventory management system

44% Order management system

38% Real-time quoting

35% Mobile support

The Death of the Salesman? It's Not That Simple

Only about half of respondents (57%) believe the digitization of commerce will cause their companies to decrease the number of salespeople they employ. B2B sellers know there are better tasks for sales representatives to tackle than administrative order taking. Success in B2B will be achieved through the right combination of modern self-service tools and digitally supported sales consultation. Sales representatives need a tool that helps them assist sales, rather than simply complete transactions.

However, 66% of C-suite respondents believe the digitization of commerce will cause their companies to decrease the number of salespeople they employ. High-level executives may still be hanging on to the idea of eliminating overhead costs with the use of technology. While advanced technology will allow organizations to be more efficient and decrease their overhead, sales representatives that understand where they add value to the selling organization can thrive and support the business.

Sellers who leverage technology to strengthen customer relationships and identify strategic opportunities to upsell and add value will thrive. However, sales representatives that fail to demonstrate value beyond order-taking will likely be replaced as self-service digital platforms become the norm. Ultimately, the number of B2B sales representatives may decrease, but those that remain will play an even more critical role.
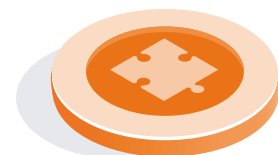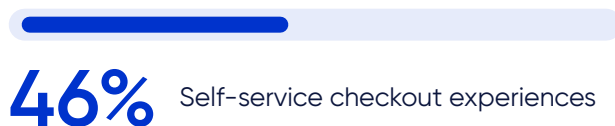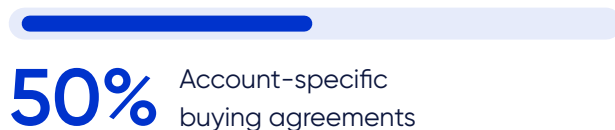
The Evolution of Manufacturing

Plagued with antiquated processes and systems, manufacturers often find it difficult to achieve significant digital change. While many manufacturers have taken the correct first steps toward digital innovation by digitizing catalogs, for example, the data shows they still fail to provide many tools necessary to provide buyers with the seamless experiences they've come to expect, ranging from account-specific buying agreements to commerce-enabled IoT.

Changes in the manufacturing industry, however, have opened the door for digital innovation. Historically, manufacturers primarily sold to channels — not the end buyer. A focus on channel sales meant most manufacturers felt little urgency to innovate digitally. But as B2B buyers become more digitally savvy, many turn to manufacturers' sites for more information about products or even the ability to purchase directly.

The manufacturers that can enable seamless research or buying experience for the end customer — not just channel partners — will gain a leg up as the industry evolves. eCommerce solutions with modern, open architecture can help manufacturers develop custom platforms that easily integrate with existing systems.

Commerce technologies manufacturers have implemented to improve the customer experience

50% Account-specific buying agreements

31% Automated reordering

46% Self-service checkout experiences

30% Commerce-enabled IoT

34% Flexible pricing models

30% Quoting

Here's how some features that many manufacturers have yet to embrace can play a critical role in revenue growth:

Flexible pricing

Historically, manufacturers relied on outdated, manual pricing models. Flexible pricing models allow you to quickly adjust pricing to account for competition, changing industry norms or contractual agreements.

Automated reordering

Automated reordering allows buyers to spend less time purchasing and more time on their businesses. It also empowers sales representatives to spend more time selling and less time placing orders. This gives your sales team an opportunity to improve relationships with customers and boost sales long term.

Commerce-enabled IoT

If you have a solid eCommerce system in place, consider how you can boost efficiency with commerce-enabled IoT. By integrating your warehouse or individual products with your commerce system, you can automate tasks like managing supply levels, tracking customer data and reordering.
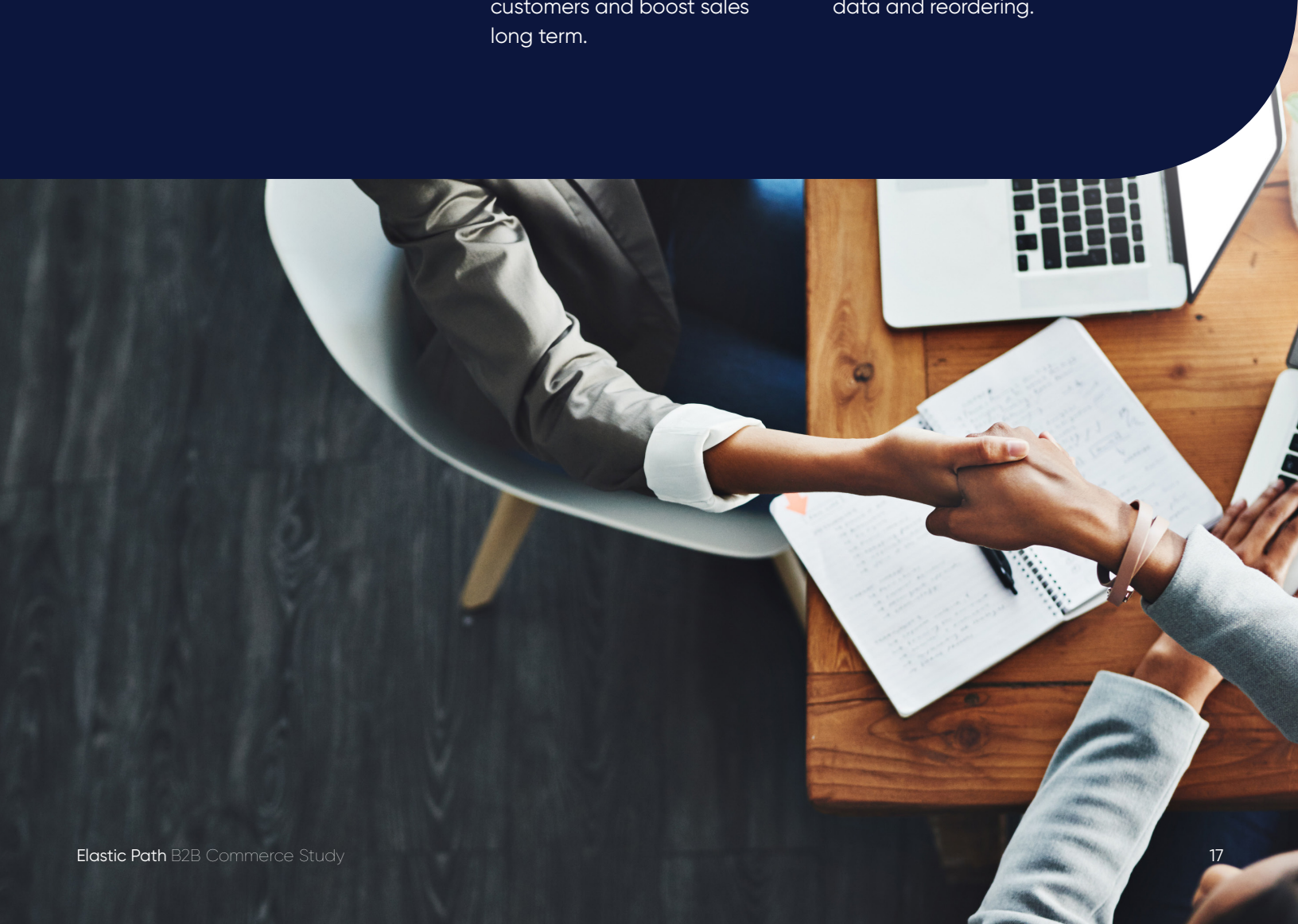
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Finding The Missing Piece

The missing piece of the B2B commerce puzzle is a purpose-built system that allows you to future-proof your business. The right platform has features designed specifically to enable the complexities of B2B buying and selling, and positions businesses to evolve alongside customer expectations.

A Purpose-Built B2B Ecommerce System Should:

Offer streamlined reordering and guided selling

In addition to offering the ability to reorder individual line items or an entire order, purpose-built systems create guided selling experiences, and ensure products and services ordered together are compatible with one another.

Support flexible pricing models

Systems designed specifically for B2B will ensure your customers see the correct price every time through account-specific pricing, subscription billing, usage pricing, tiered billing, or negotiated and contract billing.

Deliver unified experiences across channels

The right tools for B2B typically offer an API-first platform to power both online and offline customer experiences, enabling brands to deliver unified experiences that are seamless as buyers traverse channels.

Elevate your sales team

A purpose-built system will help sales representatives move beyond administrative order-taking roles. The right system offers self-serve options for customers when possible, and gives sales representatives access to the data and tools they need to serve in a consultative role.

Support organization-specific digital catalogs

A system designed for B2B will support virtual catalogs, customer segmentation and customer-specific microsites on a single platform to deliver buyer and organization-specific product assortment.

Provide account-based experiences

Purpose-built systems allow you to define a buyer organization's account structure, assign associates to divisions and provide division- and role-specific pricing depending on contract agreements. In addition, the right platform gives your sales representatives the ability to collaborate to ensure accurate pricing and timing.

Understanding the Maturity Curve

You know it's time to improve your commerce experience, but where do you start? Know where you land on the B2B commerce maturity curve. B2B eCommerce isn't a sprint, it's a marathon. So, it's important to avoid taking on too much too fast. However, once you've mastered the first few steps, don't rest on your laurels.

01 Make your catalog available and discoverable.
The first (and most basic) step is to digitize your catalog of products. Make sure customers can find what you sell when conducting research online, and keep product information up to date, accessible and accurate.

02 Enable self-service for simple orders.
If you've already accomplished step one, it's time to encourage customers to conduct transactions online via self-service. Reorders are a great place to start.

03 Secure long-term revenue with consultative selling.
Now that you have more customers buying online via self-service, your sales reps should have more time for consultative selling. They will have opportunities to build strong relationships with customers and drive more sales long term.

04 Look to automate.
Finally, how will your system manage itself? Few businesses have embraced automation and IoT selling, but automated channels can help reduce cost per order and bring your business into more of a managed services capacity.

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Putting It All Together

Businesses that future-proof their commerce experiences and invest in solutions designed specifically for B2B selling, rather than hastily implementing systems designed for B2C commerce, will deliver a better customer experience, leading to higher revenue and greater loyalty.

Reap the Rewards

More than half (53%) of respondents that have achieved profit margin growth in the last few years strongly agree that their growth is due to investments in digital buying and selling tools to better service customers. That number jumps to 61% among C-suite respondents, who likely have a more accurate sense of business growth factors.

Businesses also indicated that customers are more loyal today than they were five years ago because of their investments in digital buying and selling tools. The same goes for those who say their sales teams are performing better now than they were five years ago. Simply put, better digital experiences lead to sales growth and long-term customer loyalty.

"When customers are given the buying experiences they expect, they buy more and remain customers for life."

– Harry Chemko, CEO of Elastic Path

Respondants strongly agree profit margin growth is due to investments in digital buying and selling tools to better service customers

53%
among all respondents

61%
among c-suite respondents

Don't Overlook Change Management

Ready to innovate but running into friction among departments? You're not alone. Businesses often struggle to decide who should own eCommerce internally and who should be credited for the revenue. And internal friction hinders digital innovation. That's why it's important to incorporate a well-planned change management program that helps you break down silos quickly and smoothly.

Conclusion

Today's B2B buyers demand seamless buying experiences, rich with tailored product information, relevant pricing and payment options, and the right combination of flexible and adaptable buying and selling touchpoints. If they don't get this experience from you, they go somewhere else — whether it's a direct competitor or Amazon.

Businesses feel they are doing everything they can to meet buyer expectations, but unfortunately, most are falling short.

While some are held back by fulfillment limitations, others are heading down the wrong path, a path paved with legacy eCommerce systems designed for simple B2C commerce interactions.

That's where solving the puzzle reaches its most difficult point. Businesses know they need to meet changing buyer expectations and understand that B2B involves a degree of complexity not found in B2C commerce, but they can't seem to crack the code.

With purpose-built B2B commerce systems, the pieces fall into place. Tools designed specifically with B2B sales reps in mind support the enormous complexity of the industry and allow you to offer the quality experience buyers expect and run your business the way you want.

Methodology

In June of 2019, Elastic Path surveyed 300 B2B eCommerce decision makers.
The breakdown of the respondents' departments, industries and job titles is as follows:

Departments

- 5% Commerce
- 13% Marketing
- 14% Sales
- 68% IT

Industries

- 5% Food and Beverage
- 8% Consumer Packaged Goods
- 11% Whole Sale Distribution
- 25% Manufacturing
- 50% High Tech

Job titles

- 2% President
- 6% Vice President
- 25% C-Suite
- 32% Manager
- 36% Director

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