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5 Key Components of Successful B2B Commerce

OSF | DIGITAL STRATEGY

WHITEPAPER SERIES

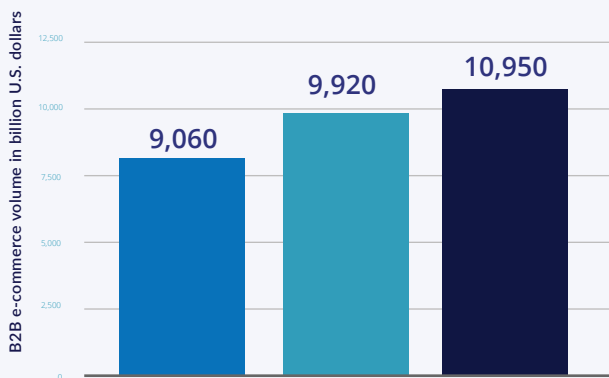
While traditional B2B sales channels are still the most influential, the explosive growth of B2B ecommerce is forcing B2B organizations to dedicate resources and budget to the online sales channel. While B2B organizations can learn from B2C in terms of user experience, B2B selling is much more complex and requires a centralized commerce platform that fully supports sophisticated workflows, pricing, product configurations, approvals and more. In this paper we explore the impact of the online channel and examine five key components required to achieve B2B commerce effectiveness.

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Introduction

Buyer expectations and technological advances have led to an explosive growth of B2B ecommerce. In 2021, B2B ecommerce and Electronic Data Interchange sales in the United States were valued at \$10.95 billion U.S. dollars, up from the previous year. Most business buyers have adopted ecommerce as private consumers and are increasingly demanding the same convenience and options from B2B. Between 2019 and 2021, more small and medium-sized companies have digitalized their B2B trade operations in the United States. In a survey among U.S. professionals working in B2B enterprises, almost 6 in 10 entertainment and retail trade firms purchased and sold their products and services online in December 2021. Most B2B organizations realize that online channels need to be included in their sales strategy, but many still lag far behind in B2B commerce capabilities.

B2B e-commerce and EDI sales in the United States from 2019 to 2021 (in billions U.S. dollars)



Sources:
Forrester Research; Digital Commerce 360
©Statista 2022

Additional Information
United States; Forrester Research; 2021;

The B2B marketplace demands responsiveness, and when outdated systems cannot keep pace with customer expectations, businesses are turning to secure cloud-based Software as a Solution (SaaS) platforms. For organizations with an intricate product/service and selling structure, a B2B enterprise commerce solution should provide the flexibility to support multiple business models. There are five key areas that the solution must be able to support to achieve B2B ecommerce effectiveness:

- 1 Empower customers with self-serving buying and meet buyer expectations for a superior online experience
- 2 Optimize B2B daily functions with a 360-degree customer view using scalable systems
- 3 Offer insights regarding analytics and segmentation for creating separate and distinct product offerings and pricing, quotation, and contracts
- 4 Provide sophisticated workflows to support complex buying cycles and selling execution across multiple channels and markets
- 5 Use of a single, global platform that can adapt to local market execution

This exclusive white paper will explore these five areas in more detail and provide best practices and examples for preparing for and achieving B2B effectiveness.

¹Statista, "B2B ecommerce and EDI sales in the United States from 2019 to 2021" February 23, 2022, retrieved at <https://bit.ly/2ECQYIN>

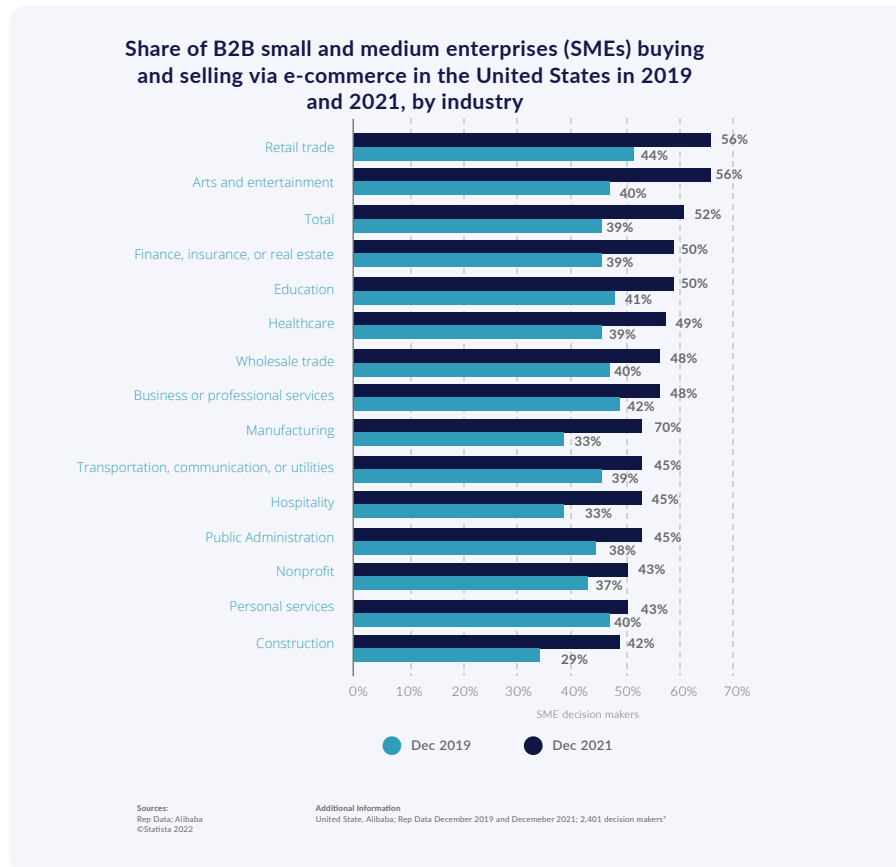
Why B2B ecommerce?

The B2B commerce factor

While traditional selling methods still dominate B2B sales strategies, digital channels show the fastest growth across most B2B markets.

NORTH AMERICAN B2B ECOMMERCE MARKET WILL SURPASS \$4.6 BILLION BY 2025.

-Statista



Despite the huge opportunity that B2B ecommerce represents, many B2B organizations have been slow to adopt the online channel, and those that do often fail to deliver a compelling customer experience. This gap has mainly been due to the complex nature of B2B selling processes and the lack of technology platforms capable of supporting these complexities. However, driven by increasing customer demands for greater convenience and control of the purchasing process and the entrance of more sophisticated B2B commerce platforms, B2B organizations are increasingly extending and improving sales processes online.

While B2B channels don't replace personal selling and account management, they offer customers the control and flexibility to browse and purchase at their convenience. They also enable B2B sellers to focus on building stronger customer relationships and new customer acquisitions. The online channel also offers the ability to more profitably service smaller customers whose volume does not justify the expense of a dedicated sales force.

The benefits of B2B ecommerce

Business buyers increasingly expect the same options when purchasing for work that they have become accustomed to as private consumers, including the ability to easily find and purchase products online. Expanding B2B traditional selling with digital commerce capabilities provides new sales tools to significantly increase revenue and provide opportunities to scale more easily than traditional selling strategies.

By transforming B2B websites into a commerce resource, B2B organizations can effectively promote products, enable online order transactions, and gather valuable customer data. B2B commerce can replace large, outdated print catalogs, offer real-time inventory information and order processing, and offer post-purchase details such as order tracking.

Furthermore, the online channel allows for the automation of a large portion of customer service and account management activities, providing greater convenience to customers while allowing sales representatives to allocate more time to new customers.





The online channel forces organizations to fully integrate all systems in the ecosystem and connect and centralize disparate systems and sales channels. As a result, the organization becomes more efficient and enables real-time inventory management. It also provides access to data that is challenging to capture in a traditional sales environment, resulting in a better understanding of customer behaviors.

“INSTEAD OF TAKING ORDERS AND TIME-CONSUMING ADMINISTRATIVE PROCESSES, SALES REPRESENTATIVES CAN FOCUS ON IDENTIFYING AND SELLING TO NEW CUSTOMERS.”

Arthur McManus,
SVP,
OSF Digital Strategy

Benefits of B2B Commerce

- ✓ Real-time order promising & inventory management
- ✓ Replacement of large, outdated catalogs
- ✓ Automation of customer service & account management
- ✓ Access to customer & product data
- ✓ Advanced product searches showing only relevant products

- ✓ Improved efficiency across sales channels
- ✓ Faster product introductions
- ✓ Greater customer convenience
- ✓ A better understanding of customers and products
- ✓ Focus on new customer acquisition

The Complexity of B2B Commerce

The main differences between B2C and B2B commerce

B2B commerce refers to transactions between two businesses – often manufacturer to wholesaler or wholesaler to retailer – but B2B is often a hybrid model such as B2B2B or B2B2C.

While some B2C and B2B sites may look similar, placing an order on a consumer ecommerce site is much simpler than B2B transactions. While B2C companies can focus more on the frontend experience, B2B selling typically involves more complex processes, such as pre-negotiated contracts, specific pricing, payment terms, configurable product assortments, customized price lists, and Salesforce integration. On top of intricate business models, B2B companies may also operate multiple currencies and languages and typically deal with regional or industry regulatory rules.

Key differences between B2C and B2B commerce

Business-to-Consumer

- Focus on new customer acquisition
- Same terms for all customers
- Rarely personal relationships
- Same pricing for all customers
- Standard payment options
- Single unit sales
- No approval processes required - the customer is the buyer
- Same product assortment for all customers
- Re-order is not typical unless it's a subscription model
- The customer is the end-user

Business-to-Business

- Focus on customer retention
- Pre-negotiated contract terms
- Personal relationships with sales and customer service
- Negotiated pricing for individual customers
- Advanced payment options, including invoicing
- Bulk sales
- Approval processes and authorization required – multiple stakeholders and decision-makers involved
- Segmented product assortment based on customer type and pre-determined terms
- Re-ordering is common

"The implementation and management of the B2B online channel is much more complicated than what is typically seen in B2C and requires an ecommerce platform that can support complex business rules and workflows."

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B2B Commerce Effectiveness

The main differences between B2C and B2B commerce

Managing the intricacies of B2B commerce is challenging for many organizations. Historically, the lack of advanced B2B commerce platforms that properly support the workflow and sophisticated business rules required of B2B sales forced some B2B organizations to invest heavily in homegrown systems and created barriers to entry for organizations wanting to go online. This challenge resulted in complicated infrastructure models and siloed technology systems to support business processes across the entire enterprise. In addition, presenting backend information to the frontend system requires seamless integration and customization, which can be overwhelming and costly without the right systems.

With the emergence of new technology platforms built specifically for this market, the barrier to entry is removed. Organizations, however, must ensure that the chosen platform offers capabilities to handle the complexities of their business while delivering superior customer experiences.

An effective and successful B2B commerce platform should offer customers the same information and functionality that they receive when interfacing with sales and customer service departments. At the same time, it should extend proven features from B2C to meet customer demands for a 'retail-like' shopping experience.

5 key must-have components of the B2B enterprise commerce platform

Beyond basic commerce capabilities such as product merchandising and order processing, B2B enterprise commerce platforms should include five key areas to achieve B2B commerce effectiveness.

1 Empower customers with self-service buying and meet buyer expectations for a superior online experience.

Advances in B2C shopping experience have changed the expectations of the business buyer. B2B buyers now are used to highly personalized and engaging ecommerce shopping experiences, and demand B2B commerce platforms should include more and better product content, personalization, dynamic on-site searching, user reviews, social integration, video, and even mobile sites and apps.

“MORE AND MORE B2B BUYERS EXPRESS INTEREST IN PURCHASING ONLINE, BUT MOST B2B ECOMMERCE SITES DO NOT MEET THEIR EXPECTATIONS OF ONLINE SHOPPING. INSTEAD, THEY ARE TURNING TO SITES LIKE THAT OFFER THE SAME FEATURES THEY ARE USED TO WHEN SHOPPING FOR THEMSELVES.”

Kathy Kimple,
VP and Sr. Consultant,
OSF Digital Strategy

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Optimize B2B daily functions with a 360-degree customer view using scalable systems

Adding further pressure to improve the online experience, B2C powerhouses like Amazon are leveraging their B2C positions to expand into the growing B2B market. This poses a significant threat to B2B organizations and forces them to tailor B2B online buying experiences that mirror B2C shopping.

Effective B2B commerce platforms incorporate best practices from B2C commerce, making it possible to create experiences that align with buyer expectations while supporting the complex nature of B2B commerce. For instance, the platform must offer account configuration and customization to ensure that the customer's business rules are reflected in the end-users buying experience.

8 questions to consider when evaluating your B2B commerce experience

- 1** Does your B2B site provide the right information to the right customers and customer segments?
- 2** Is your B2B site easy to use? Is it easy to find and search for products?
- 3** Does your B2B site include rich product information and details?
- 4** Does your B2B site provide suggested products based on product selection for cross and upsell opportunities?
- 5** Is your B2B site easy to place an order?
- 6** Is your B2B site personalized to individual customers/customer segments?
- 7** Does your B2B site take advantage of your product and market expertise?
- 8** Does your B2B site offer relevant promotions based on order history?

Furthermore, the platform must capture proprietary customer purchasing information such as Cost Center, Job Code, or Purchase Order Number and include reporting tools that allow customers to review past purchases in detail or summary for various selection and sorting criteria.

B2Bs can stock the shelves of stores and enable online ordering of replacement parts to meet the needs of distribution or wholesale partners. B2Bs can leverage customer data across multi-channels like sales, marketing, and services, allowing B2Bs to engage with buyers in any digital or in-person touchpoint.

The intricate nature of B2B selling requires an advanced level of sophistication on the backend, both in terms of platform functionality and integration. To offer this ecommerce functionality, you have to look at the complexities of B2B selling translate into customer hierarchies, differing pricing models, payment options, authorization rules, terms, approval workflows, product portfolios, configuration, and marketing. You'll need a platform with unique processes and technology capabilities to do B2B well. In addition, since a large portion of the sales process still relies on personal interactions with sales representatives, the commerce platform needs to have strong Salesforce integration.





B2B organizations often deal with various networks and channels of business partners, manufacturers, resellers, and dealers within many locations. This often means that, for any business that the organization interacts with during the purchasing process, multiple contacts and authorities can purchase for an entity or divisions with individual contacts but with a central corporate purchasing account.

Many B2B organizations also combine product and service offerings such as installations. Executing combined product/service configurations requires real-time integration with service scheduling systems and functionality that allows customers to order products and schedule services in a consistent and seamless transaction process.

The B2B channel requires advanced functionality to support these sophisticated pricing and product configurations. The functionality needs to follow business rules and workflows that dictate specific pricing for individual customers, approval processes, and governance rules to execute the sales and marketing strategy across all channels. Additionally, authorized users should have access to the system and be empowered to set business rules, by segment and channels, without IT involvement to ensure that sales representatives do not spend unnecessary time on internal processes and instead can focus on current and new customer sales.

3

Analytics and segmentation for creating separate and distinct product offerings and pricing, quotation, and contracts

Most B2B organizations dedicate resources and manpower to product, customer, and sales analytics. Leveraging this data enables the creation of segmented strategies with the optimal pricing and product mix for each customer segment. It allows the organization to deliver an ideal personalized customer experience.

These products, pricing, and promotion strategies must be executed across all channels and presented to the buyer based upon critical factors, including customer, segment, channel, and other variables. Best practices and tribal knowledge of top sellers must be embedded into the frontend systems to optimize margins and customer satisfaction.

Unfortunately, many B2B organizations find that their frontend commerce platforms cannot fully leverage this data in real-time. If product, pricing, and governance rules are not included in the offer, then the analytics and segmentation efforts will be wasted. It will result in operational inefficiencies, where sales representatives focus more on internal processes than on their customers and new acquisition initiatives.

It is not uncommon for product managers to move into a sales role. Through their jobs, they need to be up to date on all the important analytics and segment data. Therefore, they know the optimal price points and offer details that will provide the best value for both the customer and the enterprise. The same data that the product manager has access should be leveraged across all channels and sellers.

With complex offers, if segment analytics are unavailable, the enterprise often misquotes pricing and discounts and misses out on opportunities to sell value-added products. An effective B2B enterprise commerce platform must include tools that can execute strategies and rules based on advanced analytics and segmentation to enable guided selling through the online channel.

Analytics should be used to dictate the best discounts to protect margins and prevent situations where sales reps offer lower discounts to avoid required approval processes. For instance, a sales rep may be inclined to offer a 19% discount instead of the optimal 20% discount to circumvent approval requirements. Segment analytics and cross-and upsell suggestions based on data support the capability to align the solution with customer needs while driving the optimal price point for the product/market segment and thus protecting margins.



4 Sophisticated workflows to support complex buying cycles and selling execution across multiple channels and markets

Just like B2C customers, B2B buyers expect an omnichannel experience. Therefore, the brand and product offering must be represented consistently across every point of interaction. B2B enterprise commerce platforms must handle the complexities of selling through direct and partner sites, which require tight integration and visibility of all supply chain partners.

Organizations usually rely on legacy systems and processes. This often results in silos that make it difficult to deliver the seamless and consistent experience that customers expect, leading to customer frustration because they spend time and resources buying and tracking orders across channels and business units.

An effective B2B enterprise commerce platform must have capabilities to provide insights into all aspects of the order across channels. This includes delivery dates for products and services, monitoring of order processes, and automatic customer notifications. The commerce platform should be the single source of truth across business units, divisions, and brands and provide an overall consistent experience regardless of whether the customer is interacting with a field sales rep, a call center rep, or the website.

Additionally, the omnichannel experience includes backend processes such as fulfillment across the entire supply chain. The system should be able to intelligently source orders and fulfill from the best distribution option, resulting in products arriving timely and ensuring the best shipping cost for the organization.

The omnichannel experience should also include functionality related to post-sale actions, such as returns and reverse logistics. It should be easy for the customer to handle returns and exchanges and more complex processes such as over ships and delivery of wrong items. To further streamline processes, this also includes directed workflow processes such as return to stock, return to the supplier, and so on. The system should also be able to manage returned/refurbished inventory and automatic reclassification based on the return status.

No matter what happens on the backend and how fulfillment is distributed, the experience on the frontend must be easy and seamless for the customer.



5 Consider a single, global platform that can adapt to local market execution

B2B enterprises that target multiple markets will likely have sales and marketing strategies tailored to local market conditions. This typically includes offers and pricing that vary by geography, market segments, and governance rules.

Deploying and managing platforms for each market is not a scalable solution; it is costly, time-consuming, and will eat up internal resources. Organizations should deploy a centralized platform that allows for global control yet offers the flexibility to adapt to specific workflows and business rules that align with segment needs and provides a differing experience based on the market segment.

A centralized platform allows the B2B organization to manage the entire business from one platform while decentralizing strategy decisions to adapt to local market conditions. In other words, the platform should empower business users to set strategies that support and control local sales execution.

The B2B platform you choose should be capable of modeling the organization's structure while tailoring sales execution to local market sectors and channels, including custom market catalogs, price books, governance, sourcing rules, and inventory. Regional managers should have the flexibility to determine promotions and pricing within the region since they know the market best. The commerce platform should allow the implementation of these promotions and pricing strategies without relying on IT and processes that take months to implement.

Salesforce B2B Commerce makes online buying easy, generates more revenue, and lowers costs. Using a single system to manage all your customer engagement channels, Salesforce B2B Commerce simplifies your ecommerce initiatives by helping you tailor commerce experiences to your business buyers, maximizing conversions across every platform. Create personalized experiences for each buyer, powered by next-generation AI, and create a 360-degree view of your business customers.

Give your business buyers more flexibility and accessibility with Salesforce B2B commerce:

- ✔ Visualize customer activity at every touchpoint, on any channel
- ✔ Make every B2B ecommerce interaction seamless, relevant, and connected
- ✔ Take advantage of the market's fastest enterprise B2B commerce platform

Executing Competitive Regional Strategies

A leading direct broadcast satellite provider empowers regional managers to execute competitive strategies by regional segments. Their B2B enterprise commerce platform allows them to align strategy and execution by empowering authorized users to set product, pricing, promotion, and governance rules – by segment and channel – without IT involvement, which optimizes margin and revenue while empowering people who own strategy to set it directly.

As a result, they have decreased the time to market for new offers and promotions from three to four months to just six to seven days.

Conclusion

With increasing customer demands for greater convenience and control over the purchasing process, B2B organizations must prioritize the online channel as part of their overall sales strategy. Although most B2B organizations realize the impact of B2B ecommerce, many have been slow to adapt to this new sales reality. Today there are robust B2B enterprise commerce platforms capable of fully supporting the complexities of B2B sales strategies. Organizations must evaluate platforms diligently to ensure they offer the capabilities required to handle B2B complexities while delivering superior customer experiences.

When evaluating and investing in a B2B commerce platform, it is also critical to ensure that the solution can support these components. To achieve B2B commerce effectiveness, organizations should consider whether the B2B experience matches B2C shopping experiences, the product and pricing strategy is fully executed in every offer across every channel, and every transaction is infused with analytics to minimize the risk of margin and revenue erosion and whether the right business users are empowered to set strategies that control local market execution.

Let Us Help You Expand the Reach of your Digital Businesses with Salesforce B2B Commerce

ARE YOU LOOKING TO:

Open a digital **B2B sales channel**?

Deliver enhanced **B2C-like customer experiences**?

Offer a **self-service option** to your B2B clients?

Streamline ordering and subscription sales?

Implement **account-based pricing**?

Offer **contract pricing and split shipments**?

Create a **seamless ecommerce ecosystem** integrated with SAP?



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Contact us today to see how OSF Digital can help you launch CDP successfully.

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