THE ULTIMATE
B2B E-COMMERCE
GUIDE

TRADITION IS OUT. DIGITAL IS IN.

A DHL EXPRESS WHITEPAPER
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THE B2B REVOLUTION IS HERE. ARE YOU READY?

The B2B world is undergoing a period of intense transformation. Traditional methods of B2B operations – from sales to customer interactions; from fulfilment to order delivery – are changing rapidly. And while the B2B world was already moving online, COVID-19 accelerated the process, meaning B2B transactions are becoming more data-driven and less dependent on traditional one-to-one sales activity.

2020 brought with it great challenges, which exposed the need for B2B supply chains to be more flexible. New, digitally-focused ways of doing things were brought in, and now their benefits have been felt, won’t be going back. In addition, changing demographics habits mean that millennial B2B decision-makers are further driving the digitalization of the sector as they seek customer experiences more aligned with their B2C (business-to-consumer) experiences.

It’s a paradigm shift for the industry, and B2B businesses who want to make the most of cross-border opportunities will need to adapt to these changing buying behaviors – and fast. We’ll show you how.


Brian Beck, Managing Partner of Enceiba

WHAT IS B2B E-COMMERCE?

B2B e-commerce, or business-to-business electronic commerce, describes order transactions between businesses via an online sales portal. In general, B2B e-commerce is used to advance the performance of a company’s sales efforts; because orders are processed digitally, buying efficiency is improved for wholesalers, manufacturers, distributors, and other types of B2B sellers.

Emerging e-commerce technologies are reducing the barrier to entry for traditionally B2B companies to remove the middleman and sell direct-to-consumer (B2B2C).

In this White Paper we will focus on the pure B2B element of e-commerce – that is, a business selling to another business, with the transaction happening in a ‘seller-free’ experience and without the need for any traditional sales model.

A SNAPSHOT OF GROWTH OPPORTUNITIES

In 2019, global sales on B2B e-commerce sites and marketplaces jumped 18.2% to reach US$12.2 trillion, outpacing the B2C sector, and is projected to reach US$20.9 trillion by 2027.

Forrester predicts the US B2B e-commerce market alone will reach US$1.8 trillion and account for 17% of all B2B sales in the country by 2023. And this was pre-COVID-19...

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Whilst the digitalization of the B2B sector is increasingly aligning B2B buyers’ expectations with their B2C experiences, there remain some key differences between B2B and B2C commercial transactions:

1. In B2B, the sale takes place between two business entities, while in B2C, goods and services are sold to a customer for their personal use.

2. In B2B, decision and approval processes can be complex and lengthy, involving the input of multiple departments, while in B2C, the decision is made by a single customer.

3. In B2B, the size and value of transactions are traditionally large with lower frequency, while in B2C, they are smaller and often one-off (although repeat purchases do feature.)

4. In B2B, the terms and pricing are customer or order specific, reflecting individual customer relationships, while in B2C, prices are likely to be fixed.

5. The relationship horizon in B2B is long term, while in B2C, it tends to be short term.

6. In B2B, payment is in the form of credit sales, while in B2C, it usually involves direct sales using a localized payment option without any credit being accumulated.

7. In B2B, product assortment and catalogs are customized with unique segmentation to meet each business customer’s requirements, while in B2C, it’s generally the same for all.

Fundamentally though, B2B and B2C are about the same thing – selling goods to people, and the expectations of these two customer groups are increasingly overlapping. But turning your B2B website into an Amazon-like experience to make purchasing simpler is only half the story...
Think you know your typical B2B customer? Well, it could be time to rethink. New technologies may be aiding the digitalization of the B2B sector, but this has also been driven by the evolving demographic of the “average” B2B buyer.

As with B2C, it’s important to remember that there is a real person at the end of every B2B transaction. Their purchasing decisions are influenced by many of the same factors that drive B2C customers, which means they also expect the same customer experience throughout their buying journey.

Research by Gartner found that 44% of millennials prefer no sales rep interaction at all in a B2B purchase setting, and projects that by 2025, 80% of B2B sales interactions between suppliers and buyers will occur in digital channels.¹

MEET YOUR NEW B2B CUSTOMERS: THE MILLENNIALS

Millennials, also known as Generation Y, now account for 73% of all B2B purchasing decisions⁴. Growing up with the internet and mobile phones, they are digitally native and more technology oriented than their predecessors. B2C customer experiences in their personal lives heavily influence what they expect from B2B transactions. Think about what features you value when placing a B2C order – speed, convenience, flexible delivery options... these are what your B2B customers are looking for when considering doing business with you.

Millennial buyers are more likely to avoid engaging with salespeople early in the process, instead preferring to carry out their own extensive online research before making purchasing decisions – mimicking the behavior that is so natural to them in their personal shopping habits.

Online is fast replacing sales teams as the place to educate, engage and build brand trust with new customers before a purchasing decision is made – or even considered. Therefore, it is vital your B2B company invests in a digital presence that feels familiar to these new B2B buyers.

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B2B customers were asked: what is your top criterion when choosing a new supplier?

- Not having to wait for a sales rep to get in contact: 52%
- Online order tracking: 39%
- The ability to place orders via an online sales portal: 38%

Source: Sana⁴
B2B CUSTOMER FEATURES

Now you know that B2B customers are migrating towards online channels to make their purchasing decisions, how can your business make an impact there?

Much more than just another touchpoint, a well-implemented e-commerce platform will open new opportunities and help your business reach and engage new customers easily and effectively.

The major features influencing the customer journey on B2B e-commerce platforms can be grouped into five categories, outlined below. To shed light on these categories, DHL’s research team conducted extensive research, supported by primary, qualitative data gathered from in-depth interviews.

Consider these five categories as your guide to implementing a digital channel that will drive value for your customers and increase your profitability through higher market share and operational efficiency.
A key feature highlighted by interviewees was the need to heavily invest in digital infrastructure. They drive real value for their businesses and customers by incorporating technologies such as artificial intelligence, machine learning, big data analytics and business intelligence insights. These technologies allow the streamlining of internal and external business processes to improve the accuracy of demand planning and forecasting.

Leading B2B providers integrate cloud-based e-commerce platforms with their Enterprise Resource Planning (ERP) and operational systems. This facilitates better real-time visibility and alignment across the supply chain, making it easier for them to exploit new business opportunities and capture difficult to reach, low-volume customers across the world.

**TOP TIPS FOR YOUR E-COMMERCE PLATFORM**

You can enhance the customer experience across your end-to-end business processes by incorporating functionality and technologies. Digitalization of your full product catalog, for example, and the inclusion of a simple-to-use and powerful search engine to find those products are fundamental features. Additional features such as mobile/tablet responsiveness, strong data protection, secure online payments and chat functionality have also become standard expectations for most users of e-commerce platforms, whether B2C or B2B.
2. CUSTOMER EXPERIENCE

The research pointed to a simple but effective on-site search engine as essential to enable customers to find and view the products on offer. The more sophisticated B2B players integrate a more comprehensive suite of tools to help their customers navigate their sites and find detailed information about the products, including mega menus, video product demonstrations, website tutorials and competitor comparisons. Some e-commerce platforms incorporate live online support to assist with any queries or issues, which improves conversion levels and facilitates buying decisions. Research by Gartner found that more focus on information systems (IS) and online support results in increased customer satisfaction.

TOP TIPS FOR YOUR E-COMMERCE PLATFORM

2020 was the year customer experience surpassed price as the key differentiator for B2B buyers. Now, 64% of buyers place more importance on experience than price, and 86% of buyers are willing to pay more for a better experience. Whether it’s a complete digital transformation or just a refresh of your website, make the customer the center of your focus for 2021. Every new feature and every new project should start with the question, “how does this improve the customer experience?”

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Customers want personalized solutions and B2B e-commerce companies are offering those via customer portals with content organized around a number of parameters: past purchase history, price optimization algorithms that meet customized product price requirements, and configure-price-quote (CPQ) software to make online quotes and prices that are adjusted on the basis of the relationship. Examples of price optimization and CPQ software include Vendavo8, Navetti9, Blue Yonder10 and Oracle11. 

The research found that most advanced B2B companies are using the latest technologies to combine knowledge from both human and machine in order to identify patterns of human behavior. This moves them into the ‘cognitive commerce’ space, where the platform can predict and anticipate future behaviors of customers and use those learnings to personalize the experience for specific customers. IBM Watson12 and Cognitive Scale13 provide cognitive commerce platforms with wider applications across sectors.

Customer Relationship Management (CRM) systems are used to deliver dynamic pricing and support customers by offering commercial credit. In many instances, buyers are permitted to customize the final configuration of purchased products, such as the packaging, handling, and loading of products.

3. PERSONALIZATION

21st century customers are looking to source globally, so your e-commerce platform should be able to handle payment in any currency. Improve customer satisfaction by providing clarity around the associated costs for a cross-border transaction, such as duties and taxes.
The research found that integration was most successfully carried out through B2B omni-channel commerce; a multi-channel sales approach combining traditional online, bricks and mortar stores, tablet and/or smartphone options. This seamless integration increases customer engagement and helps B2B companies to amplify their business goals and targets by reaching business customers globally.

Webrooming is another interesting customer behavior that B2B customers are practicing (it’s otherwise known as ROBO – Research Online, Buy Offline). As individual consumers, we’re used to cruising the internet for information before going in store to make a purchase. Now, this behavior is becoming more and more popular within the B2B environment: researching online, deciding on a purchase, and then reaching out to a sales rep to place the order. The different touchpoints with the customer need to be managed so that the overall customer experience, right through to the final purchase, is seamless, irrespective of the channel used.

TOP TIPS FOR YOUR E-COMMERCE PLATFORM

The customer experience is not over after a B2B buyer clicks the ‘Buy Now’ button. To ensure a truly seamless end-to-end process, don’t neglect the delivery options you offer your customers. Based on the experience of the B2C sector, there is clear recognition that the customer experience can be damaged by poor management of the last mile delivery process, so invest to ensure that your final touchpoint with the customer is a positive one.
5. SYNCHRONIZATION OF LOGISTICS

Perhaps unsurprisingly, many interviewees identified the critical role of logistics in B2B cross-border e-commerce. This is not just about last-mile delivery, but also the overall fulfillment strategy.

To increase their competitiveness and address different customer requirements, B2B e-commerce businesses are emulating the strategy of online retail platforms by providing multiple transport and delivery options to meet different cost, transit time and/or service requirements. Thanks to integration with the systems of transport providers, their customers can select their preferred solution with full visibility of the costs involved.

Synchronization of logistics operations in a cross-border context is crucial and can be achieved through the integration of the right technologies and data applications with the logistics service provider. In today’s competitive world, these integrations enable B2B businesses to offer cross-border solutions with the flexibility to meet ad hoc or latent requests.

**TOP TIPS FOR YOUR E-COMMERCE PLATFORM**

Think about what you expect from a B2C e-commerce service – this should influence the build of your B2B platform. Speed, reliability, traceability, convenience and an effective returns and exchange policy should be top priorities.
HOW THE PANDEMIC MADE 2020 THE YEAR OF E-COMMERCE

Of course, it’s not just millennials pushing B2B towards a digital revolution – the arrival of COVID-19 in early 2020 had an unprecedented impact on the sector too.

With the pandemic ravaging the globe, your business may have joined countless other manufacturers, distributors and wholesalers which have relied on B2B e-commerce to keep operations going and switched in-person sales meetings to online channels like Skype14.

If your business is now planning on keeping these new digital methods long term, it’s not alone: only 20% of B2B buyers say they want traditional in-person sales to return, even in sectors where field-sales models have traditionally dominated, such as the pharma and medical sectors15.

In addition, buyers are becoming more confident at making larger value purchases online: 70% of B2B decision makers said they are open to making fully self-serve or remote purchases in excess of US$50,000, whilst 27% would spend more than US$500,00016 in a single online order.

COMPANIES EXPECT THE CHANGES TO STICK17

<table>
<thead>
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<th>Likelihood of sustaining new go-to-market for 12+ months</th>
<th>% of respondents</th>
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<td><strong>April 2020</strong></td>
<td></td>
</tr>
<tr>
<td>Very likely</td>
<td>32</td>
</tr>
<tr>
<td>Somewhat likely</td>
<td>48</td>
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<tr>
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<tr>
<td><strong>August 2020</strong></td>
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<tr>
<td>Very likely</td>
<td>46</td>
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<td>Somewhat likely</td>
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<td>Unlikely</td>
<td>8</td>
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<tr>
<td>No go-to-market changes</td>
<td>3</td>
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89% Up 11.25% since April

It is no longer a question of if you should move your business online but when and how fast. Many B2B companies that do not yet have an e-commerce solution are now starting the process of looking for solution providers. Are you?

14 - Skype
The Flywheel Effect is a concept which says that “good to great” transformations don’t happen instantly; instead, as with flywheels, they require turn upon turn, building momentum until a point of breakthrough and beyond.

To support you on your journey towards having an optimal e-commerce sales channel for your B2B company, we have analyzed the four phases which play a vital role in getting your own “flywheel” spinning:

1. **Start to spin the flywheel** by migrating your customers from offline to online channels. If your team is implementing a new e-commerce channel, be sure to communicate early and often with your customers. Ensure your online platform is user friendly with how-to guides and FAQs. Think of the ease at which you can navigate B2C websites - this is the new baseline.

2. **Keep the flywheel spinning.** Customer experience is now key – roll out programs that spur loyalty, higher order values, and increased purchasing frequency. By allowing both subscription-based and traditional one-off purchases, you can lock in buyers and yield higher customer lifetime values. This will also produce data which can help your sales teams better understand your customers’ buying behavior. Integrate partner software like Rebilla® to manage saved credit card information for individual customers, or technologies like PayWhirl® for recurring billing.

3. **Make your e-commerce flywheel a vital part of your business model.** Align business processes and teams to scale. Review your current organizational structure and re-align roles and resources, hiring from outside your organization if necessary. Once that structure is in place, have a charter over budgeting and management decisions that impact the digital team. A tool like BundleB2B® can better mobilize your sales team to access buyer shopping lists, add products to cart, and complete order placement.

4. **Have your e-commerce flywheel connect with others.** Internal channel conflict is a common pain point for B2B organizations, so work to ensure your e-commerce platform complements all your other sales channels. Your digital team, alongside sales leadership, should champion the benefits of technology-based customer self-service and how it can actually help sales members retire and exceed quotas. Only if and when a customer becomes complex should an actual sales representative take over the account; an approach that allows the team to focus more on selling and less on order taking.
MAJOR CHALLENGES

Despite the benefits of introducing an e-commerce platform to your business, it’s important to consider some of the risks and challenges that sectors operating in the new B2B e-commerce environment will face. Some, such as the fashion sector, will adapt quickly, whilst others, like the pharmaceutical sector, will require a longer-term development plan.

The key barriers and challenges to B2B e-commerce growth were identified by supply chain experts during DHL’s research (see Appendix for the interviewees):

- Employees will be required to upskill in order to accommodate the changing business and supply chain landscape. A ‘digital first’ mindset and being open to innovation is required to drive success.
- Exchange rates, customs requirements, duties and taxes, and less developed infrastructures can be challenging to deal with – take time to understand the implications of cross-border shipping to your primary markets. Transport networks need to be agile to accommodate the new logistics demands.
- Large companies with well-established B2B platforms will find it challenging to compete with agile, start-up companies. They risk being left behind if they don’t react quickly to competition from these challengers – while not putting profitability at risk.
- Pricing will present further unique challenges. B2B buyers are used to negotiating discounts for bulk or repeat purchases with sales reps. If pricing is to be moved online, B2B businesses will need to consider alternate ways to incentivize buyers – an easily implementable ‘buy more, pay less’ pricing strategy, for example, or bulk discounts.

As with any new venture, the key to mitigating risks is to be aware of them, and plan accordingly. Your e-commerce strategy should turn risk analysis into actions – such as adopting alternative approaches for achieving the same objective, or leveraging the expertise of third-party partners such as DHL.
NEXT STEPS

Whilst the benefits of B2B e-commerce are clear, you may be thinking “where do I start?” As explored in this White Paper, successful investment into cross-border B2B e-commerce requires the streamlining of culture, processes, and technology. Your strategy will need the backing of senior management, collaboration across business units, and the right mindset across the organization.

But there are also some practical recommendations which should be a fundamental part of your e-commerce journey:

**Customer Experience and Customer Service** – they are the centerpoint of any B2C business, and B2B should be no different. Your digital transformation should include simple, flexible, and convenient business processes for improving customer experience. By combining the best of human and machines, your business can deliver personalized services via online customer support, and utilize machine learning techniques to better anticipate customer needs.

**Partnering with an international express logistics company like DHL** will give your business direct and rapid door-to-door access to overseas markets, even for smaller batch volumes, providing better conversion rates of latent demand and the opportunity to differentiate with a premium service offering. Such a partner also provides several additional indirect benefits, including:

- Brand name recognition, providing credibility and trust for transactions between companies involved in the supply chain.
- The minimizing of possible financial risks by enabling easy Duty and Tax payment options and tracking and tracing of products.
- A global network of local partners and certified international specialists with the expertise and local knowledge to support companies in targeting overseas customers and navigating across borders.
Some of the key features that almost all B2B customers expect even from a 'Novice' level B2B company are:

- Personalized content.
- Transparent pricing.
- Interactive and detailed product content.
- Convenient buying processes such as e-commerce automation.

'Intermediate' level B2B companies should typically have all the features of 'Novice' level companies but should also adopt:

- Search Engine Optimization (SEO) to increase market presence.
- Effective online engagement programmes and a well thought through Digital Marketing strategy. B2B companies should be where their customers are: Online.
- Customer-based personalization such as e-portals, customer specific pricing and product customization.
- Seamless multi-channel integration with ERP systems for real-time stock availability checks, multiple payment options, and flexible checkout with shipping/logistics options.

Finally, ‘Innovator’ level B2B companies have all the features of ‘Intermediate’ level companies. In addition, they:

- Emphasize specific features to achieve differentiation such as content marketing, high quality product images and descriptions, layout of pages and grouping of content, and product videos and reviews with social media integration.
- Focus on front and back office integration with the e-commerce platform.
- Invest in delivery management with multiple options for logistics and shipping including order tracking without login, automated dispatch messaging, and an integration of business intelligence technologies.
- Use apps for buyers with online and offline options from digital touchpoints.

Identify where you are in your journey

The aspects mentioned in the previous chapter guide ‘Novice’ level B2B companies as they start their e-commerce customer journey.

If you have an established e-commerce business, or are just starting on your journey, these steps will help you transform your business for the next industrial revolution: the dynamically growing, cross-border B2B e-commerce sector.
Our final tip? Once your digital sales platform is live, constantly review its performance to highlight any weaknesses and help establish benchmarks by which to set future KPIs. The greatest B2B strategy you can adopt is this: test, optimize, re-test and improve. Your buyer is constantly evolving – and you need to keep up!

- Do you have an easily accessible B2B webstore?
- Do you sell internationally and state clearly on your home page that you offer worldwide shipping?
- Is your website available in multiple languages?
- Do you have a simple and powerful search engine on your website?
- Do you have detailed product descriptions and catalogs?
- Do you offer online interactive support and product customization with easy interaction options?
- Are you offering self-help portals such as how-to videos?
- Do you offer multiple payment options like credit card payments, extended payment and localized payment?

This list is by no means exhaustive but should act as a starting framework by which to benchmark your own level of e-commerce development.
As we hope this White Paper has demonstrated, the pace of the B2B sector’s e-commerce transformation should not be underestimated. Digitally-native buyers, combined with the ongoing effects of the pandemic, are pushing through rapid change in B2B supply chains. Along the buying journey, B2B customers want flexible, convenient, and digitally-focused services more aligned with their B2C experiences.

Of course, there are challenges when adopting new B2B digital processes. Even B2B players already established within their sectors will need to invest to optimize their cross-border e-commerce channels, but the payoff in growth opportunities is unlimited.

As international shipping specialists, we have the knowledge and global presence to help you realize your cross-border e-commerce ambitions. We can support you to implement services into your B2B platform that will optimize efficiencies and boost customers’ satisfaction, such as tracking, order history, and Duty and Tax payments. And of course, we’ll be there for your last-mile logistics needs too.

Contact our Trusted Advisors today, and begin the next chapter of your business growth.
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