



THE ULTIMATE B2B E-COMMERCE GUIDE

TRADITION IS OUT, DIGITAL IS IN.

A DHL EXPRESS WHITEPAPER



**POWER UP
YOUR POTENTIAL**



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.

“THIS CRISIS [COVID-19] IS WIDENING THE DIGITAL DIVIDE AMONG THOSE WHO MADE EARLIER INVESTMENTS IN E-COMMERCE AND THOSE THAT DIDN'T. SOME OF THOSE THAT DIDN'T, WON'T SURVIVE.”

Brian Beck, Managing Partner of Enceiba¹



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).

A SNAPSHOT OF GROWTH OPPORTUNITIES²

In 2019, global sales on B2B e-commerce sites and marketplaces jumped **18.2%** to reach **US\$12.2 trillion**, outpacing the B2C sector.

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...**

THE CHANGING B2B CUSTOMER

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 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.³

2a - Statista, "In-depth: B2B e-Commerce 2019", August 2019, <https://www.statista.com/study/44442/statista-report-b2b-e-commerce/>

2b - Forrester, "US B2B e-commerce will hit \$1.8 trillion by 2023," January 2019, <https://bit.ly/3cOI0Fx>

3a - Gartner, "Future of Sales 2025: Deliver the Digital Options B2B Buyers Demand," December 2020, <https://gtnr.it/3sbRRu4>

3b - Gartner, "Future of Sales 2025: Why B2B Sales Needs a Digital-First Approach," September 2020, <https://gtnr.it/3d0ISH9>

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.

**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

**However, turning your B2B
website into an Amazon-like
experience to make purchasing
simpler is only half the story...**



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?

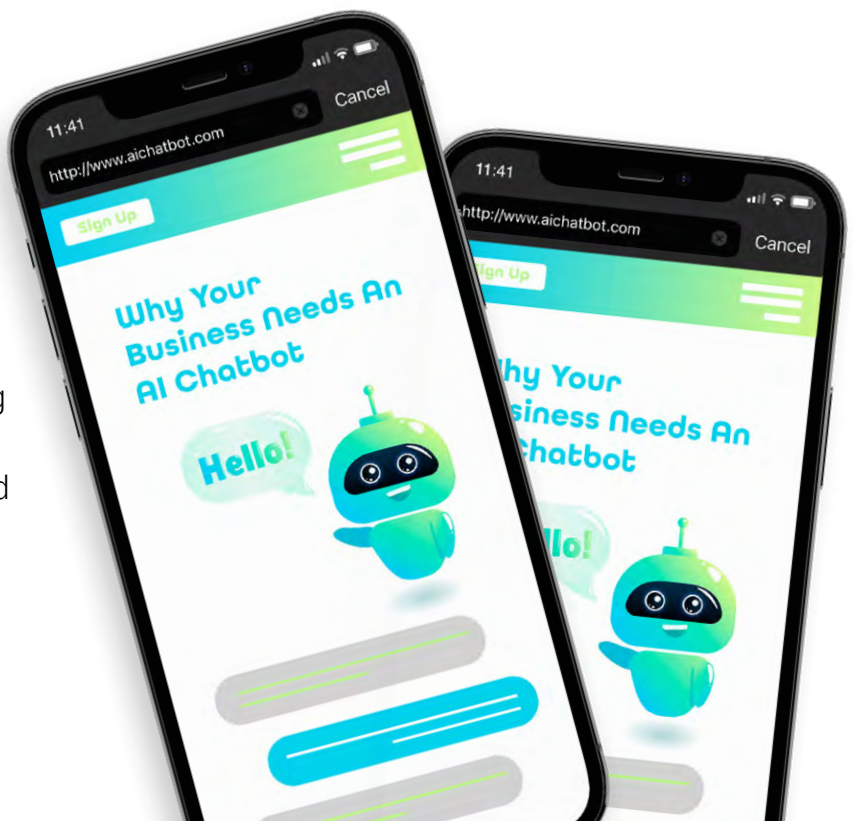
Much more than just another touchpoint, a well-implemented e-commerce platform will open new opportunities and help your business reach and engage new customers easily and effectively.

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.

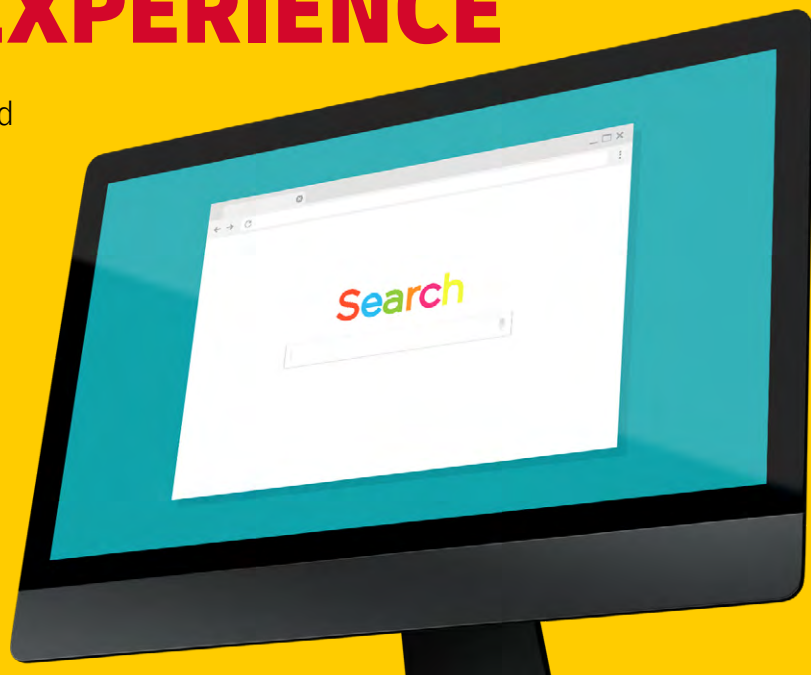
1. DIGITAL INFRASTRUCTURE

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

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, whilst 86% of buyers are willing to pay more for a better experience⁵. 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?"



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.

4. OMNI-CHANNEL

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 customers globally.



5. LAST MILE OPTIMIZATION

The customer experience is not over after a B2B buyer clicks the ‘Buy Now’ button. In many cases, this is where the real customer experience starts – with speed, reliability, traceability, convenience and an effective returns and exchange policy top priorities. Follow the example set by the B2C sector and invest to ensure that your final touchpoint with the customer is a positive one.

COVID-19: B2B’S BIG DISRUPTOR

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.

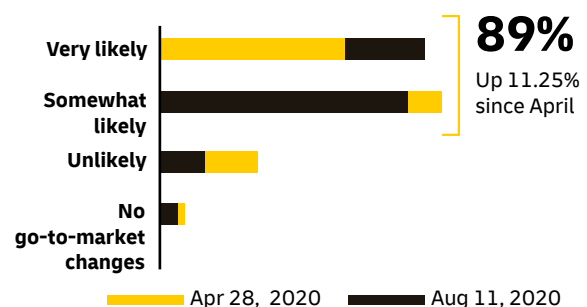
With the pandemic ravaging the globe, your business may have joined countless other manufacturers, distributors and wholesalers which have relied on B2B e-commerce to keep operations going, and switched in-person sales meetings to online channels like Skype⁶.

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 sectors⁷.

In addition, buyers are becoming more confident at making larger value purchases online: 60% of B2B decision makers say they are open to making fully self-serve or remote purchases in excess of US\$50,000, whilst 27% would spend more than US\$500,000⁸ in a single online order.

COMPANIES EXPECT THE CHANGES TO STICK⁹

Likelihood of sustaining new go-to-market for 12+ months % of respondents



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?**

6 - Skype

7, 8, 9 - McKinsey & Company, "These eight charts show how COVID-19 has changed B2B sales forever," October 2020, <https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/these-eight-charts-show-how-covid-19-has-changed-b2b-sales-forever>

SPINNING THE E-COMMERCE FLYWHEEL

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 Rebillia¹⁰ to manage saved credit card information for individual customers, or technologies like PayWhirl¹¹ 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 BundleB2B¹² 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.

The key barriers to B2B e-commerce growth are:

- **Employee mindset**

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.

- **Cross-border shipping**

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.

- **The competition**

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**

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.



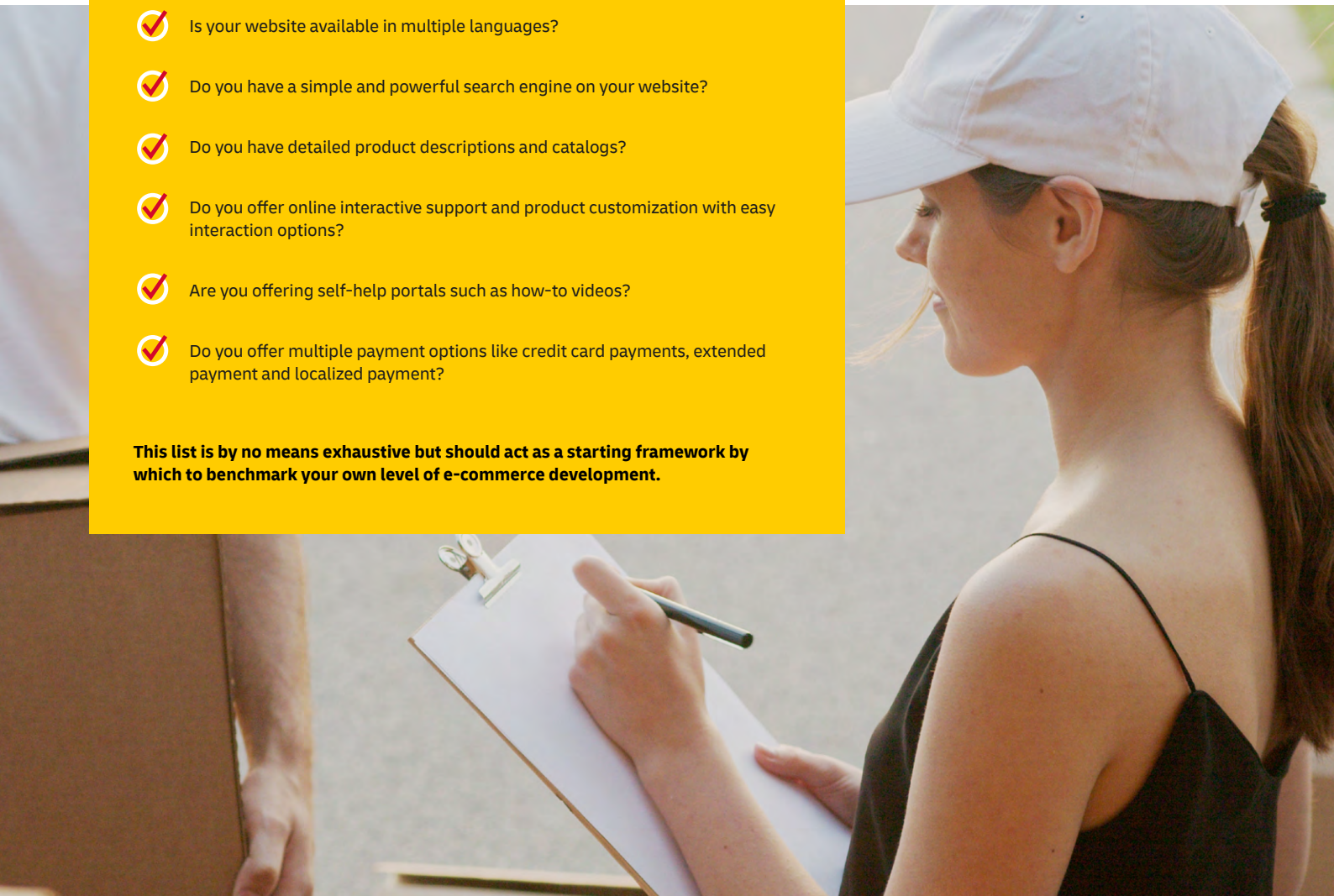
YOUR B2B WEBSITE HEALTH CHECK

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 B2C strategy you can learn is this: test, optimize, re-test and improve. Your buyer is constantly evolving – and you need to keep up!

DHL has created a simple B2B E-commerce Health Check – a checklist that will help you identify which elements of your e-commerce portal need further optimization:

-  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.



YOUR B2B E-COMMERCE JOURNEY STARTS NOW

As international shipping specialists, we have the knowledge and global presence to help you realize your cross-border e-commerce ambitions with the flexibility to meet ad hoc or latent requests. We can support you to implement the right technologies and data applications into your B2B platform that will optimize efficiencies and boost customers' satisfaction, such as tracking, order history, and Duty and Tax payments.

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

The pace of the B2B sector's e-commerce transformation should not be underestimated. Don't get left behind!

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



Disclaimer:

Several sections of this whitepaper are based on the earlier released DHL whitepaper: "THE NEXT INDUSTRIAL REVOLUTION HOW E-COMMERCE IS TRANSFORMING B2B".
A 2018 DHL Express White Paper by Professor Michael Bourlakis, Dr Denyse Julien, and Imran Ali Cranfield School of Management.
https://www.dhl.com/content/dam/downloads/go/press/publication/dhl_whitepaper_dhl_b2be_commerce_en.pdf



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