Magento®

The Five Foundational Pillars of B2B eCommerce

Discover the five rules your B2B business must follow to thrive in a world influenced by dynamic B2C-like shopping experiences.

Table of Contents

01 **INTRODUCTION**

02 The Need to Evolve to Changing Customer Expectations

03 The Future of B2B Commerce is B2C-like Experiences

05 **5 RULES FOR CREATING ENGAGING B2B WEB EXPERIENCES**

06 Rule #1: Personalization Drives Sales

07 *Case Study: SCOUT*

08 Rule #2: Ease of Use and Transparency Are Essential

09 *Case Study: Easydisplay*

10 Rule #3: Omnichannel Experiences Empower Customers

11 *Case Study: Zoetis*

12 Rule #4: Product Selection, Content, and Merchandizing Are Differentiators

13 *Case Study: Watco*

14 Rule #5: Online Channels Are an Extension of Your Sales Team (Not a Replacement for It)

15 *Case Study: Shorty's Liquor*

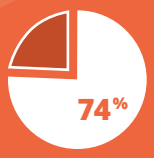
16 **CONCLUSION**

17 Start With the Foundation: Investing In the Right Technology Is Essential to eCommerce Success

Introduction

For most of its 60 years in business, animal health care company Zoetis relied on tried-and-true B2B commerce tactics to catalyze customer buying experiences. The company employed numerous field sales reps, published reams of product catalogs, and provided well-staffed call centers to drive and support customer purchases. Virtually every important aspect of the company's customer experience happened offline—a standard approach for most B2B businesses over the last several decades.

In 2012, however, Zoetis' leadership noticed a major shift in how its customers (and B2B buyers in general) preferred to conduct business. Influenced by increasingly dynamic, user-friendly B2C eCommerce experiences, Zoetis' customers wanted buying and engagement options that went beyond print catalogs and phone ordering. Instead, the customers wanted the option of ordering products and services online and interfacing with the company whenever they chose. Of course, this shift in customer behavior wasn't exclusive to Zoetis. Industry research shows that B2B customers have substantially shifted their research and transaction activities online and onto their mobile devices.



According to Forrester, 74% of B2B customers already research half or more of their online work purchases.

56% believe they will make half or more of their business purchases online by 2017.[1]

As B2B customers grow more comfortable with eCommerce and online engagement, those numbers will only go up. As a result, B2B companies will be forced, if they haven't been already, to fundamentally rethink how, when and why they engage customers and support their needs with dynamic commerce infrastructure.[2]

[1] Forrester Research, Inc. On-Demand Webinar, *B2B Marketers Must Embrace Digital Business,* August 2014

[2] Forrester Research, *The New and Emerging World of B2B eCommerce,* February 2014

The Need to Evolve to Changing Customer Expectations

For a moment, picture a fictitious customer named John. He's a maintenance manager for a local school system. One Sunday afternoon, he logs in to his favorite golf website, pulls up his purchase history, and with just a few clicks he places an order for a fresh supply of balls and tees. Within 24-48 hours, those items arrive on his doorstep. And a few weeks later, he receives an email with a coupon he can use next time he needs to refresh that supply.

The next day, John heads to work. Realizing he's low on the supplies he needs to do his job, John digs around his desk to find his vendor's catalog, flips through several dog-eared pages of products to find the SKUs he needs and picks up the phone to place his order. When a rep answers, he dictates the order SKU by SKU, has it read back to him to ensure there aren't any errors, and hangs up. A week later, the order arrives. He makes a note in his calendar to reorder in a couple of months.

Notice a difference between the two ordering experiences? The golf retailer's frictionless, user friendly experience is painless and intuitive. From his couch, John is able to place an order precisely when and how he wants. The B2B vendor's buying process, on the other hand, is painstaking by comparison by requiring several offline steps and resulting in a less than ideal customer experience.

While it would be easy to dismiss the difference between the two as necessary given B2B customers' different buying needs, patterns, and behaviors, the reality is that the line between B2B and B2C commerce has been blurred. Today, B2B customers don't just want to buy products and services online; they expect it. For B2B businesses, this means the rules of B2B customer engagement have changed, and antiquated commerce strategies must change with them.

Magento

The Future of B2B Commerce is B2C-like Experiences

In the eyes of many B2B leaders, adapting to this shift requires a painful and disruptive overhaul of how they market, sell, merchandize, and generally do business. Fortunately, that's not exactly true. By following five key eCommerce rules and leveraging the right B2B eCommerce technology, it's relatively easy for any B2B business to deliver dynamic, B2C-like online shopping experiences.

If the process is so easy, what keeps B2B businesses from transitioning to more user friendly eCommerce environments? Typically, a few common concerns prevent that adaptation.

- **Use of existing commerce technology that doesn't enable user experience demands**
- **Belief that legacy systems would prevent full eCommerce integration**
- **Concern that implementing eCommerce would disrupt the company's established (and currently successful) sales process**

While those are legitimate challenges, the truth is that B2B companies can't afford to ignore them. As mentioned above, the consumerization of B2B is more an inevitability than a trend. One recent study found that 67% of B2B businesses say eCommerce is fundamentally changing how they market and sell their products, and all signs point toward even greater shifts toward online commerce in the future.[3] The good news? It's not too late to embrace this reality and jump ahead of the pack.

Zoetis is a perfect example. Within months of deciding to implement eCommerce, the company had launched a scalable B2C-like platform.

Two years later, they had already registered more than 5,000 customers on that platform, launched a mobile app for ordering and significantly increased close rates and average order value.[4]

To be that successful, however, it's critical to remember that your B2B clients are not faceless account numbers. They are, at their very core, humans who are conditioned to expect seamless, personalized shopping experiences online.

Deliver on those expectations (across all touchpoints and channels), and your business will benefit from greater process efficiency, lower cost of customer acquisition, and generally more satisfied customers. Ignore the demand for those experiences, and your business will fail to capitalize on an opportunity that one research firm estimates to be worth $6.7 trillion in total merchandise value by 2020.[5]

[3] Magento, *Zoetis Customer Success Story,* 2014

[4] Forbes, *Why eCommerce Still Isn't Clicking for B2B Executives,* May 2014

[5] Forbes, *B2B eCommerce Market Worth $6.7 Trillion by 2020,* November 2014

5 Rules for Creating Engaging B2B Web Experiences

According to Forrester, a B2B vendor's website is the primary channel through which clients engage with the brand.[6] For B2B executives and managers, this shows the importance of an organized and search friendly website that loads quickly and can incorporate integrations and functionality for their businesses.

We've all enjoyed the kind of online experience that a good B2C site provides, and not just through the websites of large Fortune 500 retailers. Even smaller B2C companies—particularly lifestyle brands—are consistently delivering exceptional multichannel shopping experiences. To compete in that environment, B2B companies must match the expectations set by those B2C sites. How can your business do that? By following these five rules, your B2B business can smooth out its sales process, improve company wide efficiency, and most importantly, differentiate itself as a customer centric organization.

- **Rule #1:** Personalization Drives Sales
- **Rule #2:** Ease of Use and Transparency Are Essential
- **Rule #3:** Omnichannel Experiences Empower Customers
- **Rule #4:** Product Selection, Content and Merchandizing Are Differentiators
- **Rule #5:** Online Channels Are an Extension of Your Sales Team, Not a Replacement for It

[6] Forrester Research, *The New and Emerging World of B2B eCommerce,* February 2014

Rule #1: Personalization Drives Sales

B2B clients today want to be treated as individuals, not as companies or account numbers. Therefore your goal should be to provide a unique experience for each client based on their previous order history, their negotiated pricing terms, shipping locations, approval workflow and other relevant factors. To do this, B2B companies must deploy familiar B2C personalization tactics that:

Deliver unique workflow, content and offers based on client role

Leverage B2C-like pricing promotions (web-based clearance sales, flash sales, shipping incentives, etc.) to create demand and attract deal-seekers

Offer cross-sell and upsell recommendations based on purchase history

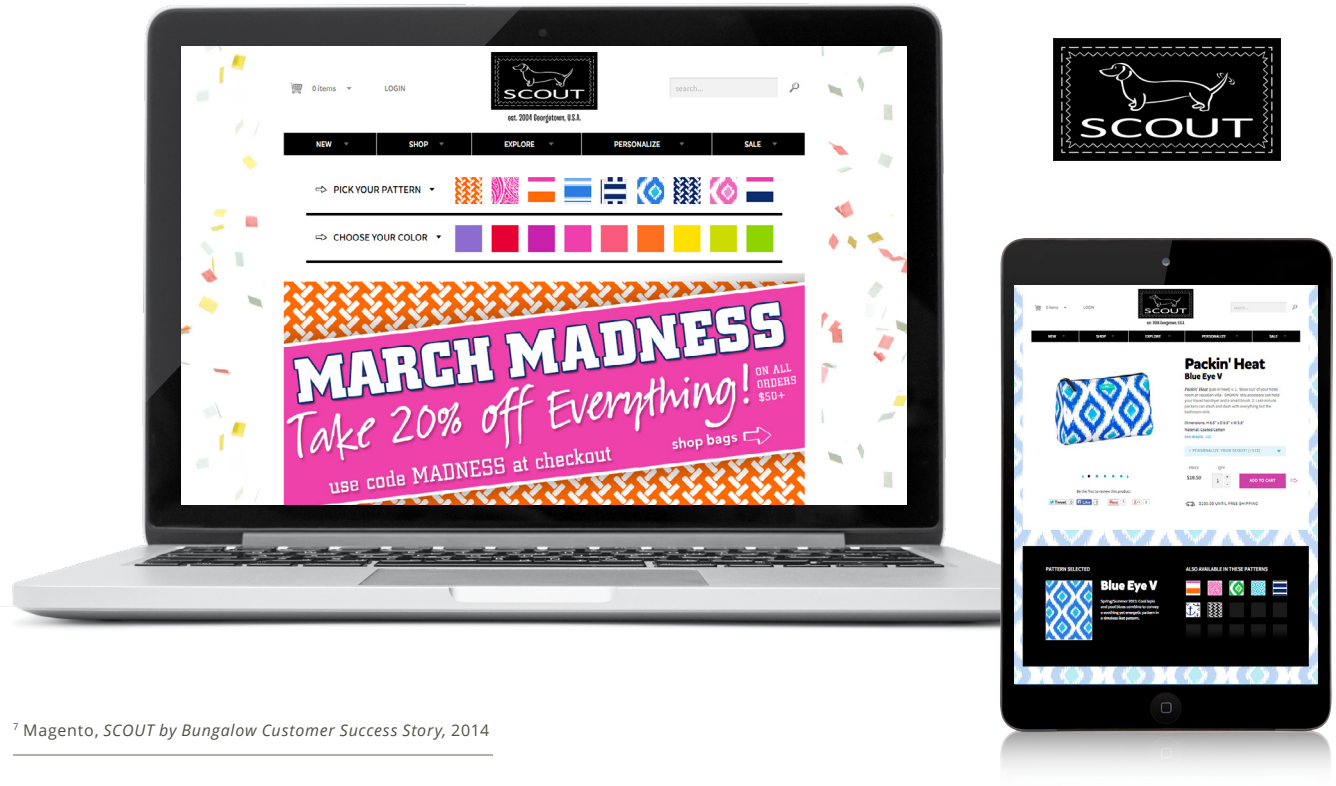
Importantly, much of this personalization can be automated and adjusted on-demand, just as it is on most successful B2C eCommerce sites. This can save B2B vendors and their customers an significant amount of time because it empowers and promotes self-service, eliminating the need for customers to call in with every question or issue.

Case Study: SCOUT

As a business that manufactures and sells bags and storage products direct-to-consumer and through retailers, SCOUT had the unique challenge of building a site that could service both unique needs.

The company achieved this by deploying a site with a back-end infrastructure to differentiate between both customer types and eliminate much of the duplicate work that comes from managing retail and wholesale operations.

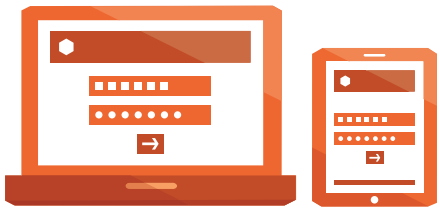
The company's B2C and B2B sites are now hosted on a single platform and its resellers are treated to a user experience that is dynamically tailored to them. Both sides of the business have different ERP systems in place. To date, the move has boosted conversion rates more than 75% and increased gross revenue by more than 90%.[7]



[7] Magento, *SCOUT by Bungalow Customer Success Story,* 2014

Rule #2: Ease of Use and Transparency Are Essential

B2B buyers are busy, and their time is precious. If they don't have a convenient and transparent buying experience with a vendor, they will shop elsewhere—particularly as more and more B2B businesses offer B2C-like eCommerce experiences. What exactly qualifies as 'convenient and transparent?' That likely depends on your customers' individual needs and expectations. At a high level your business should strive to deliver:



Simplified and expedited logins to streamline the path to purchase. B2C firms learned the hard way that users will simply abandon login procedures that are too difficult or time-consuming. Today, many B2C sites limit the login process to as few steps as possible (and, in some cases, even offer social login functionality).

Total price and inventory transparency. This is something leading B2C eCommerce sites do exceptionally well, and it's increasingly becoming the rule for B2B businesses as well. B2B companies that stock product effectively (and have stock-outs less frequently than their competitors) will enjoy a competitive advantage, as B2B clients will expect real-time answers and make decisions based on inventory position queries. Modern B2B eCommerce technology also allows a business to display unique pricing based on customer profile and login functionality.

Robust search capabilities. Because of the generally immense product catalogs of B2B businesses, robust search capabilities are essential in eCommerce. In the consumer market, online retailers give consumers the ability to perform accurate searches across a range of product dimensions. B2B eCommerce platforms need to provide the same level of convenience, allowing clients to go beyond basic SKU-based searches and locate items according to product details, price, and availability.

Case Study: Easydisplay

Easydisplay is a company that offers customers configurable displays for commercial uses.

They needed an online ordering system that would enable customers to upload their print files, link them to orders, and simplify tracking and communication around order status and issues.

By implementing an eCommerce platform that made it simple for clients to create an account, upload files, and streamline the order placing process, Easydisplay was able to live up to its name. Since their eCommerce platform is flexible at scale as well, the company is also able to manage multiple online stores in various countries and languages, and easily add more storefronts as the business grows.

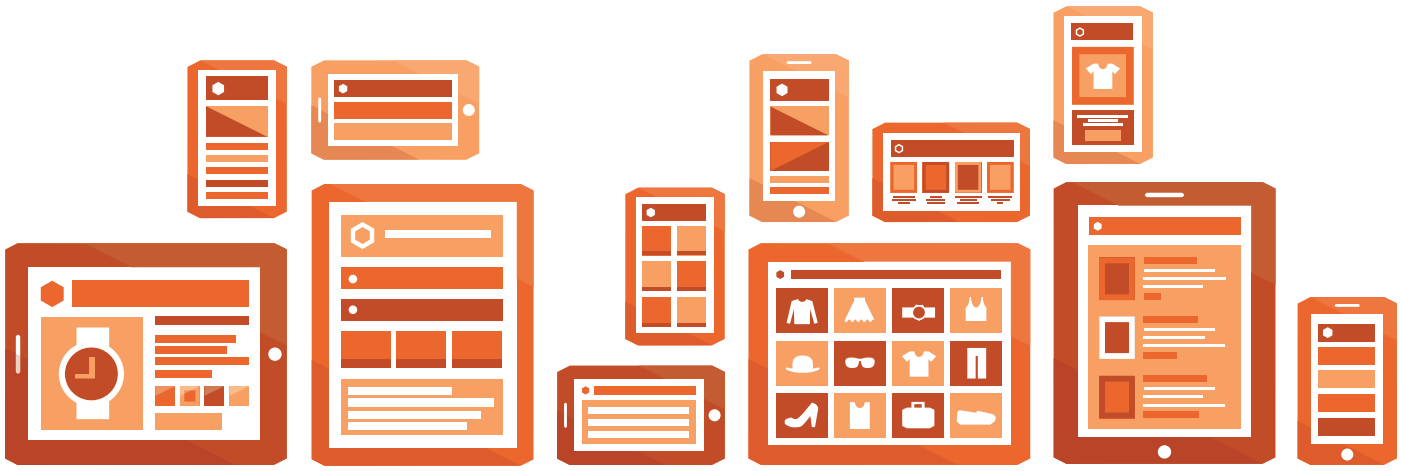
Rule #3: Omnichannel Experiences Empower Customers

Mobile integration offers important benefits for B2B businesses because it enables customers to place and manage orders from a range of devices at their convenience.

Although mobile integration is generally more useful for commoditized (non-customized) B2B products, a mobile app or mobile-optimized eCommerce experience can set your company apart by offering on-the-go functionality.

Why is that important? Per Forrester's research, while mobile currently accounts for just 3% to 5% of B2B eCommerce sales, it represents 7% to 10% of all B2B eCommerce website traffic.[8] That traffic is expected to grow considerably in coming years, and all signs point toward mobile becoming an integral part of B2B customer purchasing experience.

The goal is to empower customers to shop how, when, and where they want. If they want to place an order on a Sunday evening from their iPad, your eCommerce site should give them that flexibility. Harnessed effectively, this omnichannel experience can represent a significant opportunity for B2B companies to leapfrog their competition.

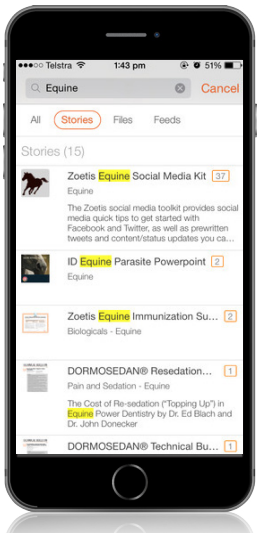


[8] Forrester Research, Inc., *B2B Marketers Must Embrace Digital Business,* August 2014

Case Study: Zoetis

In addition to implementing full eCommerce capabilities, Zoetis also built out a mobile application called 'iOrder.' This enabled the company's field sales reps to retrieve historical customer orders, easily show new product information, compare items given current marketing promotions and place orders from the application on behalf of the customer.

Zoetis' veterinary customers also have access to a mobile app of their own—which the company calls VHub, or its 'clinic on the go,'—that gives them instant access to medical information and business resources when they're on the move (e.g., on-site with an animal).



Rule #4: Product Selection, Content and Merchandizing Are Differentiators

Like B2C shoppers, B2B customers have an insatiable appetite for content. From extensive specifications to how-to videos and detailed FAQs, your customers want to self-educate and research before making purchasing decisions. One way to enable this is to develop deep catalogs of products that present an opportunity to differentiate based on selection (otherwise known as the 'long tail'). This delivers content and merchandizing that help customers make faster, smarter decisions. Investing in selection provides an opportunity to highlight depth and expertise and to drive more commerce from product recommendations. That said, it's a mistake not to support that selection with the right content and promotions. Without the latter, immense product catalogs run the risk of overwhelming customers.

To be effective, your eCommerce platform should give you the ability to highlight specific products, such as bestsellers or related products, for specific customers, and deliver content in the proper context.

This includes tailoring information by marketing channel, device or customer visit history. For instance, if a customer arrives at your website through a search engine using a specific keyword via their iPhone, your eCommerce platform should be flexible and responsive enough to deliver a unique experience based on those factors.

Case Study: Watco

As one of Europe's leading direct suppliers of building maintenance and industry flooring products, Watco operated multiple websites in several different languages. Before implementing a flexible eCommerce platform, this made customizing website content, marketing, and promotions to each unique customer base nearly impossible.

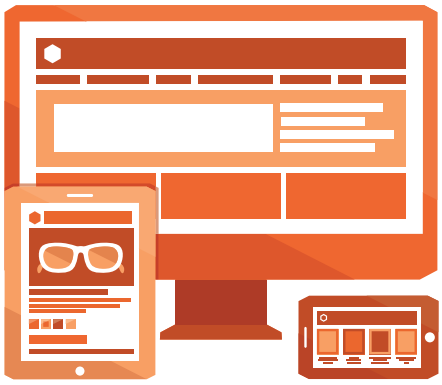
A switch to a new, more B2C-like eCommerce solution changed that. Watco's new multi-lingual, multi-store, and multi-brand solution allows each country's marketing team and web administrators to update their sites with content, imagery, and promotions that are relevant to their specific customer bases. The overhaul also included marketing, merchandizing, and customer education enhancements, and more centralized product information. The result: Watco's number of orders per day doubled and unique visits to the company's websites increased by 68% year-over-year.[9]

[9] Magento, *Watco Customer Success Story*, 2014

Rule #5: Online Channels Are an Extension of Your Sales Team, Not a Replacement for It

One of the most obvious differences between online B2B and B2C eCommerce is the involvement of a sales team. In B2C, field sales reps are largely unnecessary—mostly because of lower price points and smaller volume orders. While B2B businesses might also service low volume, one-off customers, sales reps are still necessary to manage larger, more complex customer accounts.

This is where it's important to remember that online channels—whether it's an eCommerce website, mobile ordering and customer service application, or some other tool—are not replacements for your sales team. Instead, eCommerce should be viewed as a supplement that helps you engage and grow your customer base and drive business efficiency. Think of it as a self-service model that empowers customers to buy products and sales reps to sell projects.



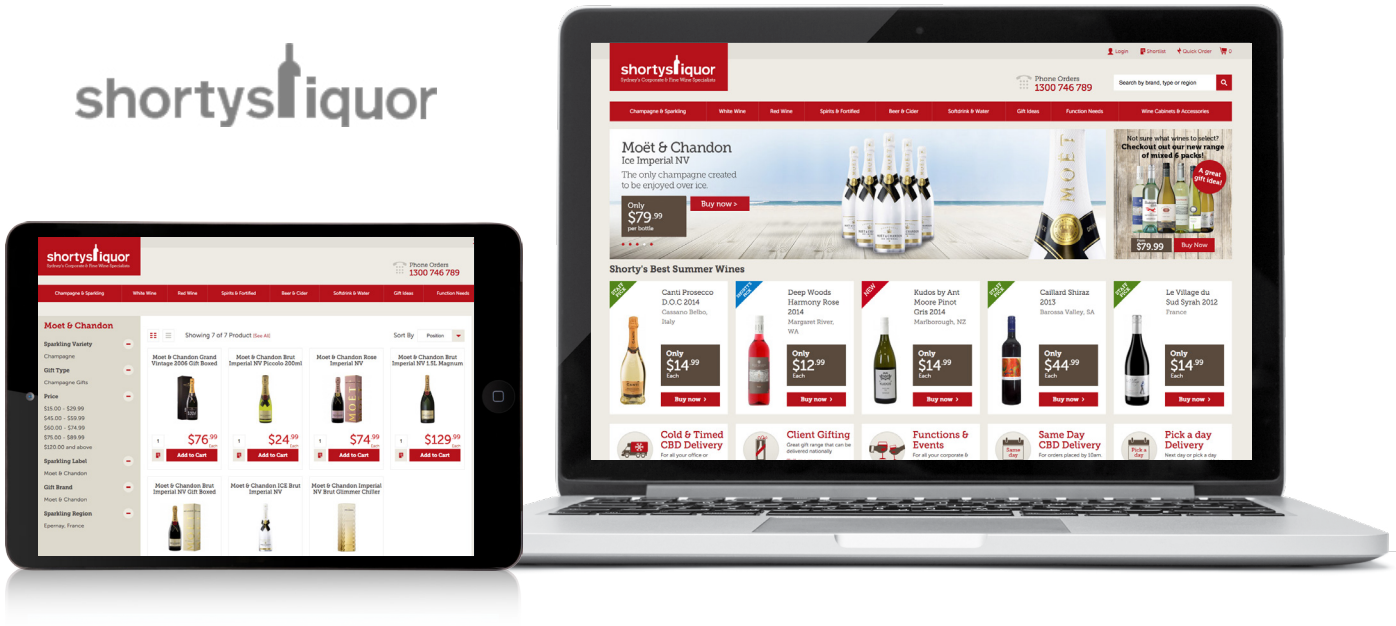
Ultimately, one of the primary goals of online commerce is to migrate offline customers to more cost effective, self serve, online only environments. eCommerce portals accomplish this by removing the need for sales reps to manage low volume customers, reorders and replacements, which frees them up to focus on acquiring and retaining higher-margin and volume customers. Further, by outfitting sales reps and customers with mobile assist technologies (like the iPad apps Zoetis deployed), B2B businesses can service a larger book of business more effectively and efficiently.

Case Study: Shorty's Liquor

In the high-end food and beverage industry, there's no replacement for human interaction. After all, most wine and liquor wholesalers offer similar products, so the real differentiator is often exceptional service.

Australian corporate beverage and fine wine supplier Shorty's Liquor understood that, which is why they prioritized building an online experience that matched (or exceeded) its already outstanding offline service.

In 2014, the company implemented a responsive eCommerce platform that allowed its customers to access the company's inventory through its website and make the process of re-ordering a breeze. The platform also provided innovative shipping functionality, allowing customers to simplify the process of requesting complex delivery instructions. The investment in the new platform has already paid off. Within 16 weeks of launching the platform, online sales already accounted for 30% of Shorty's overall business.[10]



[10] Magento, *Shorty's Liquor Customer Success Story*, 2014

Conclusion

Start With the Foundation: Investing In the Right Technology Is Essential to eCommerce Success

While these 5 rules are critically important to creating dynamic, consumer-like B2C shopping experiences, the truth is that you need the right technology to successfully execute them. Think of it like having all of the materials you need to build a house but lacking the tools necessary to actually construct it. Put another way, the rules are largely dependent on—or amplified by—the right eCommerce infrastructure. In order to follow those rules, a B2B eCommerce platform must provide the core competencies covered (flexibility, scalability, ease-of-use, responsive design, transparency, personalization, and multi-channel dynamics) and be tailored to the unique dynamics of B2B commerce. That means delivering key features like:

Intuitive ordering and scheduled re-ordering

Consumer-like product reviews and ratings

Integration with ERP, CRM, and other third-party back-office systems

Enterprise-grade scalability to meet the demands of growth

Native filter-based product merchandising

Custom functionality enabling customers and sales reps to order products on-the-go

Efficient inventory management and distribution

While some of those features are unique to B2B implementations, they're generally built with a keen eye toward consumer-like ease-of-use. The goal isn't to mimic the look and feel of B2C online retailers; it's to take into account what your customers need to make their buying experiences faster and smarter and deliver it to them. That's no small challenge, but it's easier to overcome when you implement the right eCommerce technology.

Frankly, your business can't afford not to make that investment. As InternetRetailer senior editor Thad Rueter wrote in a December 2014 article, B2B online clients have increasingly big expectations from their suppliers—and there's less allowable margin for error.[11] To survive and thrive in this new world of commerce and customer engagement, your business shouldn't just try to meet those expectations. It should do everything it can to exceed them.

[11] InternetRetailer, *B2B online buyers have big expectations,* December 2014

*Ready to grow your B2B eCommerce channel? Visit **Magento.com/B2B** today!*