Key Trends In B2B eCommerce For 2013
by Andy Hoar, October 18, 2012

KEY TAKEAWAYS

**B2C eCommerce Experiences Drive The B2B eCommerce Experience**
With key B2C sites having set a high standard for what constitutes a compelling online customer experience, B2B eCommerce companies are now actively retooling their existing B2B sites or building whole new sites to deliver B2C-like eCommerce experiences.

**Channel Conflict Causes A Rethinking Of Customer Acquisition And Retention Strategies**
As the eCommerce option becomes a more viable alternative to a traditional direct sales model, companies are increasingly migrating their offline customers to more cost-effective, self-serve, online-only environments and focusing their sales reps on acquiring and retaining higher-margin and higher-volume key account customers.

**B2B eCommerce Organizations Are Being Forced To Get Creative About Staffing**
With the demand for B2B eCommerce talent continuing to greatly outstrip the supply of qualified and competent workers, B2B eCommerce leaders are now taking unconventional approaches to staffing their B2B eCommerce operations.
Key Trends In B2B eCommerce For 2013

Landscape: The B2B eCommerce Playbook

by Andy Hoar
with Patti Freeman Evans, Carrie Johnson, Douglas Roberge, and Susan Huynh

WHY READ THIS REPORT

Customer-facing front-end business-to-business (B2B) eCommerce is poised to reach $559 billion in US sales by the end of 2013. A part of the B2B eCommerce playbook, this report outlines the landscape and some key trends that eBusiness and channel strategy professionals will see in the world of B2B eCommerce over the next 12 to 18 months. Forrester believes that B2B eCommerce organizations must address three key trends in 2013: growing demand for B2C-like B2B eCommerce experiences; increasing channel conflict between direct sales organizations and eCommerce operations; and rising demand for scarce B2B eCommerce talent.

Table Of Contents

2 Three Key Trends Will Challenge B2B eCommerce Leaders In 2013
   - Optimize The B2B Experience To Match B2C Expectations
   - Overcome Channel Conflict Between Direct Sales And The eCommerce Organization
   - Get Creative About Sourcing B2B eCommerce Talent

11 Mobile And Cross-Channel Attribution Are On The Horizon

RECOMMENDATIONS

13 Build For The Long Term By Focusing On The Fundamentals

14 Supplemental Material

Notes & Resources

Forrester used data from its North American Technographics® Retail Online Benchmark Recontact survey, Q3 2011 (US) as well as interviews with seven B2B eCommerce executives for this report.

Related Research Documents

Evaluating Your B2B eCommerce Development
June 21, 2012

The Forrester Wave™: Cross-Channel Attribution Providers, Q2 2012
April 30, 2012

Trends 2012: US Retail eBusiness
January 13, 2012
THREE KEY TRENDS WILL CHALLENGE B2B ECOMMERCE LEADERS IN 2013

Business-to-business (B2B) eCommerce today is no longer merely a “bolt-on” to most B2B businesses. Now deeply woven into the very fabric of many companies, B2B eCommerce organizations are investing heavily in replatforming and rebuilding B2B eCommerce sites, as well as hiring experienced leaders. To capture a piece of what Forrester conservatively estimates will be a $559 billion B2B eCommerce market in the US in 2013, B2B eBusiness and channel strategy professionals must recalibrate their customer experience standards as well as address fundamental people and process issues.¹

Optimize The B2B Experience To Match B2C Expectations

B2B eCommerce sites must compete with established business-to-consumer (B2C) customer experience standards built around sophisticated merchandising techniques, breadth and depth of product selection, a simplified login experience, and compelling deals and offers. In addition, B2B eCommerce executives tell us that their customers increasingly expect them to produce B2C-like B2B experiences. The B2C customer experience has put pressure on B2B eCommerce sites to up their game from the start by offering:

- **Personalized cross-sell/upsell experiences that drive sales.** As one executive we interviewed said: “Transactions by themselves are not enough to hook customers; you need more. B2C figured that out long ago.”² As a result, leading companies in the B2B space like Allied Electronics, much like B2C companies before them, are now offering their customers cross-sell/upsell recommendations. “It is important for us to upsell and cross-sell in the moment in order to drive average order value, lines per order, and, ultimately, conversion rates,” said one interviewee. In addition, B2B companies like Staples Advantage employ familiar B2C personalization tactics to target customer interests based on purchase history (see Figure 1).

- **Long-tail selection that attracts attention.** There will always be compelling niche verticals in B2B, but as we have seen in the world of B2C, a broad selection draws customers. For example, B2C powerhouse and long-tail standard-bearer Amazon.com is now the favored starting point for consumer product search queries by a factor of more than two to one over search engines like Google.³ Further, Amazon has proven that the long tail can also be highly profitable — especially when centered on a marketplace model that limits inventory exposure.⁴ Now Amazon’s B2B subsidiary, AmazonSupply, is following a similar long-tail strategy in the world of B2B eCommerce by going to market with a catalog of more than 500,000 stock-keeping units (SKUs).⁵

- **A simplified and expedited login that streamlines the path to purchase.** B2C firms learned the hard way that users have little patience for detailed login pages and will simply abandon login procedures that prove too time-consuming. Many senior B2B eCommerce executives that Forrester interviewed for this report cited Amazon’s decision to enable more than 100 million Amazon customers worldwide to log into AmazonSupply directly with their existing Amazon
user names and passwords as a chief competitive concern. In the realm of B2C, Forrester’s research shows that registration abandonment rates hover around 11% — which is why an increasing number of B2C sites allow users to log in using services such as Facebook, Google, and Twitter (see Figure 2). Taking a page from B2C, an increasing number of B2B sites are now allowing users to log in using their LinkedIn credentials and even Facebook (see Figure 3). Although these sites tend to be smaller B2B sites where end users, rather than dedicated purchasing managers, make the buying decision, end users often represent the early-adopter B2B eCommerce buyer segment.

- **B2C-like pricing offers that attract deal-seekers.** B2B eCommerce executives are now borrowing popularly used B2C concepts such as web-based clearance sales, flash sales, and shipping incentives to drive demand. For example, B2C flash sales models inspired startup B2B companies like ShopToko to offer B2B flash sales on behalf of brands to retailers (see Figure 4). In addition, B2B companies are now seeing the B2C shipping wars bleed over to B2B shipping. For example, Staples Advantage offers “free, next business day” shipping, while AmazonSupply offers “free shipping on $50 orders.” As one B2B eCommerce executive told us, “B2C shipping wars have reset the expectation of B2B purchasers in terms of shipping cost and service.”
Figure 1 B2B Site Staples Advantage Employs B2C-Like Personalization

Source: Staples Advantage website

Source: Forrester Research, Inc.
**Figure 2** Eleven Percent Of B2C Shoppers Abandon Purchases Because Of Registration Demands

"Thinking of the last time you put items in your shopping cart but did not finish the online purchase, which of the following best describes why you did not complete the transaction?"

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shipping and handling costs were too high</td>
<td>30%</td>
</tr>
<tr>
<td>I was not ready to purchase the product</td>
<td>29%</td>
</tr>
<tr>
<td>Just wanted to save products in my cart for later consideration</td>
<td>17%</td>
</tr>
<tr>
<td>Product price was higher than I was willing to pay</td>
<td>17%</td>
</tr>
<tr>
<td>I wanted to compare prices on other sites</td>
<td>16%</td>
</tr>
<tr>
<td>I have never abandoned an online purchase</td>
<td>13%</td>
</tr>
<tr>
<td>Shipping and handling costs were listed too late during the checkout process</td>
<td>11%</td>
</tr>
<tr>
<td>I didn’t want to register with a site</td>
<td>7%</td>
</tr>
<tr>
<td>I have never purchased any products or services online</td>
<td>7%</td>
</tr>
<tr>
<td>I didn’t want to wait for the product to be shipped to me</td>
<td>6%</td>
</tr>
<tr>
<td>I didn’t have enough information to make the purchase</td>
<td>6%</td>
</tr>
<tr>
<td>Site was asking for too much information</td>
<td>6%</td>
</tr>
</tbody>
</table>

11% of US online adults have abandoned an online purchase because either they didn’t want to register online or the site was asking for too much information.

Base: 3,847 US online adults (multiple responses accepted)

Source: North American Technographics® Retail Online Benchmark Recontact Survey, Q3 2011 (US)
Figure 3 B2B Sites Now Offer Social Login Options

Source: OfficeArrow website

Source: Forrester Research, Inc.
Although firms employ B2B eCommerce to take advantage of Internet-facilitated cost savings and operational efficiencies, doing so can exacerbate channel conflict with the direct sales organization. This is despite the fact that several B2B organizations tell Forrester that B2B customers that use multiple channels are more brand loyal than those that use just one channel. At any rate, many B2B companies are actively triaging their prospects and routing them to the appropriate internal organization, as well as “channel shifting” their existing customers from offline to online environments. Operationally, such customer sorting and migration translates into B2B companies:

- **Increasing their use of self-service online models for low-volume and entry-level clients.** Before eCommerce, most B2B companies could not afford to use sales staff to address the needs of small-scale customers that bought limited amounts of goods/services or bought infrequently. But with the right eCommerce infrastructure and processes in place, B2B companies can now profitably merchandise and market to, as well as transact with, these customers entirely online. By digitizing sales qualifying via product configurators and do-it-yourself online support — as Dell has done — B2B companies with self-service portals can drive down the cost of acquiring and keeping a
customer (see Figure 5). As one executive we interviewed said: “We are constantly being challenged to take cost out of our business. And there are some customers that are simply not profitable to us if they don’t use our online channels versus our far more expensive sales resources.”

- **Focusing sales reps on key accounts and arming them with value-added servicing technology.** With eCommerce portals capable of handling low-volume customers, reorders, and replacements, companies are moving sales reps up the value chain and tasking them with putting together higher-margin, more complex solutions instead of point solutions and one-off sales. They’re also endeavoring to drive up sales per rep and sales per account by outfitting them with mobile assist technologies, such as smartphones and tablets, so that they can service a larger book of business more effectively and efficiently. For example, at a conference in late 2011, US Foods announced plans to roll out an iPhone app to its sales reps; the app would enable them to check warehouse inventory, inquire about product details, and place orders for clients — all remotely. As one interviewee put it, “Under our new system, where sales folks leverage our portal and mobile technologies and handle high-volume key accounts only, our sales reps can now each manage three times the number of clients they could handle before — a big improvement in productivity.”
Figure 5 Dell Uses Self-Service Online Tools To Drive B2B Sales

Dell leverages automated selling tools to drive B2B sales

Source: Dell website

Source: Forrester Research, Inc.
Figure 5 Dell Uses Self-Service Online Tools To Drive B2B Sales (Cont.)

5-2 Dell offers do-it-yourself B2B online support

Get Creative About Sourcing B2B eCommerce Talent

B2B eCommerce executives continue to struggle today to find both managerial and operational talent to build effective teams — so much so that the inability to find the right quality and quantity of talent is inhibiting their B2B eCommerce growth plans. In the words of one interviewee: "The market is tighter than ever, and salaries are increasing fast. But if we can't find the right talent, we will not be able to move our functionality forward." Companies struggling to find both technical and nontechnical B2B eCommerce talent are resorting to unconventional staffing methods, such as:
■ Importing talented staff from B2C who bring experience and can hit the ground running. Most B2B eCommerce executives tell Forrester that they prefer to hire employees who have a background in B2C eCommerce on the grounds that many strategies and tactics that have succeeded in B2C will also succeed in B2B. Many also told us that they considered it ideal if their employees spent several years in B2C eCommerce as well as at another B2B company before joining their organization. One executive told us he preferred “hiring B2C guys and then training them about our B2B business.” Yet another interviewee suggested that to create B2C-like experiences, B2B will need “to get an infusion of talent and strategies from B2C.”

■ Converting promising internal employees into B2B assets. For many companies where B2B eCommerce grew out of an internal task force or a cross-functional committee, building an initial eCommerce team out of employees from adjacent departments, such as IT, marketing, and customer service, is natural. But Forrester now sees second- and third-generation B2B eCommerce organizations that are struggling to hire established B2B eCommerce employees opting to retrain promising internal customer service representatives and marketing communications folks to join the B2B eCommerce team. In fact, several interviewees told us that their companies viewed moving customer service and marketing folks out of largely “cost center” operations into “revenue-driving” eCommerce operations to be a strong net positive overall.

MOBILE AND CROSS-CHANNEL ATTRIBUTION ARE ON THE HORIZON

B2B eCommerce will face other emerging trends in 2013. However, Forrester believes the following two issues will be peripheral challenges to the business next year as opposed to core challenges. Nonetheless, B2B eCommerce organizations will have to address the following in a nontrivial capacity in 2013:

■ The emergence of mobile as a strategic channel for interacting with customers. For B2B eCommerce organizations, mobile will begin to emerge in 2013 as a viable platform for reaching, selling to, and servicing customers. B2B industrial products distributor W.W. Grainger reported recently that nearly 50% of its mobile customers said they “feel comfortable enough to start placing orders” on a mobile device. And according to the Forrsights Workforce Employee Survey, Q4 2011, 55% of information workers use multiple devices for work, while 58% of those information workers who work remotely at least once a month — a large and growing population — use a smartphone regularly for work (see Figure 6). With so many employees on the go, working remotely, or in the field who are increasingly insisting on mobile capabilities that are equivalent to desktop capabilities, pervasive mobile B2B eCommerce is on its way but is still two to three years away.

■ Defining and operationalizing cross-channel sales attribution. B2B companies face a complicated channel attribution issue today regarding how to allocate sales credit between the Web and their B2B direct sales forces. The primary issue is how and whether to credit sales
reps for online transactions that their clients complete on their own. Many B2B companies currently give sales reps credit for the sales their clients place online, independent of whether those sales reps actually facilitated the online sale or not. But B2B executives have largely chosen that option in order to placate the direct sales force; they’re just delaying addressing the issue. In 2013, B2B executives will begin to make widespread use of attribution technologies that companies like ClearSaleing and Visual IQ offer to fundamentally address this unresolved channel sales allocation issue.17

**Figure 6** Information Workers Often Use Multiple Devices For Work

**6-1** Fifty-five percent of information workers work on multiple devices

Device combinations used for work
(Most common configurations shown)

<table>
<thead>
<tr>
<th>Device Combinations</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>PC</td>
<td>12%</td>
</tr>
<tr>
<td>Smartphone</td>
<td>19%</td>
</tr>
<tr>
<td>Tablet</td>
<td>20%</td>
</tr>
<tr>
<td>Smartphone + Tablet</td>
<td>4%</td>
</tr>
<tr>
<td>PC + Laptop</td>
<td>30%</td>
</tr>
<tr>
<td>Smartphone + Tablet + PC</td>
<td>5%</td>
</tr>
</tbody>
</table>

At least 55% of iWorkers use multiple devices for work.

Base: 9,912 information workers

**6-2** Remote employees rely heavily on mobile devices

“What devices do you use for work?”

<table>
<thead>
<tr>
<th>Device</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>PC</td>
<td>100%</td>
</tr>
<tr>
<td>Smartphone</td>
<td>58%</td>
</tr>
<tr>
<td>Tablet</td>
<td>25%</td>
</tr>
</tbody>
</table>

RECOMMENDATIONS

BUILD FOR THE LONG TERM BY FOCUSING ON THE FUNDAMENTALS

With rising pressure to deliver B2C-like customer experiences, resolve the direct sales versus eCommerce channel conflict, and address growth-inhibiting staffing issues, B2B eBusiness and channel strategy professionals should:

- **Build an eCommerce experience that transcends the transaction.** There is little customer loyalty associated with just filling orders and taking transactions. B2B eCommerce organizations need to design experiences that internalize and deliver on the high customer experience standards that B2C has already set. B2B eCommerce organizations should look to B2C retailers like J.Crew and Sephora for personalized website shopping examples and Amazon for depth and breadth of selection. In addition, they can look to B2B peers like AmazonSupply for an easy login experience and Staples Advantage for ideas on B2B eCommerce promotions. These companies employ best practices to deliver “above and beyond the transaction” value-added buying experiences.

- **Accelerate the development of a self-service model and begin migrating customers online.** Companies must first perform detailed segmentation analysis to understand which customers and prospects are best handled by sales reps. But for all other customers that can be profitably and effectively acquired and retained by way of a self-service portal, B2B eBusiness and channel professionals should create their portal offering as quickly as possible — or prioritize completing their portal if it’s already in an internal project queue. The sooner companies roll out the self-service portal and start migrating customers from expensive offline channels to less expensive online ones, the sooner they can enjoy the inevitable customer acquisition and maintenance cost savings.

- **Recruit and empower leaders who have B2C eCommerce experience.** B2B eCommerce is a big idea that requires a big vision as well as leaders who possess the experience and credibility to sell C-level executives on the need to invest resources immediately. B2B eCommerce organizations should focus initially on hiring capable evangelists, with clear B2C successes on their resumes, who are willing to challenge sacred cows and ruffle some feathers. To find such people and build out the B2B eCommerce staff, companies must cast a wide net and be prepared to accept some sticker shock on compensation. They should look to organizations such as Shop.org for resources, tap personal and professional networks (such as the 34,000-plus “eCommerce and online marketing experts” group on LinkedIn) for advice, and poach from successful direct and indirect competitors for talent.
SUPPLEMENTAL MATERIAL

Methodology

For its North American Technographics Retail Online Benchmark Recontact Survey, Q3 2011 (US), Forrester conducted an online survey fielded in September 2011 of 3,850 US online users ages 18 to 88 as a subsegment of the North American Technographics Online Benchmark Survey, Q3 2011 (US, Canada) population. For results based on a randomly chosen sample of this size (N = 3,850), there is 95% confidence that the results have a statistical precision of plus or minus 1.58% of what they would be if the entire population of US online individuals ages 18 and older had been surveyed. Forrester weighted the data by age, gender, income, broadband adoption, and region to demographically represent the adult US online population. The survey sample size, when weighted, was 3,847. (Note: Weighted sample sizes can be different from the actual number of respondents to account for individuals generally underrepresented in online panels.) Please note that this was an online survey. Respondents who participate in online surveys have in general more experience with the Internet and feel more comfortable transacting online. The data is weighted to be representative for the total online population on the weighting targets mentioned, but this sample bias may produce results that differ from Forrester's offline benchmark survey. The sample was drawn from members of MarketTools' online panel, and respondents were motivated by receiving points that could be redeemed for a reward. The sample provided by MarketTools is not a random sample. While individuals have been randomly sampled from MarketTools' panel for this particular survey, they have previously chosen to take part in the MarketTools online panel.

Forrester's Forrsights Workforce Employee Survey, Q4 2011 was fielded to 9,912 technology end users located in Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Japan, Malaysia, Mexico, New Zealand, the Philippines, Russia, Singapore, the UK, and the US from small and medium-size business (SMB) and enterprise companies with 20 or more employees. This survey is part of Forrester's Forrsights For Business Technology and was fielded from September 2011 to November 2011. Toluna fielded this survey online on behalf of Forrester. Survey respondent incentives include points redeemable for rewards, as well as sweepstakes entries. We have provided exact sample sizes in this report on a question-by-question basis. Each calendar year, Forrester's Forrsights For Business Technology fields business-to-business technology studies in 17 countries spanning North America, Latin America, Europe, and developed and emerging Asia. For quality control, we carefully screen respondents according to job title and function. Forrester's Forrsights For Business Technology ensures that the final survey population contains only those who use a PC or smartphone for work at least 1 hour per day. Additionally, we set quotas for company size (number of employees) and job function as a means of controlling the data distribution. Forrsights uses only superior data sources and advanced data-cleaning techniques to ensure the highest data quality.
ENDNOTES

1 Source: Forrester Research B2B Online Retail Forecast, 2012 To 2017 (US). Forrester defines B2B eCommerce as customer-facing, digital, transactional commerce that takes place over the Internet (via websites or mobile devices) between wholesalers and distributors and their business customers (e.g., between W.W. Grainger and W.W. Grainger’s business clients). Forrester’s definition excludes electronic data interchange (EDI) transactions and business-to-business-to-consumer (B2B2C) transactions. As part of its forecast modeling, Forrester develops comprehensive historical and base-year market size estimates based on a variety of sources. The wholesale industry market sizing is based on an analysis of the US Census Bureau’s historical annual and monthly wholesale industry data, socioeconomic analytics of the retail environment, and the B2B market relationship with consumer commerce. Assumptions about online commerce as a key lever: The majority of wholesale trade is conducted in the offline environment. Despite fluctuations from recession-related contractions, online commerce activity has experienced robust growth in past years. As the retail environment evolves, online commerce penetration will continue to gain share against the offline environment. Assumptions about EDI: EDI-based wholesale currently accounts for approximately 70% of total online wholesale activity. Parallel to the growth of online commerce, Forrester assumes that EDI-based sales will continue to decline as a percentage of overall online wholesale trade. EDI-based sales have declined steadily since 2003 as non-EDI options have become more popular.


3 Amazon has become increasingly important for several reasons: It has managed to create a new retail model that delivers a superior customer experience while simultaneously winning on price, and it is increasingly a product search engine both online and offline. When asked “Where did you begin research for your most recent online purchase?” 30% of all US consumers who buy online said they began their web shopping journey on Amazon, as opposed to only 13% who said they started their research at a search engine website. See the January 13, 2012, “Trends 2012: US Retail eBusiness” report.

4 Marketplaces have the advantage in that instead of gaining margin on a product by absorbing all of the operational costs, the retailer makes a profit on each sale in the form of commission without the costs of storing and shipping the item. See the May 23, 2012, “Why Every Retailer Needs An Online Marketplace” report.


7 Source: Forrester interview with a B2B eCommerce executive.

8 Source: Forrester interview with a B2B eCommerce executive.

10 Source: Forrester interview with a B2B eCommerce executive.


17 For more information about cross-channel attribution vendors, see the April 30, 2012, “The Forrester Wave™: Cross-Channel Attribution Providers, Q2 2012” report.
About Forrester

Global marketing and strategy leaders turn to Forrester to help them make the tough decisions necessary to capitalize on shifts in marketing, technology, and consumer behavior. We ensure your success by providing:

- Data-driven insight to understand the impact of changing consumer behavior.
- Forward-looking research and analysis to guide your decisions.
- Objective advice on tools and technologies to connect you with customers.
- Best practices for marketing and cross-channel strategy.

FOR MORE INFORMATION
To find out how Forrester Research can help you be successful every day, please contact the office nearest you, or visit us at www.forrester.com. For a complete list of worldwide locations, visit www.forrester.com/about.

CLIENT SUPPORT
For information on hard-copy or electronic reprints, please contact Client Support at +1 866.367.7378, +1 617.613.5730, or clientsupport@forrester.com. We offer quantity discounts and special pricing for academic and nonprofit institutions.

Eric Chang, client persona representing eBusiness & Channel Strategy Professionals

Forrester Focuses On eBusiness & Channel Strategy Professionals

Responsible for building a multichannel sales and service strategy, you must optimize how people, processes, and technology adapt across a rapidly evolving set of customer touchpoints. Forrester helps you create forward-thinking strategies to justify decisions and optimize your individual, team, and corporate performance.

Forrester Research, Inc. (Nasdaq: FORR) is an independent research company that provides pragmatic and forward-thinking advice to global leaders in business and technology. Forrester works with professionals in 17 key roles at major companies providing proprietary research, customer insight, consulting, events, and peer-to-peer executive programs. For more than 29 years, Forrester has been making IT, marketing, and technology industry leaders successful every day. For more information, visit www.forrester.com.