

STEPS TO SUCCESS IN B2B E-COMMERCE

February, 2015

→ **Omer Minkara**, Research Director,
Contact Center & Customer Experience Management



Report Highlights

p2

Customer empowerment is the #1 factor impacting B2B e-commerce activities.

p6

Integrating e-commerce with back-end systems improves company revenue by 14.8%.

p12

Best-in-Class B2B e-commerce firms are 47% more likely to tailor content.

p15

Top performing B2B e-commerce firms are 77% more likely to reduce reliance on IT by empowering line-of-business to create and manage content.

Business buyers are more demanding than ever. They expect B2B e-commerce firms to meet their precise needs throughout the lifecycle of interactions. This means providing today's business buyers with consumer-like experiences as they research, purchase and utilize products. B2B e-commerce firms must integrate their enterprise systems in order to reduce the complexity of digital selling and adapt to today's marketplace.

This report will highlight how customer empowerment impacts contemporary B2B e-commerce activities. It will also highlight how companies should incorporate and nurture the five building blocks of B2B e-commerce to become successful.

2

B2B e-commerce firms are focused on operationalizing changing customer needs through content and workflows.

Definition: B2B Commerce

For the purpose of this research, Aberdeen defines “B2B commerce” as:

A term used to describe commerce transactions between businesses. These include the sale of raw materials and semi-finished products as well as the sale of products to wholesalers and retailers. The buyer of the products in these transactions is a business. The end-customer making the purchase is doing so on behalf of an organization.

Empowered Customers Changed the Dynamics of B2B E-Commerce

Business buyers today have more tools and information that they need to make informed purchase decisions than ever before. A company looking to purchase new office furniture, for example, can visit numerous websites and browse several online communities to educate themselves on the different products and their related features and prices – before they even interact with an office furniture provider. While the product types in question might change, customer empowerment is here to stay as a key factor influencing today’s B2B e-commerce activities. Indeed, a recent Aberdeen [survey](#) of 163 organizations, regarding the top trends and activities influencing e-commerce activities, revealed that empowered customers represent the top challenge faced by B2B e-commerce organizations (see Table 1).

Table 1: B2B E-Commerce Organizations are Challenged with Adapting to the Era of Empowered Customers

Top Challenges (n=163)	B2B E-Commerce Organizations
Customers are increasingly using digital channels to shop; we need to be there	54%
Need to reach a wider shopper base to sell our products	46%
Need to differentiate ourselves from competitors through delivering dynamic and transformative digital shopper experiences	37%
Need to better respond to empowered customer requests to shop anytime and anywhere seamlessly across multiple channels	36%

Note: This question was asked as a multi-answer question, meaning that respondents were able to select multiple challenges influencing their e-commerce activities.

Source: Aberdeen Group: January 2015

3

One of the most significant changes in customer needs and behavior over the past several years is the increasing use of digital touch-points (e.g. social media, website and mobile applications) to purchase products. As a result of the growing adoption and use of digital technologies, buyers today have increased their use of digital channels as part of their purchase activities. Furthermore, customers expect these channels to also be available for after-sale support interactions with the business. This is exacerbated by the need to ensure timely (sometimes real-time) visibility into previous customer conversations across other channels in order to ensure consistency of messages delivered to buyers. For example, if a customer is interacting with the business via phone while concurrently browsing the company website, this information would help the business tailor the conversation appropriately. The above table shows that B2B firms are struggling to keep up with addressing the changing needs and behavior of today's business buyers.

Findings from Aberdeen's March 2014 [State of the CEM Market 2014: It's All About Better Use of Customer Data](#) study showed that 99% of businesses use two or more channels to interact with customers. This means that despite their challenges in adapting to an increasingly digital world, B2B e-commerce organizations are incorporating multiple channels (*mostly digital*) within their business activities – see Aberdeen's [2015 Customer Engagement Channels Adoption](#) study (November 2014) for an overview of the top channels that companies are planning to adopt in 2015. If B2B firms are increasingly incorporating digital channels within their e-commerce activities, then why do they cite increasing customer use of digital touch-points as an obstacle? The answer lies within the other challenges depicted in the above table.

B2B e-commerce organizations indicate that delivering transformative experiences while ensuring the consistency and personalization of multi-channel interactions is challenging. In a

B2B firms must address business buyers' demands to provide consumer-like buying experiences that make it easier for customers to research, purchase and use their products

4

Please see Aberdeen's November 2013 [*Omni-Channel Customer Care: Empowered Customers Demand a Seamless Experience*](#) study to learn more about the business benefits and best practices of omni-channel programs

B2B e-commerce interactions often involve multiple stakeholders and complex workflows

world where customers use multiple channels (both offline [e.g. in-store or in-branch] and digital) when buying a product, organizations can struggle with delivering consistent and personalized messages across all channels and devices – defined as key attributes of omni-channel customer interactions (see sidebar).

When discussing B2B firms' struggles in delivering transformative experiences to the empowered business buyer, it's important to note that the latter's buying behavior is influenced by consumer / B2C e-commerce activities. Specifically, every individual involved as part of a B2B e-commerce transaction is also a consumer and their personal shopping experiences influence their expectations when purchasing products as a business buyer. This means that B2B firms should regularly monitor changes in customer expectations and behavior and must be prepared to address them to deliver consumer-like digital interactions.

Companies must focus on a wide set of roles involved in B2B e-commerce transactions when monitoring customer behavior. While a consumer is often the only person to make a purchase decision, a B2B buying process often includes multiple roles / personas (e.g. purchasing, accounting, finance and legal). Also, unlike their B2C counterparts, the business buyers often need to go through a workflow when making purchases. For example, they need to set-up buyers and define what projects they can buy, determine authorization thresholds and workflow approvals after authorization, and match purchases to specific projects or contracts. When put together, these B2B e-commerce attributes reveal that companies must balance addressing changing customer needs with ensuring operational efficiency.

5

Future of B2B Commerce Lies with more Transparency across Technology Systems

Keeping track of the constantly changing needs and wants of customers as well as addressing them by making the necessary adjustments to e-commerce workflows and processes is no easy endeavor. It requires firms to establish more transparency into the back-end systems, such as enterprise resource planning (ERP), order management and supply chain management. In the absence of transparency across technology systems, companies run the risk of delivering sub-par customer experiences. For example, if the order management system is not transparent when a contact center agent interacts with a customer inquiring about the status of a recent order, the agent won't be able to provide an accurate answer. This means that the customer's needs won't be addressed, and will likely yield an unhappy buyer as a result.

Companies that establish transparency between e-commerce and back-end systems are ultimately better positioned to manage e-commerce workflows. These include accurately capturing a customer order, sending appropriate documentation in a timely fashion and rapidly providing custom pricing based on numerous factors such as product availability and customer profile.

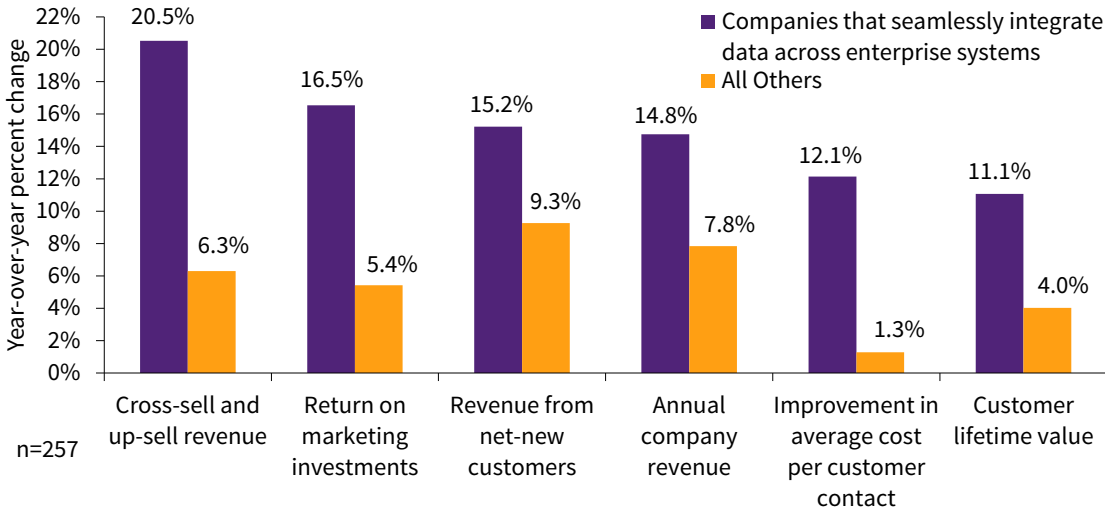
Upon establishing transparency, organizations must also ensure that their back-end systems are seamlessly integrated with customer-facing applications such as e-commerce and customer relationship management (CRM). This integration is vital as it allows companies to rapidly acquire relevant data to make timely decisions when managing the customer experience. Findings from Aberdeen's December 2014 [*Customer-Centric ERP: Integrated Systems for Customer Satisfaction*](#) study validate this assertion, where the year-over-year performance gains enjoyed

Transparency and integration between e-commerce and back-end systems are vital. They help firms rapidly capture and use data from multiple systems to deliver timely and context-aware customer interactions

6

by companies with seamless integration across enterprise systems are far greater than those without it (see Figure 1).

Figure 1: A Complete View of the Customer Unlocks Better Business Performance



Source: Aberdeen Group, December 2014

Transparency and integration between enterprise systems help firms build a single view of the customer – a key requirement of success in omni-channel customer interactions

The ability to have a more comprehensive, timely and accurate view of inventory availability, order status or cost of selling a product provides organizations with important information that helps them reduce costs and improve revenue. Companies that integrate their back-end systems with e-commerce activities are well-positioned to establish such visibility. As a result, they enjoy a 90% greater year-over-year increase in annual company revenue, compared to All Others (14.8% vs. 7.8%).

The drastic performance differential in company revenue is enabled by an organization’s ability to better engage customers through consistent and personalized messages. A lack of integration among enterprise systems results in fragmented views of customer data across the business. As a result, companies run the risk of delivering inconsistent and / or non-tailored messages to business buyers. Organizations with seamless integration among enterprise systems on the other

7

hand are able to ensure the consistency of messages delivered across each channel. They are also well-positioned to use historical interaction data to provide each buyer with messages that maximize their potential to purchase, hence enjoy stronger revenue growth compared to those without integrated systems.

Businesses integrating enterprise systems also improve (reduce) their customer interaction costs by 12.1% year-over-year, compared to a mere 1.3% decrease by All Others. When put together, more revenue and less cost means that integrating e-commerce with back-end systems is a critical requirement to ensure the financial health of B2B firms.

The Benefits of Building a Best-in-Class B2B E-Commerce Program

Assume you've already integrated your B2B e-commerce system with back-end systems. Now what? To truly maximize the benefits of fully-integrated systems and achieve the goal of streamlining e-commerce workflows and processes, B2B firms must follow the lead of the Best-in-Class. These are companies who participated in our [e-commerce survey](#), identified themselves as using B2B e-commerce and excelled across all of the metrics in Table 2, compared to All Others (see sidebar).

Table 2: Best-in-Class Maximize their Revenue

Performance Results (n=163)	Best-in-Class	All Others
Customer retention rate	80%	55%
Year-over-year change in annual company revenue	32.4%	1.9%
Year-over-year change in customer satisfaction	26.1%	-1.3%
Year-over-year change in on-time order fulfillment	12.4%	-2.6%

Source: Aberdeen Group: January 2015

The Aberdeen maturity class framework is comprised of three groups of survey respondents. This data is used to determine overall company performance. Classified by their self-reported performance across several key metrics:

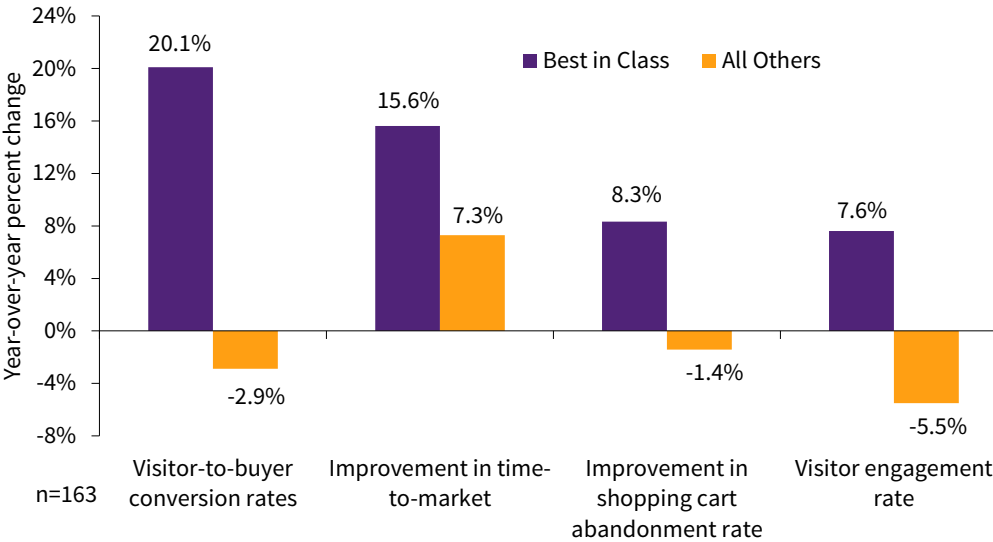
- **Best-in-Class:** Top 20% of respondents
- **Industry Average:** Middle 50% of respondents
- **Laggard:** Bottom 30% of respondents

Sometimes we refer to a fourth category, **All Others**, which is Industry Average and Laggard combined

8

As seen in the above table, we've used three core attributes to assess Best-in-Class performance in B2B e-commerce: customer centricity (indicated by customer retention rate and customer satisfaction), financial health (indicated by annual company revenue) and operational excellence (indicated by on-time order fulfillment). Top performers have outpaced All Others across all three of these categories. Figure 2 shows that they are also skillful in delivering transformative experiences that meet the needs and wants of their customers. This is reflected by their success in outperforming All Others across customer engagement metrics (e.g. visitor engagement rate) as well as operational readiness (e.g. time-to-market).

Figure 2: Best-in-Class Create Delightful E-Commerce Interactions



Source: Aberdeen Group, January 2015

Improvements in visitor-to-buyer conversion, shopping cart abandonment and visitor engagement rates all indicate that a business has mastered the skills and deployed the infrastructure needed to provide customers with the content that they're looking for, in order to increase the likelihood of a purchase and

9

drive revenue. The Best-in-Class outperform All Others across all of these metrics. Furthermore, they also enjoy far better performance than All Others in reducing time-to-market. When the performance findings noted above are put together, it provides a clear picture that Best-in-Class firms successfully integrate their e-commerce system with back-end systems and know how to make this integration work to their advantage. Let's now drill-down into the five pillars that help them maximize their results.

Five Best Practices to Get B2B E-Commerce Right

Best-in-Class B2B e-commerce organizations put five core pillars in place to maximize their performance. We'll observe each one in detail below:

- ➔ **1. Effective integration with back end systems:** A concept covered extensively thus far, this refers to adopting a data-driven approach to ensuring that e-commerce activities are in sync with back-end activities. This means going beyond traditional data integration by integrating lots of different systems and establishing the ability to use data from all of these systems to deliver timely and personalized customer experiences.
- ➔ **2. Guided search for finding information:** This refers to optimizing the search and navigation functionality involved in e-commerce activities so that the customers don't have to incur unnecessary effort to find relevant content or purchase products.

Figure 3 on the next page illustrates how Best-in-Class firms put the two key attributes noted above into action. Establishing effective integration between e-commerce activities and back-end systems allows an organization that sells under multiple brands to keep track of inventory associated with each brand –

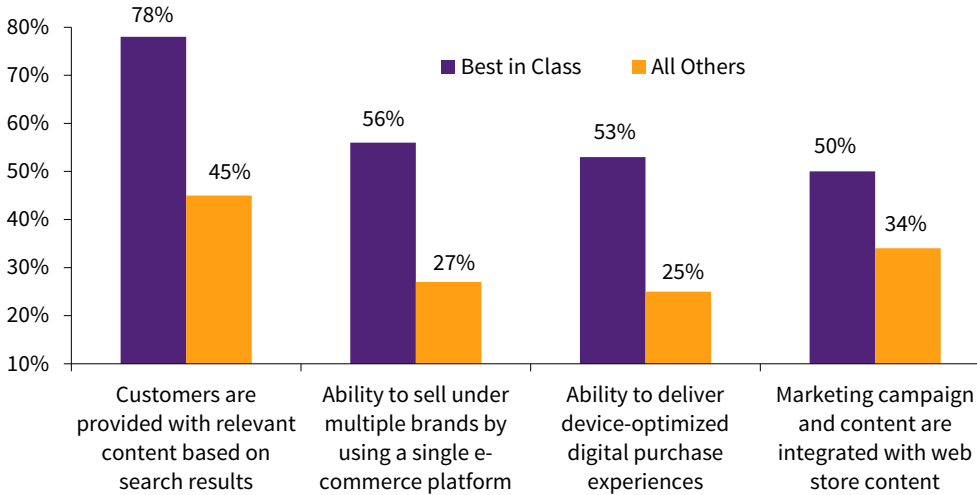
It's vital to ensure that e-commerce activities are in sync with back-office activities. It helps maximize organizational success while delighting customers

10

Integrating e-commerce activities and back-office systems helps Best-in-Class firms ensure that they promote content for only the products that are currently in-stock

an activity deployed more than twice as widely by the Best-in-Class, compared to All Others (56% vs. 27%). This integration also allows organizations to ensure that they are only selling items in-stock and communicating appropriate availability and delivery times for those items that are not currently in-stock, but that will be manufactured or procured. With the help of an e-commerce system integrated with back-end systems, Best-in-Class firms tailor their marketing campaigns to promote content for only products that are currently in-stock. As a result, they avoid potential customer frustration associated with marketing (and selling) products that are not available. This activity is deployed 47% more widely by the Best-in-Class, compared to All Others (50% vs. 34%).

Figure 3: Establish a Truly Data-Driven B2B E-Commerce Infrastructure



Percent of respondents, n=163 Source: Aberdeen Group, January 2015

To help ease the customer effort to find relevant products when visiting an e-commerce site, Best-in-Class firms store customer search results within a dedicated system (e.g. CRM or e-commerce). This information allows the company to identify which products customers within a similar segment have looked

11

at (or purchased). Using this information to tailor future interactions increases the likelihood of providing the customer with easy access to content about a product that they are likely to buy. Best-in-Class firms are 73% more likely to have this capability in place, compared to All Others (78% vs. 45%).

Correlating historical search results and product purchases is only one of the ways to guide customers' digital interactions when searching products. Other methods include guided search and faceted navigation, which helps buyers find a relevant product by applying different filters (e.g. product attributes and name) on the B2B e-commerce site.

Companies must not stop at only providing customers with the ability to easily find a relevant product through search activities. Once potential buyers are presented with relevant search results, they should also be pursued for cross-sell and up-sell opportunities in real-time. This helps firms maximize the cross-sell and up-sell potential, while helping customers learn about products that they might not have had previous knowledge about.

Best-in-Class B2B firms also focus on helping customers easily find information by making it easier to access relevant content via mobile devices. This is enabled by using adaptive design technology that helps firms present content in a rich and engaging manner, while ensuring that the content is tailored to the particular device (screen size and operating system) used by the customer. Top performers are more than twice as likely to provide such adaptive content experiences, compared to All Others (53% vs. 25%).

➔ **3. Use of effective technology tools to help make the buyer's job easier.** This third pillar refers to ensuring that customers are empowered by the business to have a

Top performing B2B e-commerce firms are more than twice as likely to adapt content based on customer devices to ensure an optimal viewing experience

12

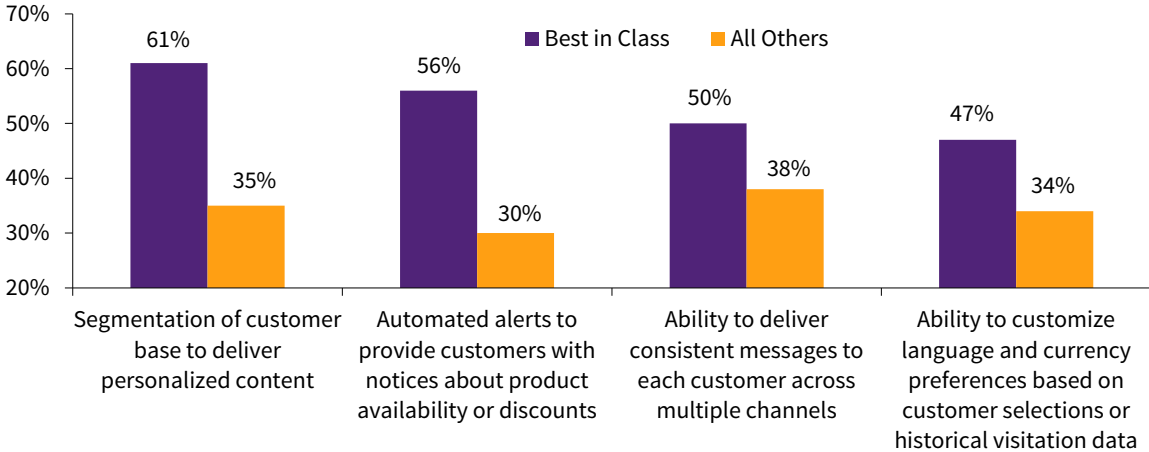
stellar experience, increasing their likelihood to become loyal clients.

- **4. Utilize the vast content from all of your systems to create unique and engaging customer experiences that maximize your business results.** This refers to utilizing existing content in a way that helps distinguish the company brand, address customer questions and elicit desired behavior (e.g. product purchase or loyalty).

Analytics help the Best-in-Class segment their audiences and identify the unique attributes of each segment

Figure 4 illustrates the activities that Best-in-Class firms put in place to make the buyer’s job easier - while ensuring optimal use of content to interact with customers. Accomplishing both of these objectives requires organizations to understand the unique needs and wants of each buyer. To gather this insight, Best-in-Class firms segment their audiences by different criteria (e.g. geography and previous spend) and use business intelligence (BI) tools to identify the unique attributes of each segment. Once those insights are gleaned, the top performers are then able to personalize the content that they use to interact with customers across numerous channels.

Figure 4: Utilize Content to Deliver a Truly Omni-Channel Customer Journey



Percent of respondents, n=163

Source: Aberdeen Group, January 2015

13

Earlier we noted that B2B firms struggle with delivering personalized and consistent messages to customers across different channels and devices – in other words providing a true omni-channel experience. With the help of integrating their back-end systems with e-commerce, and a focus on optimizing the use of content, Best-in-Class firms are 32% more likely than All Others to overcome this challenge and deliver consistent messages to customers across all channels (50% vs. 38%).

Top performing B2B firms also deploy several additional activities that help them make the buyer's job easier to purchase their products and receive after-sales support. Among them is the process of providing buyers with automated alerts (e.g. [*mobile push notifications*](#) or emails) when an out-of-stock product becomes available or when a product is discounted. This requires effective integration of e-commerce with back-end systems, hence deploying the aforementioned activities in combination with this is a necessity. However, once in place, the use of this activity helps companies reduce customer effort to frequently visit an e-commerce site and check product availability. As a result, it increases the likelihood of purchase as the buyers are now informed that a product that they need is in-stock and / or discounted. The Best-in-Class are 87% more likely than All Others to have this capability in place (56% vs. 30%).

Expectations are not the only aspect that makes each business buyer unique. In a globalized marketplace, companies must also be ready to interact with buyers using different languages and currencies. The ability to do so is enabled by adapting content based on customer profile – developed based on selections on the e-commerce site as well as tracking of historical interaction data. There are numerous criteria that companies can use to adapt content for different geographies; most common ones include language and currency. Companies use localization and translation tools to convert product content on e-commerce

Use the power of technology to help your business reduce customer effort to purchase your products and become loyal clients

14

Best-in-Class firms maximize their agility by making better use of their IT team – not relying on IT to manage e-commerce content and workflows, but rather partnering to establish transparency and integration between enterprise systems

sites to the languages and currencies of their target markets. Top performers are 38% more likely to use content in such a customer-friendly manner, compared to All Others (47% vs. 34%).

- **5. Get IT out of building everything.** The fifth and last pillar of successful B2B e-commerce organizations is establishing a strategic alliance with IT – one where e-commerce activities don't need to rely on business tools built by IT, but rather utilize purpose built tools that help companies support the four pillars noted earlier.

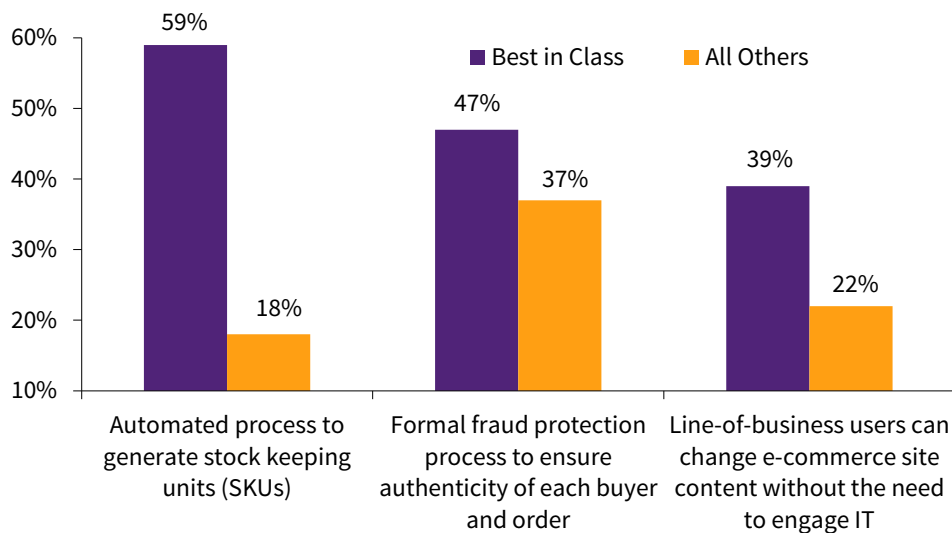
Findings from Aberdeen's May 2014 [*Optimizing the E-Commerce Experience: Empower Business Users to Delight Customers*](#) study show that businesses where line-of-business users are allowed to change e-commerce content and workflows enjoy far better performance, compared to those that don't. Specifically, they enjoy a 4.1 times greater annual increase in visitor-to-buyer conversion rates (11.0% vs. 2.7%). They reduce time-to-market of their products by 19.2% year-over-year, compared to only 5.9% by those that rely on IT. The decrease in time-to-market means that companies that empower their line-of-business users and reduce reliance on IT are far more agile compared to those that rely on IT. This agility helps firms shorten the time it takes to bring products demanded by buyers to market, thus creating satisfied customers and contributing to the financial health of the business. These agile businesses enjoy an 81% greater annual increase in return on marketing investments and a 26% greater increase in annual company revenue, compared to businesses where IT involvement slows the pace of e-commerce activities.

Figure 5 shows that savvy B2B firms understand the limitations of IT involvement and therefore are 77% more likely than All Others to empower their employees to manage e-commerce

15

content and workflows (39% vs. 22%). Empowering employees and reducing reliance on IT means that changing e-commerce content and workflows doesn't require deep coding knowledge. Rather, employees with basic technical skills, but well-versed in e-commerce activities, would be able to create and change both the content and workflows to address changes in customer needs.

Figure 5: Top Performing B2B E-Commerce Organizations Make Strategic Use of IT



Percent of respondents, n=163

Source: Aberdeen Group, January 2015

Also important to note in the above figure is that slightly more than one-third of Best-in-Class firms have recognized the value of this activity and reduced reliance on IT. This means that there is room for growing the performance of even the Best-in-Class firms by increasing the adoption of this activity.

Instead of relying on IT for activities that add minimal or no value, the Best-in-Class focus on developing a strategic alliance that addresses customer priorities such as security of personal data. This includes collaboration between IT and line-of-business to establish and maintain a formal fraud protection process that ensures the authenticity of each buyer and order.

16

When used effectively, content helps B2B e-commerce firms drive site traffic, maximize visitor-to-buyer conversion rates and increase cross-sell and up-sell effectiveness

Hence, the top performers minimize the risk of customer data breaches that result in damage to brand reputation and that might lead to potentially costly litigations. While the adoption of this capability by the Best-in-Class is greater than All Others, it represents another activity that would help even the top performers further improve their performance through increased adoption.

Recommendations

B2B e-commerce has transformed drastically over the past several years. Achieving operational efficiencies in the form of cost reductions and better workflows is no longer what keep executives in these businesses up at night. Their top struggle is adapting to a world where customers increasingly use digital channels and new technology tools to make informed purchase and loyalty decisions. These buyers also expect consumer-like digital interactions where their research, purchase and use of products require minimal effort and every interaction is tailored to their unique needs.

We've seen that B2B firms integrating their e-commerce activities with back-end systems and deploying the five pillars noted above delight their customers, grow revenue and reduce costs. We recommend organizations to adopt the below activities to achieve and maintain similar Best-in-Class results in B2B e-commerce:

- **Use content as a strategic enabler to drive superior performance.** Best-in-Class B2B firms are laser-focused on ensuring that the content that they use as part of e-commerce interactions is not only designed to help the customer easily find relevant products, but also maximizes cross-sell and up-sell revenue opportunities. Specifically, they help buyers find their products by driving site traffic through search engine optimization

17

(SEO) from commerce pages. Once buyers are on the site, use of tools such as guided search and dynamic content help top performers increase their visitor-to-conversion rates by helping customers find the right product with minimal effort. The Best-in-Class don't abandon the use of content after pointing buyers to the right products. They use content in conjunction with related customer data to provide buyers with targeted cross-sell and up-sell offers to maximize the revenue (average order value) from customers.

→ **Deliver dynamic, relevant, personalized customer experiences across all touch-points.** Earlier in this document we noted that delivering personalized buyer interactions, by delivering dynamic and tailored content to each buyer, is a challenge for B2B firms. Best-in-Class firms address this issue by establishing transparency between their e-commerce and back-end systems that enables them to have an accurate view of their business as well as customers at all times. As buyer / seller interactions occur across multiple channels and different systems are involved in capturing data from these interactions, companies must integrate data across all systems to utilize any data, from any source, in any format. This helps companies establish a single view of previous customer interactions across all touch-points. As a result, organizations with this capability maximize their revenue by delivering personalized messages to each client in a timely fashion. Once businesses map customer journeys, they can also deploy it in similar scenarios for other buyers, helping them enhance organizational efficiency in managing customer experiences.

18

- **Effectively handle the complexity of your commerce business.** Business buyers demand consumer-like online experiences, however addressing the complexity of B2B e-commerce activities is no easy endeavor. There are multiple workflows, several stakeholders and sometimes different geographies and currencies involved. Best-in-Class firms mitigate these challenges by changing the way that they work with IT, to become more strategic and agile. Specifically, instead of relying on IT to create and manage e-commerce sites or change workflows, the top performers enable their line-of-business users with the ability to do so. As line-of-business is in close contact with buyers, this helps firms better align their e-commerce content with changing customer needs and wants. It also helps reduce the time to launch new brands, markets or campaigns since these activities are no longer tied to the availability of the IT team. Another important benefit of empowering business users with e-commerce content and workflow management capabilities is the ease of expanding into new markets by being able to easily update e-commerce site content (e.g. language and currency) for target markets.

For more information on this or other research topics, please visit www.berdeen.com.

Related Research

[Data-Driven Retail: The Path to Maximize the Shopper Experience](#); January 2015
[Customer-Centric ERP: Integrated Systems for Customer Satisfaction](#); December 2014
[Customer Engagement Analytics: How to Use Data to Create \(and Keep\) Happy Customers](#); June 2014

[Optimizing the E-Commerce Experience: Empower Business Users to Delight Customers](#); May 2014
[E-Commerce Analytics: Optimize the Shopper Journey](#); April 2014

Author: Omer Minkara, Research Director, Contact Center & Customer Experience Management (omer.minkara@berdeen.com), [LinkedIn](#), [Twitter](#)

19

About Aberdeen Group

For 27 years, Aberdeen Group has published research that helps businesses worldwide improve performance. We identify Best-in-Class organizations by conducting primary research with industry practitioners. Our team of analysts derives fact-based, vendor-agnostic insights from a proprietary analytical framework independent of outside influence. The resulting research content is used by hundreds of thousands of business professionals to drive smarter decision making and improve business strategy.

Aberdeen's content marketing solutions help B2B organizations take control of the Hidden Sales Cycle through content licensing, speaking engagements, custom research, and content creation services. Located in Boston, MA, Aberdeen Group is a Harte Hanks Company.

This document is the result of primary research performed by Aberdeen Group. Aberdeen Group's methodologies provide for objective fact-based research and represent the best analysis available at the time of publication. Unless otherwise noted, the entire contents of this publication are copyrighted by Aberdeen Group, Inc. and may not be reproduced, distributed, archived, or transmitted in any form or by any means without prior written consent by Aberdeen Group, Inc.