B2B commerce: Laying a technological foundation for business success

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Introduction

The nature of today's business-to-business (B2B) buyers and their expectations of working with suppliers and partners has fundamentally changed. B2B enterprises can no longer simply prioritize the negotiation of large contracts with the purchasing department or executive management; they must focus on the end-to-end digital experience for all buyers.

B2B suppliers must deliver the content, features, and experiences that their buyers enjoy from their daily lives as B2C consumers. For a commerce strategy to be successful in the long term it must take this reality into account.

The challenge for retailers is to merge their portfolio, content, and technology into a digital ecosystem that grows with new requirements. In this whitepaper, you will learn about the characteristics of B2B commerce versus business-to-consumer (B2C) and how to lay the technological foundation for sustainable business success.

What makes B2B special?

*"The B2B commerce market is far more complex than online retail (B2C).
There are often long-term business relationships between business customers
with recurring purchases. Nevertheless, B2B customers also expect convenient
online ordering options that they know from their private lives."*
– Hansjürgen Heinick, B2B E-Commerce Expert at IFH Köln, Germany[1]

Magnitudes bigger than B2C

From the consumer's perspective, the B2C commerce market with vendors
like Amazon seems much larger than digital commerce in B2B. But the
opposite is true. According to Forrester, the global B2B commerce market will
be worth US$ 9 trillion in 2021.[2] In comparison to their expectation of 'just'
US$ 736 billion for global B2C by 2023, B2B is by far larger and a financially
more significant market.[3]

The reasons why the market volume in B2B is significantly larger than in B2C
are obvious: it is not the number of users, but the volume of transactions
that is significantly higher in B2B. A manufacturer selling plumbing supplies,
for example, may have only hundreds of plumbing company buyers but each
plumber has hundreds of clients, compounding the volume of transactions
through the manufacturer's sales channels. Fewer buyers generate more
business for vendors. But these few customers are quite demanding when it
comes to processing their purchases as efficiently as possible.

"Buying in B2B is driven by efficiency, rather than impulse."
– Brad Soo, Product Marketing Manager commercetools

[1] https://www.internetworld.de/
[2] https://go.forrester.com/
[3] https://go.forrester.com/

B2B Customer Journey

Purchasing processes in B2B are changing. Whereas in the past, the manufacturer or distributor sales team was the first point of contact for buyers, businesses today want to buy online and take advantage of personalization as well as have a digital paper trail.

Gartner found B2B customers are already 57% of the way down the purchase path before contacting a sales rep. [4] This means that self-directed online purchasing is the norm and B2B commerce sites have to focus on the end-to-end experience.

There are also purchasing processes in B2B in which no people are involved at all. API standards like OCI and EDI allow businesses' ERP systems to communicate with each other. For instance, if a company needs spare parts, its internal systems can send orders to vendors with just a single mouse click or are even fully automated.

> *"B2B companies must move away from thinking digital is simply a commercial order entry channel. Instead, they need to see it as a driver of omnichannel, end-to-end customer experiences combining branches, distributors, salespeople and contact centers seamlessly with the web."*
> – Accenture Interactive[5]

The Purchase Experience is Key

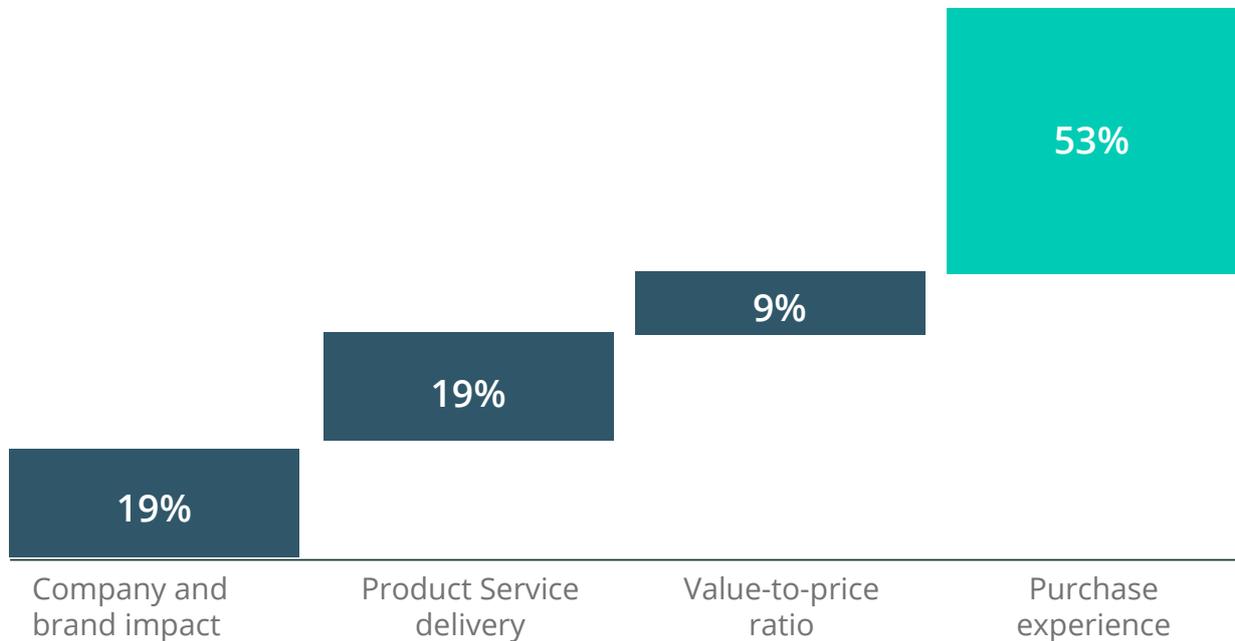Even though purchases in B2B are highly standardized and often done without people being involved in the process, the purchase experience still plays a decisive role in sales success. The experience that buyers have when making a purchase in a B2B procurement platform is crucial for customer loyalty, which plays an important role in B2B business.

[4] https://www.gartner.com/en
[5] https://www.accenture.com/

Key drivers of customer loyalty

			53%
		9%	
	19%		
19%			
Company and brand impact	Product Service delivery	Value-to-price ratio	Purchase experience

Surce: Gartner, Inc.[6]

As many transactions in B2B are increasingly automated between machines, the buying experience is not limited to humans, but also to buyer's systems; they should communicate seamlessly with the vendor's systems.

> *"Purchase experience applies not only to people, but also to machines."*
> – Brad WJ Soo, Product Marketing Manager commercetools

[6] https://www.gartner.com/

B2B vs B2C

This table gives a rough outline of the main differences, which we explain in more detail below.

	B2B	B2C
1. Buyer	Buying center, purchasing department	Single buyer
2. Buying	Continuous Buying Cycle: Recurring orders (structured, predictable)	One-Time Buying Cycle: Individual orders (inspirational, spontaneous)
3. Workflows	Individual buying and approval processes, cost centers, aftersales	Simple order logic, limited after-sales
4. Sales	CRM-driven: Retaining and maintaining existing customers	Campaign-driven: Acquiring new customers
5. Touchpoints	Sales reps, customer service, procurement platform (machine to machine)	Online forms, e-mail, chat, search
6. Products	Complex, many variations, configurable	Simple, few variations
7. Search	EAN-driven: "specific" results	Keyword-driven: "fuzzy" results
8. Pricing	Complex, customer-specific, local pricing	Simple, discount-logic, local pricing, campaigns/promotion
9. Payment	Primarily by invoice, credit cards	Various methods (credit cards, PayPal, etc.)
10. Content	Product description, datasheets	User stories, brand experience
11. Interface	Focus on technical interfaces such as OCI and EDI, efficient workflow, digital procurement	Focus on "human" interfaces to create memorable customer experience, inspirational

> *"In order to be successful in technology, retailers must consistently align their eCommerce to the customer on the one hand and their own strengths on the other. We manage this balancing act with a B2B shop that is open for various brand products."*
> – Dipl-Ing. Andreas Viehweger, CEO HENKA Tools + Machine Tools[7]

[7] https://commercetools.com/

Technological requirements in B2B

The differences between B2B and B2C mentioned above result in a number of functional and systematic requirements for digital commerce ecosystems in B2B. Let's take a closer look and examine the requirements in each category.

1. Corporate Buyers

Unlike B2C, where people usually buy for their own needs, B2B buyers act on behalf of companies. Usually, several people are involved in recurring purchase processes.

Technology Requirements

Integrate procurement system: Supplier management, sourcing, and contract management must be aligned with ordering functions and processes in the procurement platform.
Manage users and rights: People involved in the buying workflow are given specific rights according to their tasks and roles in the buying center.

Tip: Digital workflows combined with rights management can quickly become very complex. It is therefore advisable to first implement the processes in the system that brings the maximum benefit with minimum effort.

2. Continuous Buying Cycle

Purchases in B2B, such as consumer goods or spare parts, are usually recurring orders in similar quantities. Spontaneous purchases are rather rare; instead, often large quantities are ordered.

Technology Requirements

Enable bulk purchases: To simplify ordering large quantities of different products, buyers should be able to upload their own parts lists to place their orders.
Request a quote: For very large purchase volumes, it is common that buyers first request an individual offer before they buy. A B2B procurement platform should offer this form of purchase if necessary.

Tip: Many customers prefer to switch to another source instead of taking the time to express their needs. Ask your customers regularly for feedback on missing features or processes with your online ordering system. This will help inform your commerce development.

3. Buying Workflows

Purchasing, especially in large companies, follows defined processes and responsibilities in the buying center. Digital commerce systems should support these in the best possible way.

Technology Requirements

Cost centers & budgets: Buyers should be able to assign their orders and invoices to defined cost centers. Budgets can be assigned to each cost center.
Release workflows: Purchase processes that apply offline must also be reliably executed online. Digital approval workflows help buyers to comply with company regulations.

Tip: Digital workflows combined with rights management can quickly become very complex. It is therefore advisable to first implement the processes in the system that brings the maximum benefit with minimum effort.

4. CRM-Driven Sales

The strategic sales focus in B2B is to retain existing customers. Data on existing customers collected at all purchase touchpoints and processed in a CRM system is key to successfully maintaining customer relationships.

Technology Requirements

Integrated CRM system: Like all other sales support functions, customer data management should be an integral part of the commerce ecosystem.
Manage touchpoint data: Collecting and processing real-time data on customer purchasing behavior is key to superior purchasing experiences.

> *"The better retailers know their customers, the better they can support them in their purchases. This creates trust and helps them stand out positively from the competition."*
> – Sebastian Scheibe, CRM-expert and CEO at Vision11[8]

Tip: In many cases, integrating customer data from CRM into digital commerce requires merging data from different sources within the company. Be sure your system complies with country-specific data rules like GDPR.

[8] https://www.ecube.de/

5. Purchase Touchpoints

While personal contact with sales staff remains the number one buying channel in B2B, the number of purchases performed online is constantly increasing. This also applies to B2B procurement, where the systems of sellers and buyers are seamlessly connected.

The challenge for retailers who want to grow sustainably with their digital business is to merge old and new sales channels into an omnichannel strategy. Technology can help by facilitating the work of both the sales team and buyers.

Requirements on technology

Connect customers procurement: Automation helps make procurement more efficient and reliable. To achieve this, processes and systems on both sides, at the retailer and at the buyer, must be aligned.
Laying the Foundation for Omnichannel: While most purchases today still happen at customer desktops, new channels are emerging. A digital commerce architecture must be able to integrate chat bots, social channels, IoT devices, moving cars and much more via flexible API.

Tip: Regardless of whether you're just starting, or enhancing your digital business, always focus on technologies that deliver maximum business value simultaneously across multiple touchpoints.

6. Products

Products in B2B can be very complex and product catalogs can be vast. The more complex a product is, the higher the demands on the quality of product data in an online procurement platform. Product data is an important driver for sales; the better its quality and the more attractive the products are presented in the platform, the better the data will support important functions such as search or cross-selling recommendations.

Technology Requirements

Integrated PIM system: Product data should be stored and processed centrally using a product information management system (PIM). Interfaces to other systems, such as ERP systems, enable the seamless exchange of product data.
Product data consolidation: Automation based on smart algorithms can help retailers to sustainably ensure and even improve the quality of their product data for online sales.

Tip: Our partner eCube is specialized in the automated processing of product data for online sales. Their tool "Chioro" helps retailers to systematically improve the quality of their product data.

7. Product Search

B2B buyers want simple search engines in online procurement platforms, since highly regular customers usually search by product number (EAN). Nevertheless, retailers should offer their customers an intelligent search function that can handle different types of search queries.

Requirements on technology

Artificial intelligence out of the box: Providers like Factfinder, Findologic, and Bloomreach offer smart search functionality as a ready-to-use service. This can be integrated very easily into a service-oriented system architecture.
Speed up full-text searches: Full-text search is resource-intensive and can slow down systems. An inverted index can accelerate the processing of queries.

Tip: Search engines that are already installed in commerce systems may have their weaknesses. Instead of building their own smart search or even training with artificial intelligence, online retailers should use search engine services that already exist.

8. Individual Pricing

Besides specific ordering processes, the calculation of prices for products in B2B differs significantly from B2C, as very large volumes are usually ordered on a recurring basis. Pricing for bulk orders is calculated on the basis of scaled prices, which in many cases are also individually discounted. Smart algorithms can help calculate very complex prices accurately and in real-time.

Technology Requirements

Custom pricing logic: Regular customers expect vendors to provide individual prices and discounts for their purchases. The pricing engine in the commerce system should, therefore, allow customer individual pricing logic.
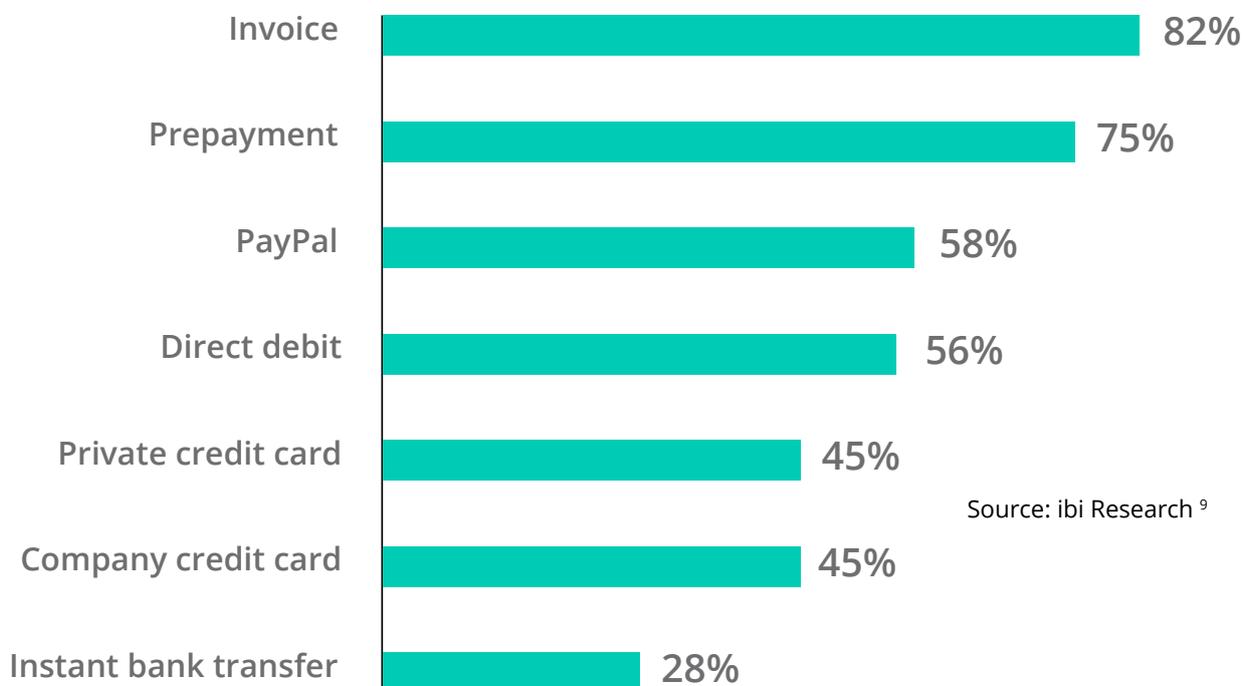**Dynamic pricing:** Machine learning can help measure and automate the optimization of price performance in real-time.

Tip: Using a smart pricing engine to align online prices with other channels such as sales, marketplaces, and social platforms further expands your omnichannel commerce strategy.

9. Payment

Payment in B2B commerce can be regarded as fairly traditional; payment methods such as invoice, advance payment, and direct debit still play a major role. "Digital" payment by credit card and instant bank transfers are gradually gaining importance.

What payment methods German B2B retailers offer their customers

Invoice **82%**

Prepayment **75%**

PayPal **58%**

Direct debit **56%**

Private credit card **45%**

Source: ibi Research [9]

Company credit card **45%**

Instant bank transfer **28%**

Top down: Invoice, Prepayment, PayPal, Direct debit, Private credit card, Company credit card, Instant bank transfer

Tip: Prepare for the future and drive change by offering your customers incentives to use digital payment methods that you consider more efficient.

[9] https://ibi.de/

10. Content commerce

Many retailers enhance their online platforms with content resources such as specialist blogs, media libraries, and download options, that create additional value for their customers. Especially in highly competitive markets, content can drive customer experience and SEO.

Technology Requirements

Integrate with product data: For product information and marketing content to work together, each piece of content must be managed, tagged, and processed like a regular product.
Customized content: Integration with product data and tracking of user behavior allows content to be personalized according to the buyer's individual needs.

Tip: **Content for digital commerce should be useful and free of ostensible product promotion to provide real added value for customers.**

11. User and machine Interface

B2B commerce is primarily about enabling efficient processes for buyers. This requires seamless integration between buyer and seller systems, as orders are usually recurring and, therefore, at least partially automated.

Technology Requirements

Integration via standard APIs: To tap the full potential of automation in purchasing, buyer procurement systems are directly connected to your digital commerce system.

Tip: **A headless system architecture such as the commercetools platform enables not only the integration of functional services into the vendor's system but also to connect external systems of buyers and partners.**

The Need for Flexibility

Markets and customer requirements in B2B are constantly evolving. Digital commerce systems that used to work for years without being adapted or extended are now reaching their limits. The strength of many modern systems lies in their ability to adapt flexibly to new requirements and to grow as businesses grow.

Hybrid Microservices Approach

How do those requirements translate into technology and infrastructure? The best approach is a mixture of using a standardized commerce platform and tightly integrated and modularized custom developments.

In this context, so-called "headless" commerce solutions, where the customer-facing frontend is decoupled from the backend layer, are becoming a very interesting option. Organizations can build personalized customer experiences, gain the freedom to experiment, increase their agility and scale more efficiently using the headless paradigm.

Principles of headless commerce:

- **Flexible data model:** Instead of a fixed and rigid database structure, B2B companies need the freedom to add attributes, group them and model their catalog the way their business model requires it.
- **Interfaces and communication:** They also require a platform that relies on APIs to be able to extend and to communicate with other services; as we have seen with the OCI/EDI standards, there must be an easy way to bind different systems together.
- **Headless approach:** The future success of B2B companies is tightly connected to their ability to model various customer journeys; so separating frontend and backend processes and connecting them via a strong and flexible API is future-proof.
- **Fast custom development:** With all the basics/commodity functions taken care of (flexible data model, fast and well-documented API), an organization can focus on building the functions which really create added customer value.
- **Scalability:** For maximum efficiency and fast time-to-market there really is no alternative to a cloud-based solution; organizations need to be able to deploy functionalities fast and at scale without having to spend resources on maintaining their own server infrastructure.

How to start in headless commerce?

This question is particularly relevant for retailers who have been doing digital business for a long time and whose commerce system is aging. Technologies are beginning to get outdated and structures are increasingly becoming too inflexible to be adapted when needed. We call such static software structures monoliths.

There are essentially two ways to move from a monolith to a flexible, service-based architecture:

1. Press reset and restart with a newly developed system.

2. Unbundle the existing system function by function and transfer it to a new service structure ("strangler pattern").

The path you choose depends on several factors. It requires a thorough analysis of the status quo and the company's strategic long-term objectives. Our client Trox has decided to completely rebuild its commerce system.

Best Practices

Case Study

From monolith to modular architecture

Company: TROX GmbH, Germany; a global leader in the design, manufacture, and distribution of components, devices, and systems for room ventilation and air conditioning.

Challenge: Relaunch the company's webshop with organically grown structure and replace a 40-year old ERP system; replace complex product finder software responsible for assembling and pricing highly individualized products from up to 30 million possible configurations.

Solution: Easy and seamless implementation of product configuration and ERP processes through the commercetools platform which is built natively on APIs using flexible microservices.

Download *full case study*   **www.trox.de**
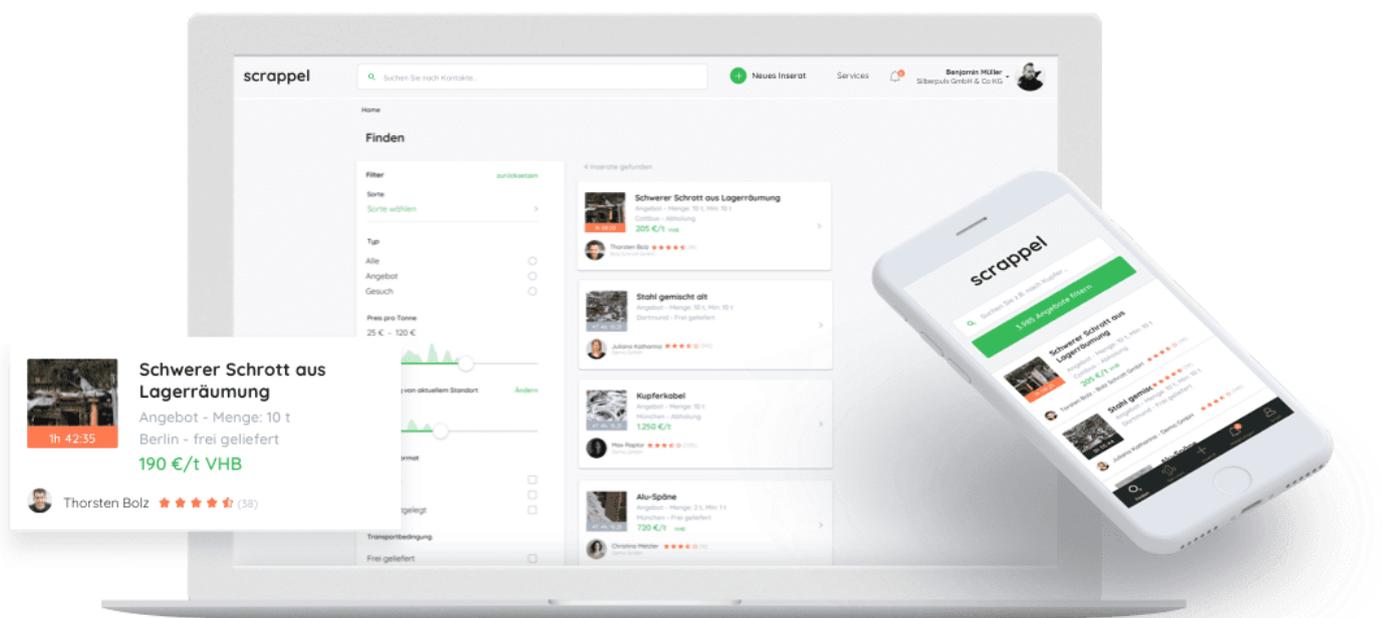
Case Study:

Traditional scrap trading goes digital

Company: Scrappel is a digital B2B platform that helps manage and process the trading of recyclable materials end-to-end from business initiation to automated billing.

Challenge: Take the marketplace to the next level to meet both market's and new investors' demands for efficiency, transparency and confidence in the scrap trade.

Solution: New mobile scrapel app based on commercetools mimics standard scrap trading processes using messaging functions to attract a wider range of traders.

Download *full case study*

www.scrappel.com

Case Study

Boost sales success with interactive product catalog

Company: Geberit is a leading international company from Switzerland which specializes in the manufacture and worldwide supply of sanitary technology.

Challenge: Breaking new digital ground in product presentation and digitizing processes without changing the existing three-stages sales model or the established partner network.

Solution: Flexible, omnichannel business platform based on commercetools that provides product data for a wide range of current and future sales channels.

Download full case study

www.geberit.de

Case Study

Connecting robots, partners and users in one ecosystem

Company: Franka Emika is a German robotics and automation company and creator of the world's fastest selling industrial robotic system the 'Panda Powertool'.

Challenge: Transform robot management platform 'Franka World' into a commerce platform to attract new user groups and increase engagement of customers and partners.

Solution: Relaunch of 'Franka World' using commercetools as the foundation for a system architecture that can be adapted and expanded at any time and with minimum effort.

www.franka.de

Case Study

Create a modern B2B web shop
to strengthen online sales

Company: HENKA is a medium-sized company from Germany specialising in technical consulting and selling tools, mainly for the metalworking industry.

Challenge: Previously part of a network of merchants sharing an e-commerce platform, HENKA planned to build its own online shop flexibly adaptable to changing requirements.

Solution: HENKA's new commerce platform based on commercetools' headless solution allows seamless and flexible integration of retail partners and third-party product data.

Download full case study

www.henka.de

About commercetools

commercetools is a next-generation software technology company that offers a true cloud commerce platform, providing the building blocks for the new digital commerce age. commercetools is one of the fastest growing enterprise software companies in Europe with 300 employees at its offices in Munich (HQ), Berlin, Jena (GER), Amsterdam (NL), London (UK), Zurich (CH), US Durham (NC), Singapur (SG), and Melbourne (AU). The cloud-native platform enables brands and retailers to build innovative shopping experiences across all touchpoints like web, mobile, voice, in-car and many more.

www.commercetools.com

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