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Digital

# Four B2B commerce trends that separate front runners from the pack.

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B2B customers want easier, faster ways to discover, configure and purchase products and services. More and more, they're vetting B2B sellers on the basis of not only product specifications, pricing and other traditional factors, but on the digital experiences they deliver.

Many sellers recognize this—and are adapting to the increasingly digital landscape shaped by customers' changing preferences and behaviors.

In this environment, the gap between succeeding and stagnating can widen fast if digital capabilities lag—and most B2B companies acknowledge this fact. In mid-2023, Deloitte Digital conducted a study of more than 500 B2B executives at US companies and discovered that 77% of B2B executives agree that digital transformation is critical to their company's success (*see Methodology, page 17, for details on the study*).

The crux of digital transformation, however, isn't simply *doing* digital, but doing it right. In recent years, many B2B companies have answered the imperative to upgrade back-office systems. For many, this has been reactionary—a response to looming deadlines after which legacy enterprise resource planning (ERP) support will expire. Meantime, fewer companies have heeded the pressing need to modernize their front-office systems to support B2B commerce and other customer-facing interfaces, instead opting to kick that transformation can down the road.

Our research found that the most effective B2B companies (we call them *front runners*) are now addressing these dual transformation needs not as disparate challenges, but as interconnected opportunities. In doing so, they're creating new sales channels that customers truly want and spawning new revenue streams.

In this report, we'll delve into our research findings and explore four trends in B2B commerce that front runners are embracing to tackle challenges, digitally transform and soar past competitors.

**B2B COMMERCE = DIGITIZED BUYING AND SELLING.**

*In recent years, B2B commerce has come to mean all digitized capabilities that streamline the buying and selling process between businesses. It encompasses direct e-commerce platforms, B2B online marketplaces, sales-assisted digital sales and procurement system integration (also known as "punchouts").*

**TREND 1:**

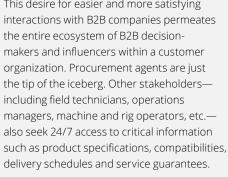# Moving at the pace of customer expectations.

The demographics of B2B have changed, with the prevailing workforce in the United States now dominated by millennials[1] who came of age with smartphones in hands and laptops in backpacks. As B2B customers, their expectations are deeply rooted in the era of digital convenience.

Gone are the days when customers were content to leaf through paper catalogs with product details that could be obsolete by the time the ink dried. Today, customers want real-time access to inventory data and interactive product images. They expect transparent and personalized pricing quotes within minutes, not hours or days. And they prefer to track product delivery status on their own timetables, rather than relying on contacting a service representative during specific working hours.

This desire for easier and more satisfying interactions with B2B companies permeates the entire ecosystem of B2B decision-makers and influencers within a customer organization. Procurement agents are just the tip of the iceberg. Other stakeholders—including field technicians, operations managers, machine and rig operators, etc.—also seek 24/7 access to critical information such as product specifications, compatibilities, delivery schedules and service guarantees.

However, the reality for many B2B companies is that their traditional, manually intensive processes hinder their current abilities to meet these digital expectations. In our research, nearly half of B2B companies described their current purchasing process as extremely or very manual. **A mere 17% of companies described their own online purchasing process as "very easy."**

*Over 3 in 4 B2B companies said their customers demand a digitized sales process ... yet nearly the same amount (71%) describe their own processes as moderately to extremely manual.*
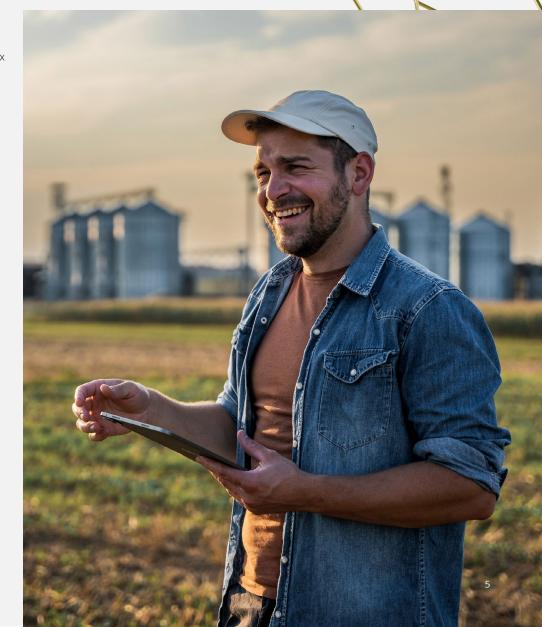
Failing to adapt to rising customer expectations is costly. B2B customers are less inclined to spend company dollars if they have to navigate convoluted manual processes, endure prolonged wait times or wrestle with outdated systems. Companies estimate that 13% of total sales, on average, are lost because of customers' negative experiences with their sales process—or more precisely, the absence of easy-to-use digital capabilities.

Our research showed that front runners have carved out advantage by keeping pace with customer expectations. They've deployed B2B commerce solutions that make it easy and efficient for customers to interact and buy online. As a result, front runners were nearly twice as likely as their less effective counterparts to report improvements in their net promoter (NPS) and/or customer satisfaction (CSAT) scores. They were also 1.4x as likely to report stronger customer trust.
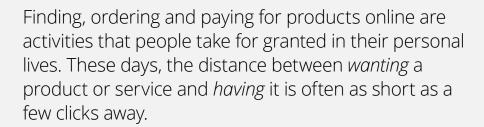
The higher levels of customer satisfaction and trust translate to enduring business relationships. **B2B front runners boast retention rates that outshine their less effective competitors by a substantial 21 percentage points.**

*13% of total B2B sales are lost, on average, because of negative customer experiences with the sales process.*

# Reducing sales friction and creating new growth.

Finding, ordering and paying for products online are activities that people take for granted in their personal lives. These days, the distance between *wanting* a product or service and *having* it is often as short as a few clicks away.

But in the B2B environment, obstacles still stand in the way of this kind of ease and efficiency. And as we noted in the previous section, the lack of ease and efficiency is costing B2B companies not just one-off transactions but eroding long-term relationships too.

That's compelling many B2B companies to begin embracing the trend of digitizing sales processes. When we asked companies to identify the biggest customer challenges they're trying to solve, they highlighted issues that lie at the very core of B2B sales: product ordering, payment, product configuration and service / support. (*See below.*)

The best way to address them? B2B commerce. Accordingly, surveyed B2B companies said their No. 1 priority for technology investment in 2023 is an e-commerce platform that enables them to sell products and services online.

Among its many capabilities, an e-commerce platform to support B2B commerce shifts an otherwise complex ordering process to a user-friendly online environment. Customers can search for products and services and place orders at their convenience. Real-time inventory information helps ensure they're aware of product availability, reducing the chance of finding out later that a product they ordered is out of stock. In addition to product catalogs tailored to customers' specific needs, intelligent recommendation tools can suggest complementary products or services during the ordering process that simplify cross-selling efforts and can increase order value.

*B2B companies say their No. 1 priority for technology investment is an e-commerce platform that enables them to sell products and services online.*

**MORE THAN HALF OF B2B SELLERS PLAN TO ADDRESS THESE CUSTOMER CHALLENGES IN THE NEXT 12 MONTHS WITH DIGITAL SOLUTIONS:**

*56%*
Paying for products

*54%*
Configuring desired products

*52%*
Ordering products

Likewise, the challenge of paying for products is eased by B2B commerce. Customers can access their invoices and make payments digitally based on the terms and credit agreements already in place, eliminating the need for manual processing. This also lessens the burden of payment tracking because customers receive immediate confirmation of their order as a receipt of payment.
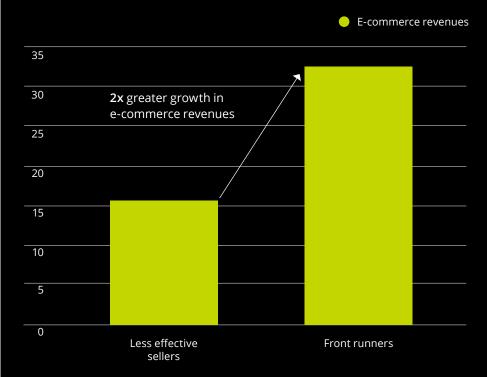
Product configuration—traditionally one of the most manually intensive challenges in B2B—also becomes simpler and more interactive with B2B commerce. Configure, price, quote (CPQ) systems can be integrated into commerce platforms, allowing customers to select the right options and features for their specific needs, without involving a sales representative. And once customers have products configured to their needs, a CPQ system can instantly generate accurate pricing that factors in negotiated pricing terms or promotions.

Customer service and support is enhanced through digital capabilities too, with self-service portals that empower customers to find answers on their own or to simply click to get direct assistance from support agents through live chat. For instance, customers can access knowledge resources and FAQs themselves to get product specs, user manuals or other information. And they can update account information like contact details and payment preferences themselves, without spending additional time on a call or email.

And what's good for customers is good for B2B companies. The efficiencies harnessed from digitizing sales not only enhance customer experiences but also fuel revenue growth for B2B companies. The advantages are particularly evident among front runners, who are reaping the benefits of their investments in digital capabilities with an impressive 2x higher year-over-year growth in e-commerce revenues compared to less effective sellers.

## FRONT RUNNERS' STRATEGIES DRIVE REVENUE GROWTH.

● E-commerce revenues

**2x** greater growth in e-commerce revenues

| | Less effective sellers | Front runners |
|---|---|---|

# Driving the value case for the front office on top of back-office ERPs.

Many B2B companies face the need to upgrade their back-office systems (particularly ERP platforms) to scalable cloud systems. Not only is support and maintenance for older on-premises systems phasing out soon, but newer cloud systems can offer far more powerful and adaptable features and functionality.

Our research found that almost half of surveyed companies have upgraded or planned to upgrade their ERPs in 2023, and another 35% said they planned to upgrade in 2024. **Among the companies that are upgrading or planning to upgrade their ERPs, 90% said the upgrade is part of a larger digital transformation initiative.**

Historically, when leaders have felt pressure to modernize their back-office systems, investment in front-office systems including B2B commerce has often been pushed back. But that's changing. Customers today prioritize sellers who offer digital tools—and they're spending more with those sellers. The increased revenue from B2B commerce is bolstering the business case for doing *both* front- and back-office digital transformation at once.

As B2B sellers evaluate their return on investment for digital transformation initiatives, they're finding that modernized front-office systems require a smaller investment than do back-office systems such as ERPs, but—thanks to fresh, ongoing revenue streams generated by B2B commerce—drive a larger share of the value case.

This trend explains why nearly half of B2B companies said they've integrated or plan to integrate B2B commerce with their cloud ERPs in 2023. And for good reason: front runners are almost 3x more likely than less effective sellers to have done so—and are reaping the benefits through increased revenue from B2B commerce solutions.

*New revenue streams from B2B commerce strengthen the business case for broad front- and back-office digital transformation.*

*45% of surveyed B2B sellers plan to or have already integrated B2B commerce with their cloud ERPs in 2023.*

## FUELING FRONT- AND BACK-OFFICE TRANSFORMATION WITH B2B COMMERCE.

### FRONT OFFICE

Marketing

Sales

**B2B commerce**

Service

### BACK OFFICE

Fulfillment

Supply chain

Data warehouse

Financial accounting

Demand planning

Modernizing customer-facing and back-office systems in tandem has many advantages. B2B sellers can make faster, smarter decisions by triangulating the customer and operational data that flows through their organizations. With real-time insights, companies can deliver the kind of responsive customer experiences that drive stronger sales and deeper loyalty. For example, by linking supply chain systems with front-office systems, companies can provide customers with a real-time understanding of product availability and shipping times—allowing them to make informed, confident choices about which products to order and when to expect them.

Integrating front-office and back-office systems also supports more responsive order management and helps eliminate manual processes. For instance, by linking commerce to back-office systems, a purchasing order placed online automatically triggers warehouse fulfillment, saving time and reducing the possibility of mistakes.

This means fewer costly returns and order corrections.

In addition, having such an integrated view of inventory levels can provide sales teams with important input into pricing and promotions. When excess inventory of a product sits for too long, sales teams can proactively discount it. Similarly, they can maintain strong pricing on products when inventory is low.

*TREND 4:*

# Unleashing new channels for revenue growth.

Our research found that B2B companies are using their initial investments in an e-commerce platform as a springboard for omnichannel B2B commerce.
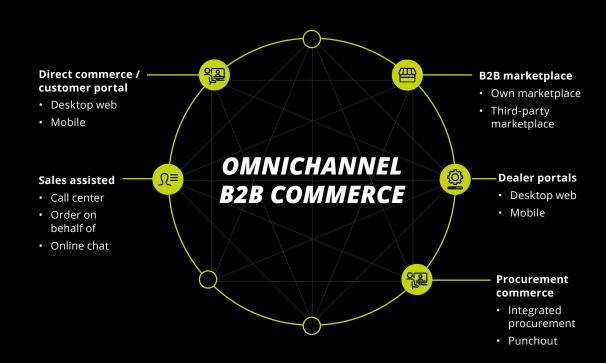
Once a platform is deployed, companies are unleashing it to deliver impactful, consistent experiences across multiple channels, including direct commerce, B2B marketplaces, sales-assisted interfaces, dealer portals and punchout solutions embedded in customer procurement systems.

Front-runner B2B companies' omnichannel strategies are paying off. By leveraging a range of digital channels, they're maximizing their return on investment and driving robust revenue growth. Front runners estimated that their customers spend 62% more on products and services, on average, when their buying experiences are consistently positive.

A direct B2B commerce channel with a customer-friendly interface is the foundation for an omnichannel approach. With a direct channel, customers are able to research and buy products, access account information, check order status and more, all from a website or mobile app that delivers tailored experiences based on their buying behaviors. Once a B2B company has gained experience and new revenue streams through its direct channel, it may be ready to explore additional channels.

*MORE TOUCH POINTS, MORE POSITIVE CUSTOMER EXPERIENCES.*

**Direct commerce / customer portal**
- Desktop web
- Mobile

**Sales assisted**
- Call center
- Order on behalf of
- Online chat

**OMNICHANNEL B2B COMMERCE**

**B2B marketplace**
- Own marketplace
- Third-party marketplace

**Dealer portals**
- Desktop web
- Mobile

**Procurement commerce**
- Integrated procurement
- Punchout

13

The **B2B marketplace** is a channel genre that has gained momentum in recent years, particularly among companies with a mature B2B commerce strategy. By creating their own marketplaces, B2B companies can drive new revenue by expanding the range of offerings for customers with carefully vetted, complementary products and services from other companies. Another option for B2B companies is to sell their products and services through other companies' marketplaces.

A thoughtful omnichannel strategy also recognizes that some customers prefer to interact with a person, rather than a digital interface. **Sales-assisted strategies** that straddle that divide between traditional and digital sales empower sales and service center reps to place orders over the phone or through online chat on behalf of a customer. For instance, if a customer reaches out to a B2B company via online chat to ask about a particular product, the service center rep can convert that inquiry into an order by either placing the order directly or sharing their screen with the customer to help place the order.

Another important and growing channel for B2B companies is the **integrated procurement—or "punchout"**—solution. Punchouts are particularly compelling for sellers serving large companies that have their own sophisticated procurement platforms. They allow customers to access a seller's B2B commerce site, select items and complete the checkout process directly from within their own company's platform. A seamlessly integrated punchout can strengthen relationships and support stronger sales volumes because customers don't waste time (and risk making a mistake) toggling between two systems.

**Portals** that help dealers sell products and/or services to end customers are another consideration in the omnichannel quiver. Seamlessly integrated into a B2B company's own systems, dealer portals may be branded under the dealer, and yet give customers the same, consistent experience of browsing, purchasing and order tracking that they'd receive through the B2B company's direct channel. In some instances, dealer portals may lessen manufacturing companies' dependence on distribution companies, allowing manufacturers to create digital experiences that are consistent with their customer segmentation strategies.

Regardless of a company's size or sector, omnichannel B2B commerce requires a dynamic approach. Digital innovation and evolving customer expectations will give rise to a flurry of potential new channels, and it will be important for B2B companies to choose channels that both align with their customer segmentation strategy and are appropriate for their industry. Most companies begin with direct commerce capabilities and then add other channels that help them reach their goals. The key to embracing this trend is to be sure that wherever your customers want to be, you'll be right there too, delivering a consistent and positive experience.

*B2B customers spend 62% more on products and services, on average, when their buying experiences with front runners are consistently positive.*

# Conclusion

To win in the new B2B environment, companies need to anticipate what their customers need—and then deliver it ahead of competitors. The four trends that emerged from our research show that B2B commerce is one of the most powerful ways to do just that. When you embrace B2B commerce, it leads to stronger customer relationships all around: higher satisfaction, stronger spending, better retention, deeper trust … the list goes on.

And it's not just your customer relationships that improve with B2B commerce; your organization itself grows stronger and more resilient too. As our research revealed, front-running companies are using B2B commerce and the new value it generates to drive a

strong business case for broader digital transformation, such as ERP upgrades.

The message is clear: businesses that keep up with these trends are setting themselves up for success.

***TO GAUGE WHERE YOU STAND IN THIS EVOLVING LANDSCAPE, ASK YOURSELF THESE QUESTIONS:***

- If you're doing a back-office upgrade, have you looked at how the value generated from adding front-office improvements can drive an overall stronger business case?

- How are you making it easier for customers to do business with you?

- Are you optimally serving your customer segments by leveraging their preferred commerce channels (e.g., direct commerce, marketplace, sales-assisted, punchout)?

- Could B2B commerce help you generate new revenue by addressing customer segments you've not been able to serve effectively in the past?

***COMPARED TO LESS EFFECTIVE SELLERS, B2B FRONT RUNNERS ARE REAPING THE BENEFITS OF THEIR B2B COMMERCE STRATEGIES:***

## 1.8x
as likely to cite improved customer satisfaction.

## 1.4x
as likely to cite improved customer trust.

## 70%
customer retention rate, compared to 49% for less effective sellers.

## 2x
higher year-over-year growth in B2B commerce revenues.

## RESEARCH METHODOLOGY

Original research results in this report are based on a blind survey conducted in April 2023 by Lawless Research on behalf of Deloitte Digital. Respondents included 530 director-level or above executives at US B2B companies with 1,000 or more employees. Company revenues ranged from $1B or more for 295 respondents, $500M to $999.9M for 112 respondents and $50M to $499.9M for 123 respondents. Based on this research, we developed a maturity model to define and score B2B commerce effectiveness, based on degree of digitization, purchasing ease, personalization, service and commercial team collaboration. In this report, we refer to the most effective 16% of respondents as "front runners" and the least effective 28% as "less effective sellers."

## SOURCES

1. Richard Fry, *Millennials are the largest generation in the U.S. labor force*, Pew Research Center, April 11, 2018, https://www.pewresearch.org/short-reads/2018/04/11/millennials-largest-generation-us-labor-force/.

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