



An Oracle White Paper
March 2011

Reinventing the Web Channel to Maximize B2B Sales and Customer Satisfaction

Introduction

Today's business-to-business (B2B) organizations are looking with renewed urgency for ways to improve efficiency, reduce costs, and retain existing customers. At the same time, they must make the right investments to drive more sales and improve customer satisfaction.

Many B2B organizations increasingly view e-commerce as the engine for profitable operations. They realize that success depends on incorporating modern e-commerce capabilities, such as rich and interactive displays, personalized content, effective online merchandising, and guided search. These capabilities have been proven and perfected over the past decade in business-to-consumer (B2C) implementations to help reduce costs and drive growth.

Nonetheless, many organizations continue to use antiquated systems that can't meet the complex requirements of running an efficient B2B e-business while providing the modern capabilities that today's customers demand.

This white paper describes how B2B organizations can use B2B online commerce to lower costs, retain customers, grow the business, and reduce complexity for customers—all essential activities for competing in the evolving marketplace. This white paper also identifies the characteristics necessary for a B2B e-commerce platform to meet the complex requirements of today's organizations while delivering the B2C experience that customers have come to expect.

"E-commerce platforms have a relatively low cost but high return on investment in the spectrum of enterprise IT projects and support a new or maturing revenue stream that meets the needs of a changing customer."

Forrester Research, "The Forrester Wave: B2C e-Commerce Platforms, Q4 2010", October 2010.

B2B E-Commerce Comes into Its Own

As online commerce continues to grow overall, customer expectations for B2B e-commerce are also changing rapidly. Companies serving business buyers are realizing that the old ways of doing business are no longer sufficient. B2B companies that wish to grow and become more profitable are looking to adopt e-commerce. Forrester Research explains, "e-commerce platforms have a relatively low cost but high return on investment in the spectrum of enterprise IT projects and support a new or maturing revenue stream that meets the needs of a changing customer."¹

This makes online commerce more important than ever in the B2B market. According to a recent study by Manufacturing Insights, "Although the ongoing down market has hit online purchasing growth as well, B2B e-commerce spending continues to grow and will take a share from the struggling offline economy."² Similarly, Managing Automation Magazine reports that "27 percent of survey participants said their business grew during the last two quarters of 2009. The internet has taken center stage in this recovery. While the goals of reaching new customers and developing new products and services aren't new, it's how they're doing it that's different this year. The internet is driving that rate of growth."³

As e-commerce comes to play a more central role in their business, B2B companies realize that their existing, often primitive e-commerce solutions are insufficient and are investing in improving their e-commerce platforms. Indeed, 48 percent of companies surveyed in a recent Forrester Research poll said that an e-commerce platform was their technology investment priority for 2010.⁴

The Benefits of Adopting Modern B2B E-Commerce

Today's e-commerce platforms enable companies to improve service, grow the business, and reduce costs. Although specific industries will benefit in somewhat different ways, most B2B organizations achieve the following benefits from adopting a modern B2B e-commerce platform:

- Improve operational efficiency and lower costs.
- Strengthen relationships with existing customers.

¹ Forrester Research, "The Forrester Wave: B2C e-Commerce Platforms, Q4 2010," October 2010.

² Manufacturing Insights, an IDC Company, "Key Strategic Challenges in B2B e-Commerce," May 2010.

³ Managing Automation, "Internet Is Engine of Manufacture's Growth, Study Says," April 2010.

⁴ Forrester Research, "Trends 2010: e-Commerce Platform and Technology," March 2010.

- Grow the business.
- Deliver the right information to partners, distributors and resellers, and customers.
- Provide a familiar, B2C-like customer experience.

“Although the ongoing down market has hit online purchasing growth as well, B2B e-commerce spending continues to grow and will take a share from the struggling offline economy.”

Manufacturing Insights, an IDC Company, “Key Strategic Challenges in B2B e-Commerce,” May 2010.

Increase Operational Efficiency and Reduce Costs

B2B e-commerce helps improve efficiency and reduce costs by automating previously manual, labor-intensive processes, and providing customer self-service options. The online channel automates a wide variety of processes that include approving buyer registration, delivering buyer-specific online catalogs, displaying contract-based pricing, and automatically enforcing contractual terms and conditions.

By offloading some tasks to customers and eliminating unnecessary or repetitive tasks, sellers gain the option to reduce headcount to lower back-office support costs, grow revenue without adding headcount, or refocus workers to higher-value-added activities. In addition, the online channel reduces communications costs for phone and faxing services, while more automation minimizes errors and rework.

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Forrester Research, “Trends 2010: e-Commerce Platform and Technology,” March 2010.

Improve Customer Retention

Providing an excellent customer experience plays a key role in customer retention. As Manufacturing Insights explains, “Fast commoditization of products, soaring buyer expectations and weak demand are calling for manufacturers to find ways to provide existing customers with additional value. These trends are increasing the focus on enhancing the customer experience during the purchase process to add value and improve customer retention.”⁵

Modern B2B e-commerce platforms help B2B companies improve the customer experience by making it easier for customers to do business with them, improving their responsiveness and service, and helping build their brand.

- **Making it easier to do business.** B2B e-commerce makes it easier for companies to implement streamlined purchasing, payment, and inventory processes while providing unique product assortment, pricing, and business flows. A B2B e-commerce platform can also dramatically improve

⁵ Manufacturing Insights, an IDC Company, “Key Strategic Challenges in B2B e-commerce,” May 2010.

and tailor the user experience by allowing vendors to provide rich pages, targeted dynamic content, and sophisticated search capabilities.

- **Improving responsiveness and service.** If a customer needs assistance during or after the purchase, e-commerce platforms help companies respond quickly and effectively through self-service, real-time chat, or voice services. Knowledge management capabilities make it easy for customers or agents to quickly find information about active cases so they can manage incidents with utmost efficiency. Organizations can resolve issues quickly, and recognize each customer as an individual to create a stronger, more profitable customer relationship.
- **Building the brand.** By using an online channel to strengthen relationships with customers, B2B companies have the opportunity to directly influence customers and establish a brand preference. Integration between e-commerce and social media such as communities can reinforce the brand and increase influence with end users. B2B companies can also gather information about customers in order to better understand and meet their requirements.

61 percent of respondents listed customer acquisition as their top goal.

BtoB Online, "Nearly 40 Percent of Marketers Plan to Boost Budgets," November 2009.

Grow the Business

The top goal for many B2B companies has shifted from cutting costs to growing revenue. Indeed, a recent survey by BtoB Online found that 61 percent of respondents listed customer acquisition as their top goal.⁶ Yet many organizations find that their ability to reach new customers or enter new markets is limited because of the high costs of maintaining and supporting a direct sales force.

B2B e-commerce helps bridge the gap between the desire to grow the business and budget constraints. E-commerce supports business growth by helping companies

- **Speed time-to-market for new products.** E-commerce solutions can streamline the product introduction cycle. For example, companies can publish online product catalogs faster by eliminating the time-consuming process of printing hard copies. Companies can also announce products online, rather than having to travel to multiple cities for a product roll-out.
- **Reduce risks and costs of entering new markets.** Opening a new sales channel over the internet allows some B2B suppliers to market their products to new geographies or industries at a fraction of the cost of establishing a direct presence in the targeted market.
- **Leverage the existing sales force.** Even when customers are serviced directly, account teams are often unable to uncover all of the potential opportunities in the account. E-commerce allows the

⁶ BtoB Online, "Nearly 40 Percent of Marketers Plan to Boost Budgets," November 2009.

sales force to offload routine activities so they can focus on building relationships, uncovering new opportunities, and nurturing complex deals that require more personal interaction.

- **Find up-selling and cross-selling opportunities.** By analyzing the information that B2B e-commerce solutions provide, suppliers can more easily determine which products or services are likely to appeal to which customers. They can then use cross-selling or up-selling techniques, in addition to automated recommendation solutions, to direct buyers to additional products they might want or need.
- **Offer customers their preferred channel.** Many customers prefer not to interact with a sales representative. Companies need a multichannel approach that includes e-commerce and a standard sales force to allow customers to use their preferred channel. Moreover, a good e-commerce site brings in additional customers regardless of whether those customers want to transact solely in the online channel. For example, customers may research a solution online before discussing it with the sales team.
- **Implement new business models.** An e-commerce platform enables new business models. For example, manufacturers can employ an e-commerce platform to sell directly to customers, while distributors can add value by providing convenient, personalized content or other services to the buyer's desktop.

"Customer expectations are being set by best-of-breed e-commerce sites: Shoppers quickly transfer their expectations from these sites to all sites they shop and expect similarly robust, rich, informative, responsive, and personalized experiences."

Forrester Research, "The Forrester Wave: B2C e-Commerce Platforms, Q4 2010," October 2010.

Deliver the Right Information to Customers

The number and complexity of products has been exploding due to tight competition, increasing product variations based on customer requirements, and the need to comply with safety and environmental regulations. The growth in products is exacerbated by decreasing product lifecycles. Because information about all of these products is typically scattered across multiple enterprise systems, suppliers have a difficult time making consistent product information available internally and across the value chain.

A modern B2B e-commerce platform aggregates product information into a central repository that provides a single, consistent, accurate, up-to-date version of the truth to customers and connected channels on demand, regardless of which back-office system contains any part of this information. In addition, the most-capable B2B e-commerce platforms offer personalization capabilities that can display the right information about the right product to each customer based on factors such as past history, geography, and so on. By establishing itself as the best and easiest source of information, the e-commerce site becomes a valuable tool that enhances sales and satisfaction.

Deliver a Compelling Experience Similar to Online Consumer Sites

One overriding trend in the technology market today is that consumer products are setting the standards in innovation, while enterprise technology vendors follow their lead. This is certainly the case

in the e-commerce market. Partners and customers alike have become accustomed to stellar online experiences in their lives as consumers. Hallmarks of the consumer experience include rich and interactive displays, personalized product recommendations and promotions, product reviews from other users, and plenty of content to guide customers.

Business buyers increasingly demand a similar experience as they access information and place orders in the B2B environment. Forrester Research notes, “Customer expectations are being set by best-of-breed e-commerce sites: Shoppers quickly transfer their expectations from these sites to all sites they shop and expect similarly robust, rich, informative, responsive, and personalized experiences.”⁷ A modern B2B e-commerce platform incorporates innovations from the consumer world to provide a superior customer experience.

“Manufacturers are more likely to emerge in a position of strength from the economic downturn if they put in place an effective B2B e-commerce strategy. This will give them the ability to face intense competition from home and abroad, as well as gain the responsiveness and reliability that is essential in this sector.”

Manufacturing Insights, an IDC Company, “Key Strategic Challenges in B2B e-Commerce,” May 2010.

Don’t Risk Falling Behind. Upgrade Your B2B E-Commerce Platform.

B2B organizations that choose to adopt a modern e-commerce platform will increasingly benefit as the economy continues to improve over time. Conversely, B2B companies that fail to adopt such strategies are likely to fall significantly behind their competitors. As Manufacturing Insights reports, “Manufacturers are more likely to emerge in a position of strength from the economic downturn if they put in place an effective B2B e-commerce strategy. This will give them the ability to face intense competition from home and abroad, as well as gain the responsiveness and reliability that is essential in this sector.”⁸

What to Look For in a Modern B2B E-Commerce Platform

Today, many B2B companies use outdated, homegrown systems, or e-commerce platforms from vendors that are inadequate to meet today’s requirements. For example, a legacy B2B-only e-commerce package that focused more on product configuration features may have solved that one challenge, but without the ability to easily and quickly provide a compelling user experience and deliver relevant, personalized content, it is nearly useless in today’s market. Homegrown systems often lack a great deal of functionality, as internal resources are stretched too far to keep up with market expectations across a wide range of requirements. Simple ordering portals have limited functionality that does not meet

⁷ Forrester Research, “The Forrester Wave: B2C e-Commerce Platforms, Q4 2010,” October 2010.

⁸ Manufacturing Insights, an IDC Company, “Key Strategic Challenges in B2B e-Commerce,” May 2010.

today's requirements for online experience. Many of these systems lack the scalability to meet customer demand with acceptable performance, and almost all of them lack the flexibility to allow companies to change functionality in response to evolving customer needs.

In contrast, a modern e-commerce platform makes it just as easy for B2B customers to make purchases online as it is for consumers. When implementing B2B e-commerce, B2B companies should look for the following:

- Core B2B e-commerce capabilities
- Segmentation and personalization
- B2C merchandising and marketing capabilities

Core B2B E-Commerce Capabilities

Although B2B e-commerce sites are similar to B2C sites, B2B requirements are often more complex. As a result, organizations will need an e-commerce site that is capable of addressing unique B2B e-commerce requirements that are not often part of B2C e-commerce.

According to Forrester Research, a B2B e-commerce platform must provide the following:⁹

- **Integration.** B2B e-commerce platforms typically require complex integrations with existing enterprise resource planning (ERP), customer relationship management (CRM), and inventory and manufacturing systems, as well as customer data and contract terms.
- **Support for different business models in the demand chain.** B2B organizations often require a single e-commerce platform to support distributors, resellers, retailers, and direct B2C channels. In this way, a B2B solution becomes a B2B2B or a B2B2C. To support these channels, the B2B e-commerce platform should offer strong catalog management, promotions management, content management, and order management.
- **Cross-channel content management.** B2B companies require a great deal of content to support the sales process, as well as online catalogs. The B2B e-commerce platform should manage this content across all channels.
- **Support for complex workflows and client self-management.** B2B customers require self-service access to a much more complex range of information than is typically required from retail-focused solutions. Examples include access to order approvals, order history, order sheets, replenishment cycles, contract terms, multiple-ship-to management, customer establishment, and purchase authorizations.

⁹ Forrester Research, "Market Overview: B2B e-Commerce Platforms," December 2009.

Segmentation and Personalization

As sites become more content rich and complex, B2B companies need to help customers find the right information and products. Visitors also expect to see relevant information without the clutter of content that is meaningless to them. One way B2B companies can achieve that objective is through personalization technology.

B2B commerce platforms that support customized versions of the site for different customers based on role, location, contract, customized catalogs, or assortments make it easier for customers to get the information they need and place orders that comply with their contracts.

Segmentation and personalization capabilities can also allow B2B companies to target customers with effective content, such as offers, useful information, and promotions that help drive the business. To deliver this level of personalization, the e-commerce platform should enable the creation of detailed customer profiles that include data such as role, customer size, business unit, browsing behavior, buying cycle stage, purchase history, account history, Website and call center interactions, demographic information, and more. E-commerce platforms can use these profiles to dynamically segment customers and personalize the content presented to them. Businesses can automatically match the right offer to the right person at exactly the right time. The result: more sales, larger transaction sizes, and stronger customer loyalty.

B2C Merchandising and Marketing Capabilities

While B2B e-commerce platforms must address complex business requirements, customers are looking for the engaging customer experience found on B2C sites. To deliver the experience customers expect, the B2B e-commerce platform must support sophisticated merchandising and marketing capabilities.

Merchandising

B2C environments provide customers with the offers and products most likely to interest them through merchandising capabilities, automated recommendations, and sophisticated search. A B2B e-commerce platform should also enable merchandisers to perform essential merchandising activities (for example, editing product attributes and site content, and adding or removing catalog items) without assistance from developers. The site should support flexible scenarios that react to visitor and other events and take merchant-defined actions that will enhance the customer experience, increase order sizes, and provide useful information about the customer for future action.

The B2B e-commerce site should be able to observe visitor behavior and automatically deliver relevant recommendations based on factors such as demographics, buying history, or the behavior of other visitors. User-generated content can enable buyers to use relevant postings to guide purchase decisions.

Advanced search capabilities can help customers browse the site more effectively as well as provide B2B companies a valuable merchandising tool. While natural-language search is now expected for any e-commerce site, more-sophisticated capabilities such as guided navigation (through the use of *facets* that allow filtering on product attributes) allow visitors to zero in on the products based on criteria that make sense to each visitor. A platform with advanced search and merchandising capabilities can deliver

more-relevant results by prioritizing search results, redirecting visitors based on the search terms, and excluding results based on the type of customer or other properties. For example, search results can be set to automatically weed out out-of-stock items or dynamically present cross-sell and up-sell offers tailored to customers' interests. With these capabilities, merchandisers have the tools they need to quickly direct customers to the most-attractive and most-relevant offers, drive revenues, and decrease inventory expenses.

Marketing

E-commerce platforms that offer campaign management tools can leverage customer information to enable marketers to develop and execute a successful Website and marketing strategy. Marketers should be able to create relevant, personalized, multistage outbound and service e-mail marketing campaigns that take advantage of segmentation and targeting. They should then be able to measure the effectiveness of campaigns by viewing statistics (for example, site visits, page views, and customer purchase activity). Marketers should also be able to perform multivariate testing of marketing promotions, online product segmentation strategies, and Website design and functionality to determine return on investment and to maximize results.

Conclusion

Modern B2B e-commerce platforms that are purpose built for B2B e-commerce and offer personalization, B2C capabilities, and service are now available to help B2B organizations meet the challenges of a skittish economy. Organizations that adopt such a platform today will gain the flexibility and agility they need to cut costs, retain customers, and grow. At the same time, B2B e-commerce technology will increasingly become a necessity for organizations that wish to achieve and maintain a competitive advantage.



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