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PIVOTAL TRENDS IN B2B ECOMMERCE



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EXECUTIVE SUMMARY

A NEW (DIGITAL) STANDARD ARRIVES FOR B2B SALES

The big B2B switch to the ecommerce channel is well underway, as studies show that many companies are spending significant amounts through online channels.

The last 12 months have been one big mood swing for U.S. manufacturers and wholesalers, thanks in large measure to the ongoing COVID-19 pandemic and supply chain disruption.

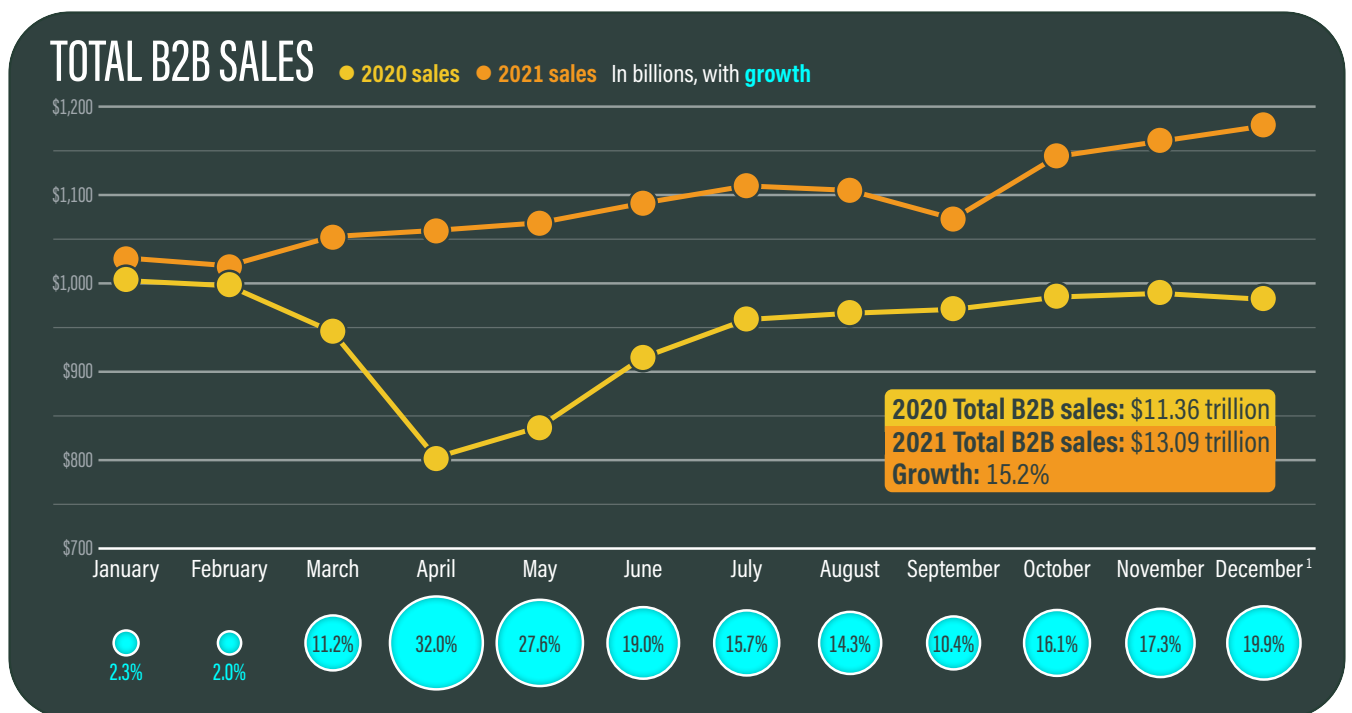
But if there was one constant, it was digital commerce. In 2021, online sales on B2B ecommerce sites, log-in portals and marketplaces increased 17.8% to \$1.63 trillion from \$1.39 trillion in 2020. B2B ecommerce in 2021 grew 1.17 times faster than the growth in all U.S. manufacturing and distributor sales, which increased year over year by 15.2% to \$13.09 trillion in 2021 from \$11.36 trillion in 2020.

B2B ecommerce sales accelerated in 2021 in large measure because more business buyers and sellers now see digital commerce as a more efficient and effective way to research and purchase corporate goods and services, according to recent surveys on ecommerce business behavior from industry analysts.

For example, the evidence continues to mount that B2B buyers are switching their corporate purchases to the online channel in a

big—and permanent—way, according to a fall 2021 survey of 750 executives from business research and consulting firm McKinsey & Co. The survey finds B2B customers now regularly use 10 or more channels to interact with suppliers, up from just five in 2016. Buyers are more willing than ever before to spend substantial amounts through remote or online sales channels, with 35% willing to spend \$500,000 or more in a single transaction (up from 27% in February 2021). 77% of B2B customers are also willing to spend \$50,000 or more.

“The next normal for B2B sales is here, and there’s no looking back—businesses are no longer cautiously testing the waters, incrementally (and sometimes reluctantly) inching their way online,” McKinsey says. “The pressures from COVID-19 have accelerated the shift.”



1. Digital Commerce 360 B2B estimate based on January through November data from the Commerce Department. Source: U.S. Department of Commerce.

More manufacturers and distributors now see digital commerce as their most active—and growing—customer base. More than a third of manufacturers project growth of at least 25% in B2B ecommerce sales over the two-year period of 2021-2022, according to data in “The State of International Ecommerce in Manufacturing” report by ecommerce research and technology firms Copperberg, Intershop and Evident. The report also notes that artificial intelligence and digital marketing and self-service tools are among manufacturers’ most popular investments, and technology integration and multiple business models among their biggest challenges.

As 2021 ended, many manufacturers regardless of size faced the same challenge—how to roll out or expand B2B ecommerce with an effective strategy that turned multitudes of first-time digital buyers into long-term valued customers. “While some businesses continue to struggle, we are seeing some industries grow and flourish during these challenging times,” says industry expert Karie Daudt, senior commerce consultant at Perficient and a veteran of B2B commerce. “So as demand continues to increase in specific



markets, the results from COVID-19 are driving the need to invest in digital channels and look for more ways to satisfy their customers and market demand.”

The acceleration of digital commerce is fundamentally changing the ways U.S. manufacturers and distributors conduct business. In the 2022 B2B Ecommerce Market Report, we size up how a new generation of digital buyers is shifting their organizational purchasing permanently online and explain in detail the trends driving the growth in digital sales. The report also analyzes whether that growth will likely be sustained in 2022 and beyond.

FOR THE FULL REPORT, PLEASE VISIT [DIGITAL COMMERCE 360](#)



Delivering helpful self-service ecommerce experiences through any channel

An executive conversation with **Ian Davis**, vice president, product management, Oracle

Online buyers today want to shop anywhere, anytime. They expect personalized experiences across all channels whenever and wherever they choose to engage with sellers. And they want to feel confident and informed when using self-service channels—whether they're B2B or B2C shoppers. Digital Commerce 360 spoke with Ian Davis, vice president of product management at Oracle Commerce, about how B2B and B2C companies can keep up with customer expectations by leveraging technology to deliver complete, self-service ecommerce experiences through any channel.

What are some current trends around B2B digital commerce and transformation?

Three key themes will shape the years ahead: unification of the front office, self-service purchasing for complex goods and services, and bringing the back office into the commerce experience.

Customers keep pulling more sales into digital channels, regardless of business readiness. To deliver on customer expectations, commerce administrators, marketers and sellers require unified tools to strategize around building a loyal customer base, product sales and revenue generation. Companies can achieve this through shared insights used to drive automated marketing campaigns, website personalization and trigger seller engagement. This linkage of lead generation and marketing activities all the way to conversion enables end-to-end campaign execution that is new to many B2B organizations. Transformation centers on providing a personalized buying experience, powered by relevant digital content, product information and real-time inventory across every stage of the purchasing journey.

Customer interactions and commerce transaction requirements are increasingly complex. B2B companies have to enable one-to-many relationships, dynamic pricing and custom catalogs, configuration and quoting, and recurring orders and subscriptions. Rather than passing that complexity onto the customer, transformation means making the simple use cases effortless and the complex use cases more easily achievable.

The commerce experience also has to enable business-wide outcomes and link into the operational and business processes to elevate the buyer-seller relationship—ensuring that payments are processed, orders are fulfilled, services are provisioned, and customer and order data is accurately captured and managed. Transformation requires a unified data model across the front and back office, so that real-time and lifetime data are synchronized, insightful and ready to be acted upon.

What challenges are B2B companies facing with their digital transformations today?

The pandemic accelerated change across industries that had

long been slower to adapt, while pushing customer expectations further. Some companies are catching up, while others are mastering omnichannel fulfillment, cross-channel marketing automation, and expanding into new product categories, across borders and regions, and into digital businesses. Companies that are struggling to keep up are those with outdated buyer perceptions, siloed experiences and poor self-service capabilities. These laggards really need to make strategic investments that drive the biggest impact.

How can they overcome these challenges?

Understand how your customer buys—not just as a business user, but as a consumer. They'll gravitate toward the experiences that understand their problems and solve them while boosting confidence in their purchases. Multivariate testing capabilities and behavioral analytics tools can help you learn how to design better experiences and illuminate blind spots to better engage customers all the way to purchase.

Understand how business user tooling impacts experience design and delivery—and ultimately conversion and retention. Nontechnical business users need unified tooling that enables them to work as individual contributors and as part of a larger team to achieve a more cohesive and compelling customer experience.

Understand how to use your data to improve your customer experience and business outcomes. Integrating your data across the business will allow you to leverage advanced intelligence so you can solve key commerce challenges and improve outcomes.

How does Oracle Commerce help B2B companies address market trends and overcome challenges?

Oracle Commerce has invested in delivering a modern suite for the future—one that connects commerce with marketing, content, and sales, as well as the middle office and back office, allowing businesses to increase the ROI on solutions they already own. Our breadth of customer experience, operational, and financial solutions makes us uniquely positioned to achieve these ends.

With Oracle Commerce, our guiding principle is to give merchants/suppliers the right tools to continuously adapt, regardless of their current digital commerce maturity.

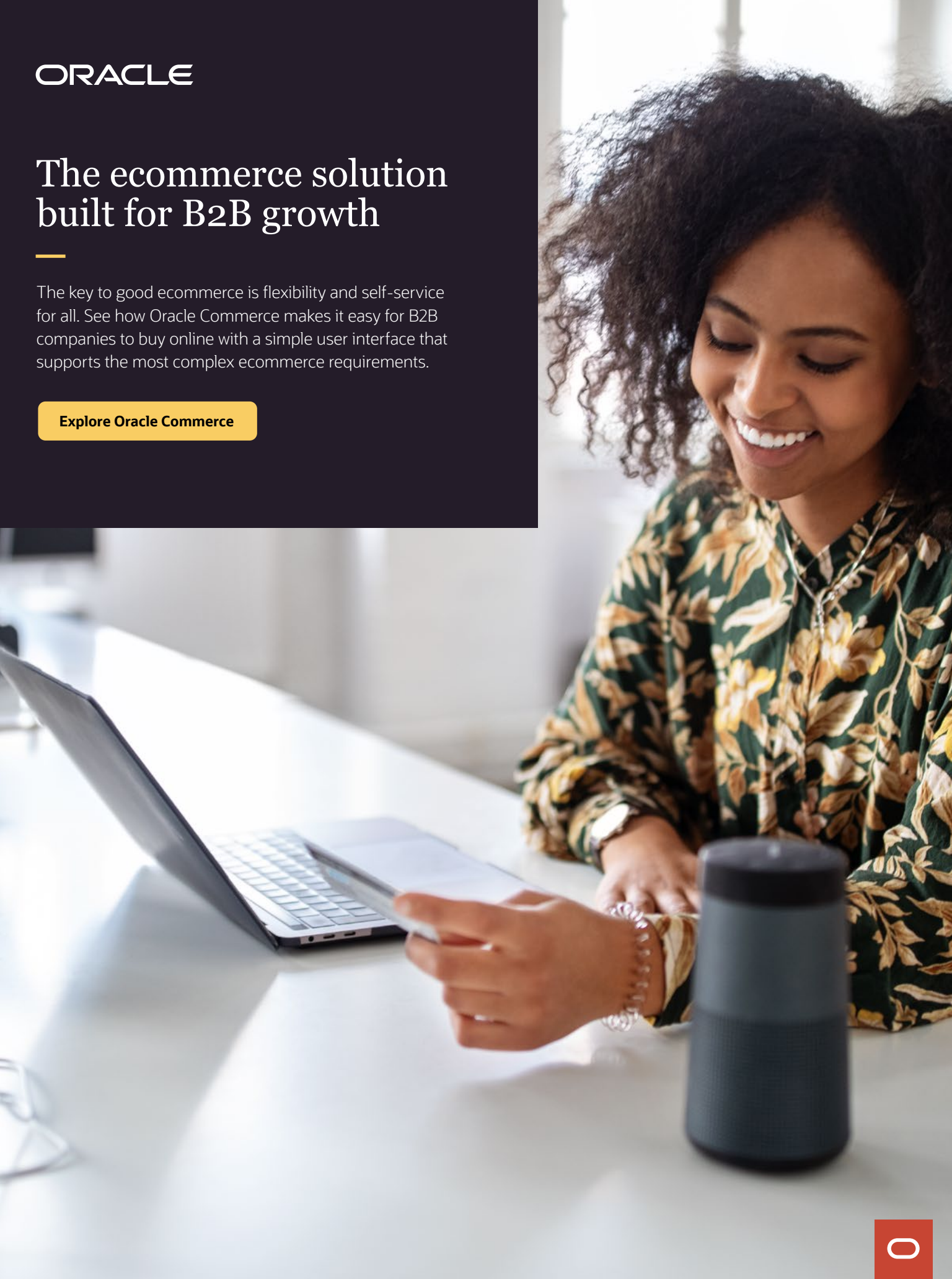
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The ecommerce solution built for B2B growth

The key to good ecommerce is flexibility and self-service for all. See how Oracle Commerce makes it easy for B2B companies to buy online with a simple user interface that supports the most complex ecommerce requirements.

[Explore Oracle Commerce](#)



B2B ECOMMERCE USHERS IN THE 'NEXT NORMAL'

Accelerated by COVID-19, the broad shift into B2B digital commerce is forcing manufacturers and distributors into a new standard way of doing business.

For more than 20 years, manufacturers and distributors have talked up digital commerce as coming of age and transforming the way companies of all sizes conduct business.

Now, that new age is here. And it is being driven in large measure by the ongoing global COVID-19 pandemic, which is changing how manufacturers produce goods and services, how they sell and provide those goods and services to distributors, and how distributors get the final product to an increasingly digital business buyer.



As digital commerce continues to emerge as a mainstream and permanent sales channel for manufacturers, distributors, wholesalers, and other sellers of all sizes, digital buyers have a growing appetite for even more ecommerce.

Last year, online sales on B2B ecommerce sites, log-in portals and marketplaces increased 17.8% to \$1.63 trillion from \$1.39 trillion in 2020. B2B ecommerce in 2021 grew 1.17 times faster than the growth in all U.S. manufacturing and distributor sales, which increased year over year by 15.2% to \$13.09 trillion in 2021 from \$11.36 trillion in 2020.

In 2021, B2B ecommerce sites expanded at a healthy clip. But another fast-growing channel, including e-procurement and other online buyer/seller networks, grew year over year by 17% to \$934.2 billion from \$798.4 billion in 2020.

SELF-SERVICE ECOMMERCE AND INTERNAL COMPETITION

While ecommerce is growing faster than ever, some suppliers remain hesitant. Within companies, self-service ecommerce is viewed “in competition” with other sales channels, McKinsey says. For example, 54% of companies say their in-person sales operations compete with ecommerce, and 47% say inside sales—incorporating fully remote transactions, often conducted by phone only—also compete with the online channel.

But the shift to more—and not less—B2B ecommerce is on, McKinsey says. For example, when it comes to how effective purchasing channels are, 32% of respondents now rank ecommerce as the single most effective channel, compared with in-person transactions at 23%.

Part of the reason customers are engaging in a wider array of channels is that suppliers are finally “catching up to the demand,”

McKinsey says. “While in-person selling rebounded to pre-COVID-19 levels during 2021, more companies than ever before also began offering e-commerce as a sales channel,” McKinsey says. “We now see a tipping point, with ecommerce surpassing in-person selling as a sales channel, at 65% versus 53% earlier this year.”

More manufacturers and distributors now see digital commerce as their most active—and growing—customer base. More than a third of manufacturers project growth of at least 25% in B2B ecommerce sales over the two-year period of 2021-2022, according to data in The State of International Ecommerce in Manufacturing report by ecommerce research and technology firms Copperberg, Intershop and Evident. The report also notes that artificial intelligence and digital marketing and self-service tools are among manufacturers’ most popular investments, and technology integration and multiple business models among their biggest challenges.

As 2021 ended, many manufacturers regardless of size faced the same challenge—how to roll out or expand B2B ecommerce with an effective strategy that turned multitudes of first-time digital buyers into long-term valued customers. “While some businesses continue to struggle, we are seeing some industries grow and flourish during these challenging times,” says industry expert Karie Daudt, senior commerce consultant at Perficient and a veteran of B2B commerce. “So as demand continues to increase in specific markets, the results from COVID-19 are driving the need to invest in digital channels and look for more ways to satisfy their customers and market demand.”

USER EXPERIENCE

But for many manufacturers, converting new online buyers into permanent customers was a challenge. Now that they are getting more used to shifting all, or at least a portion, of their procurement needs to a range of digital buying channels—including electronic data interchange, B2B ecommerce sites and apps, e-procurement

and punchout, and business marketplaces—most purchasing managers have big expectations for a great, and not just good, user experience.

51% of business buyers come to a B2B ecommerce site attracted by an excellent user experience; other features that attract buyers are price (48%), getting a quick overview of the assortment (44%), and the company's reputation, according to the latest Digital Commerce 360 B2B Buyer's survey.

Business buyers also do not always act alone or make hasty buying decisions. For example, 66% of companies will research at least two or three ecommerce sites prior to making a purchase for the first time, and nearly half of all companies (49%) have procurement teams of at least a pair of purchasing managers involved in the buying process.

Given the complexity of buying business products online that must fit designated specifications and other highly specialized needs, procurement directors also are not prone to making hasty decisions. 45% of all business purchasing managers will take from one month to six months to properly research a new product or set of products, including 19% who take between 60 and 180 days to research and complete a purchase, according to analysis by Digital Commerce 360.



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ABOUT DIGITAL COMMERCE 360

Digital Commerce 360 is a leading media and research organization that delivers daily news and competitive data across e-retailing, B2B ecommerce, and digital healthcare. Building on the reputation of Internet Retailer® which we introduced in 1999, Digital Commerce 360 is an expert in digital strategies and publishes a wide range of products including reports and newsletters, Internet Retailer® magazine, webinars, and data on thousands of global ecommerce companies through its Digital Commerce 360 Research brand. In 2018, we also co-founded B2B Next, the premier conference for B2B executives embracing ecommerce.

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