What It Takes To Be A Leader In B2B eCommerce

A Spotlight On Europe

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Introduction

Robust eCommerce efforts have quickly moved from a competitive differentiator to a business imperative. In an age where business buyers expect seamless and personalized purchasing experiences, B2B businesses must invest in new digital technologies to keep up with the demands of their customers. The ability to enable anytime, anywhere purchasing, provide real-time order tracking, and retain customers with digital loyalty programs are now considered baseline expectations for B2B businesses to thrive.

Decision makers in the B2B realm understand the importance of an efficient and frictionless buying journey to the long-term growth and success of their businesses. But to achieve this goal, firms must first evaluate their progress towards prioritizing dedicated eCommerce leadership and resources in their operations.

In March 2018, Magento Commerce commissioned Forrester Consulting to evaluate the state of B2B eCommerce. Forrester conducted an online survey in the US, the UK, Germany, China, and Australia with 514 decision makers responsible for eCommerce efforts to evaluate the current state of B2B sellers, i.e., their level of eCommerce maturity, the challenges they face, and how they can strategize to advance to the next level. This spotlight focuses on the 313 European (UK and German-based companies) decision makers that were surveyed. Forrester found that B2B organizations in Germany and the UK prioritize digital purchasing capabilities and self-service account management functionalities more so than their global competitors, but they still mostly lack a well-rounded digital approach to B2B eCommerce.

KEY FINDINGS

› **European companies turn to eCommerce and self-service efforts to drive their larger strategic goals.** As customers demand that brands engage with them on their own terms, businesses see eCommerce as a key focus area for improving customer satisfaction. Improved customer experience leads to more active and loyal customers, which supports stronger revenue growth and financial performance.

› **B2B leaders specifically look for reliable, flexible, and complete technology solutions, but often struggle to maximize the value of these investments.** When selecting technology options, their top criteria are: 1) high performance; 2) reliability; 3) solution completeness; and 4) the ability to support both B2B and B2C requirements. However, more than half of B2B leaders admit that they face challenges finding third-party partners that can help them integrate these solutions within their existing technology infrastructure.

› **Advancing organizational and leadership maturity correlates to more effective adoption of eCommerce technologies — leading to better business outcomes.** B2B organizations have established dedicated eCommerce leadership, resources, and cross-functional strategy in varying degrees. Those with the most mature eCommerce leadership and resources are ultimately more likely to streamline the path to purchase — increasing customer satisfaction and retention, improving their competitive advantage, and ultimately driving revenue.

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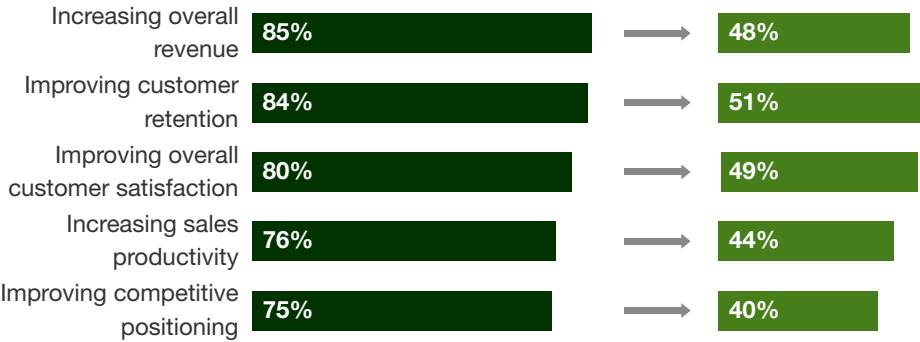# eCommerce Is Essential For European B2B Business Success

B2B organizations must use a robust set of both online and offline channels to engage and retain their customers.[1] Digital, however, is where businesses will be able to differentiate themselves and achieve high-level business outcomes beyond revenue. This study of 313 UK and German B2B leaders confirms that:

› **European B2B companies lean on eCommerce efforts to drive customer satisfaction, revenue growth, and productivity goals.** Nearly half of European B2B leaders say that their eCommerce efforts specifically help them capture, engage, and keep customers. Additionally, prioritizing digital efforts increases sales productivity and revenue, as well as improves competitive positioning (see Figure 1).

Figure 1

"To what extent is your organization prioritizing the following initiatives over the next 12 months with regards to products/services sold to B2B buyers, both online and in-branch?"
(Showing those selecting "high" or "critical priority")

"Which of these priorities are you looking to address through your organization's B2B online/eCommerce efforts, specifically?"
(Select all that apply)

Initiative	High/critical priority	Through eCommerce
Increasing overall revenue	85%	48%
Improving customer retention	84%	51%
Improving overall customer satisfaction	80%	49%
Increasing sales productivity	76%	44%
Improving competitive positioning	75%	40%

Base: 313 IT, eCommerce, sales, and line-of-business (LOB) decision makers at firms in EMEA
Source: A commissioned study conducted by Forrester Consulting on behalf of Magento, September 2018

Intentional B2B Leadership And Resource Support Correlates To Improved Customer Satisfaction And Retention

European B2B enterprises must first reflect on their overarching organizational structure when examining and refining their eCommerce strategies. Building an effective eCommerce operation is no small task. A mature, well-resourced organization is needed to develop an overarching eCommerce strategy, choose experienced partners, and select the appropriate tools and technologies to deliver a world-class B2B eCommerce experience.[2]

This study identified three levels of B2B eCommerce maturity across the European market — novices, explorers, and masters — based on: 1) the combination of defined leadership roles a firm has in place; 2) the strength of its available resources to provide organizational support; and 3) the prevalence of a cross-organizational strategy.

› **Novices:** The least mature group, novices represent 20% of those surveyed. They have no dedicated eCommerce operations and have yet to align any of their eCommerce strategies with the other parts of their organizations.

› **Explorers:** Representing 55% of those surveyed, explorers have begun their path towards B2B eCommerce maturity, but have a way to go. On average, they have fully established only two eCommerce organizational best practices.

› **Masters:** Twenty-five percent of those surveyed have fully matured their B2B eCommerce operations — establishing four or all five of the organizational best practices we measured.

B2B eCommerce maturity correlates to better customer experiences and a streamlined path to purchase. Increasing one's maturity ensures that B2B enterprises have the organizational structure and support needed to drive a more effective B2B eCommerce operation that can deliver more digital offerings and self-service account management capabilities to meet customer needs. These capabilities lead to a more personalized experience for the buyer, increase customer satisfaction, retention, and ultimately benefit the bottom line.

Assessing the maturity of B2B commerce organizations and processes is crucial to effectively achieving business goals. Only by identifying where they can grow, can firms then determine what steps to take to advance to their maturity and reap the business rewards. Results from this study confirm that European B2B organizations:

Figure 2

"How would you describe the state of the following in regards to your organization's overall B2B commerce efforts?"
(Showing those stating the practice is "currently in place, and fully established")

49% There is a dedicated eCommerce team or department.

47% There is a dedicated technology team supporting your commerce efforts.

47% There is a dedicated eCommerce leader.

41% There is a dedicated P&L for eCommerce sales.

39% There is cross-functional alignment/agreement on the company's eCommerce strategy.

Base: 313 IT, eCommerce, sales, and LOB decision makers at firms in Germany and The UK
Source: A commissioned study conducted by Forrester Consulting on behalf of Magento, September, 2018

Less than half of European B2B firms have cross functional alignment or agreement on their overall eCommerce strategies.

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› **Have dedicated systems of support and leadership, but with a wide range of maturity levels, adoption of best practices is inconsistent.** The most mature B2B companies allocate their resources to dedicated eCommerce departments with eCommerce-specific technology teams and a dedicated leadership structure. They also have profit and loss (P&L) specific to B2B eCommerce and have established cross-functional alignment across the enterprise on the overall B2B eCommerce strategy. However, less than half of the European companies we surveyed have any one of these best practices in place (see Figure 2). This results in a spread of maturity levels — ranging from those with no leadership, alignment, and support pillars in place (novices) to those that have four or all five of the pillars in place (masters) (see Figure 3).

› **Have emphasized digital purchasing and self-service capabilities.** Increasing digital purchasing capabilities and self-service account management options allows firms to optimize the potential of their digital channels and reap the benefits of eCommerce — customer satisfaction and efficiency. European firms have adopted these capabilities at higher rates across maturity levels than global competitors. Ninety-four percent of European masters prioritize eCommerce self-service capabilities such as order tracking management, and 90% of masters allow buyers to initiate and manage returns and pay or view invoices online (see Figure 4).

Figure 3

"How would you describe the state of the following in regards to your organization's overall B2B commerce efforts?"
(Showing those selecting "currently in place, and fully established")

Maturity levels

■ Masters (N = 63)   ■ Explorers (N = 171)   ■ Novices (N = 79)

There is a dedicated eCommerce team or department
95%
45%
0%

There is a dedicated technology team supporting your commerce efforts
92%
44%
0%

There is a dedicated P&L for eCommerce sales
92%
32%
0%

There is a dedicated eCommerce leader
90%
44%
0%

There is cross-functional alignment/ agreement on the company's eCommerce strategy
86%
32%
0%

20% Novices (No established best practices in place)

25% Masters (4 or 5 best practices in place)

55% Explorers (1 to 3 best practices in place)

Base: 313 IT, eCommerce, sales, and line-of-business (LOB) decision makers at firms in EMEA
Source: A commissioned study conducted by Forrester Consulting on behalf of Magento, September 2018

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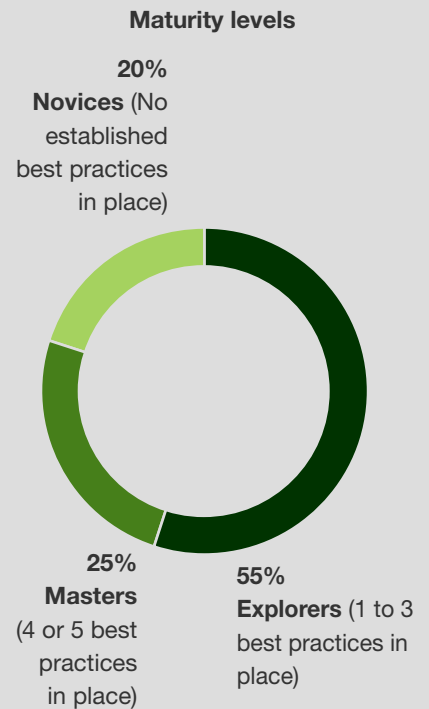
› **Adopt online purchasing capabilities at a higher rate than organizations elsewhere in the world.** Ninety-seven percent of mature European organizations (masters) offer online request for quote processing, where only 75% of mature organizations outside of Europe adopt the same. Even the least mature organizations in Europe have better digital and self-service capabilities in place. Over half of novice firms in Europe use online requests for quote processes to streamline and simplify the digital experience of their customers (51%). Only 10% of global novices claim to have adopted these same capabilities (see Figure 4).

Figure 4

"What would best describe your organization's plans to adopt the following online purchasing capabilities specifically for B2B selling digital/online capabilities?" (Showing those who have piloted or fully established the following capabilities)

	Novices (N = 63)	Explorers (N = 171)	Masters (N = 79)
Online request for quote process	51%	76%	97%
Online purchase approval workflows (i.e., order routed to supervisor for approval before order is submitted)	41%	73%	91%
Quick order forms (e.g., enter/upload SKUs, simple reorder flows, etc.)	52%	75%	86%
Custom price lists and catalogs assigned to customers	56%	81%	86%
Quick payments options (e.g., one-click purchasing)	52%	74%	84%
Support for subscription services (e.g., maintenance, delivery, etc.)	38%	70%	84%
An assisted selling interface for customer service and sales representatives	48%	68%	84%
Online product configuration	46%	78%	82%
Support for subscription orders (e.g., replenishment, etc.)	40%	71%	78%
Ability to share and edit a cart with other buyers in the company	33%	64%	75%
Support for punchout ordering	35%	61%	71%

Base: 313 IT, eCommerce, sales, and line-of-business (LOB) decision makers at firms in EMEA
Source: A commissioned study conducted by Forrester Consulting on behalf of Magento, September 2018

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Figure 4 (cont.)

"Thinking of your organization's B2B selling digital/online self-service capabilities, can your B2B customers do any of the following on their own?" (Showing those who have adopted and fully established capability)

	Novices (N = 63)	Explorers (N = 171)	Masters (N = 79)
View and pay invoices	51%	81%	95%
Track open orders, quotes, shipments, and purchasing history	56%	88%	94%
Initiate and manage returns	54%	78%	90%
Online chat/IM with a customer service representative	46%	68%	85%
Ability to run reports on purchasing history	51%	81%	85%
Manage company credit	52%	71%	80%
Track spending versus discounting tiers/targets	38%	68%	80%
Track loyalty program points/status	35%	67%	78%
Create preapproved product lists for other buyers	38%	68%	76%
Set up buyers within their own organization and assign roles, permissions, and buying thresholds	49%	67%	76%

Base: 313 IT, eCommerce, sales, and line-of-business (LOB) decision makers at firms in EMEA
Source: A commissioned study conducted by Forrester Consulting on behalf of Magento, September 2018

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› **Employ fewer merchandising features.** By increasing adoption of merchandising features, firms can showcase their products and solutions in the best possible light. They more effectively draw interest and demand, and better answer key questions that buyers may have, speeding up the sales cycle (see Figure 5). European firms adopt merchanting features at a much lower rate than their global peers. For example, only 48% of European novices offer detailed descriptions of their products for customers, whereas 64% of global novices do the same (see Figure 5).

Figure 5

"What would best describe your organization's plans to adopt the following product merchandising features/functionalities across the digital channels you control specifically for B2B selling?"
(Showing those who have fully adopted or have expanded/upgraded adoption)

	Novices (N = 63)	Explorers (N = 171)	Masters (N = 79)
Detailed product descriptions	48%	74%	96%
Downloadable product spec sheets	37%	61%	91%
Photos, illustrations, and videos	38%	68%	86%
The ability to give ratings and reviews	37%	66%	82%
Inventory visibility — the amount and location of goods published on site	35%	60%	81%
Advanced site search with filtering and merchandising capabilities	33%	57%	80%
Buying guides	25%	58%	80%
Product comparisons	35%	62%	80%
Brand pages	35%	65%	78%
Site personalization	24%	58%	72%
Cross-sell and upsell	22%	59%	72%
The option to buy online, pick up in branch location	40%	61%	68%
User generated content	21%	51%	68%
Marketplace(s) on site to enable third parties to sell through your site	29%	58%	67%

Base: 313 IT, eCommerce, sales, and line-of-business (LOB) decision makers at firms in EMEA
Source: A commissioned study conducted by Forrester Consulting on behalf of Magento, September 2018

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› **Are less likely to use multiple B2B selling sites to target specific geographies, customer segments, product lines, and channels.** Dedicated, mature sites further personalize the customer experience, giving buyers a more tailored shopping and satisfying eCommerce interaction. Seventy-five percent of European masters create sites to address different customer segments, whereas only 17% of European novice firms offer the same web experience — lower rates than observed in the global study (see Figure 6).

› **Have less support for B2B mobile research, buying, and selling.** Mobile is quickly becoming a requirement. Digitally mature firms have the internal resources to support buyers and sellers with mobile tools to enhance their efficiency when working in the field or on the go. But while many European masters are adopting enhanced mobile capabilities such as progressive web applications (66%), native apps for support teams (64%) and buyers (57%), and responsive sites (63%), they still trail other B2B organizations globally (see Figure 7).

Figure 6

"What would best describe your organization's plans to adopt multiple, specific B2B selling websites for the following?"
(Showing those who have fully adopted or have expanded/upgraded adoption)

	Novices (N = 63)	Explorers (N = 171)	Masters (N = 79)
Different customer segments	17%	49%	75%
Specific brands or product lines	24%	54%	70%
In support of channel partner sales	16%	47%	68%
Specific geographic markets or language-specific sites	14%	48%	59%

Base: 313 IT, eCommerce, sales, and line-of-business (LOB) decision makers at firms in EMEA
Source: A commissioned study conducted by Forrester Consulting on behalf of Magento, September 2018

Figure 7

"What would best describe your organization's plans to adopt the following mobile capabilities specifically for B2B selling digitally/online?" (Showing those who have fully adopted or have expanded/upgraded adoption)
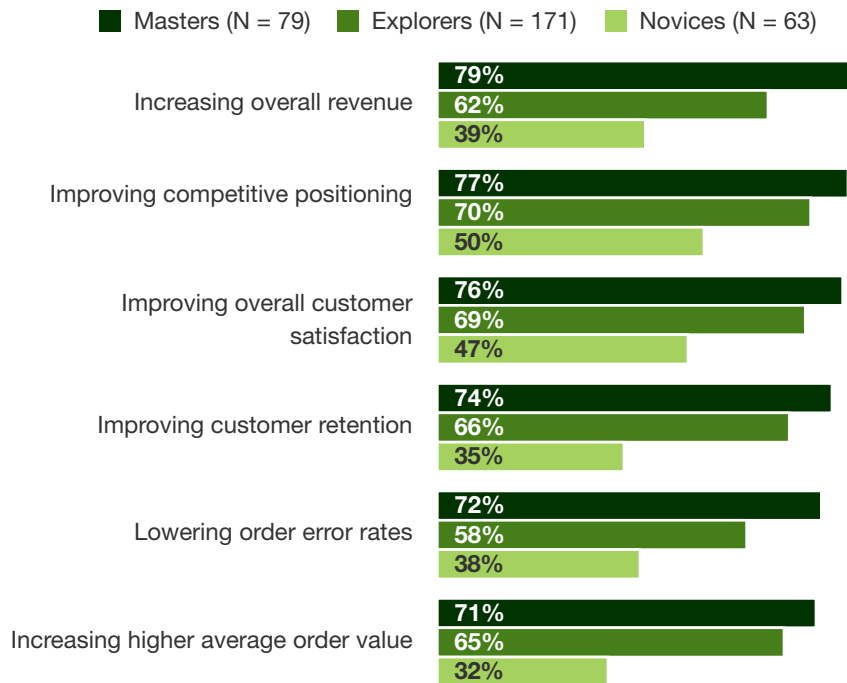
	Novices (N = 63)	Explorers (N = 171)	Masters (N = 79)
Progressive web applications	13%	44%	66%
Native mobile applications for sales/support teams	14%	51%	64%
Responsive designed site(s)	11%	44%	63%
Native mobile applications for buyers	24%	40%	57%

Base: 313 IT, eCommerce, sales, and line-of-business (LOB) decision makers at firms in EMEA
Source: A commissioned study conducted by Forrester Consulting on behalf of Magento, September 2018

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› **The enhanced ability to do more for customers allows firms to increase customer satisfaction and retention, improve competitive advantage, and ultimately drive revenue.** Because they have a larger and more customizable capability set, the firms with the highest B2B eCommerce maturity can better meet their B2B customers where they are — creating more personalized experiences. Increasing self-service functionality increases operational and sales productivity and enables buyers to perform buying activities themselves — improving customer experience and retention. The net effect of these benefits is a B2B enterprise that can differentiate itself from competitors and improve overall revenue (see Figure 8).

Figure 8

"Improving customer retention — how helpful has your current set of B2B eCommerce tools/technologies been in achieving your overall B2B selling priorities?" (Showing those selecting "very" or "extremely helpful")

■ Masters (N = 79) ■ Explorers (N = 171) ■ Novices (N = 63)

Increasing overall revenue
- 79%
- 62%
- 39%

Improving competitive positioning
- 77%
- 70%
- 50%

Improving overall customer satisfaction
- 76%
- 69%
- 47%

Improving customer retention
- 74%
- 66%
- 35%

Lowering order error rates
- 72%
- 58%
- 38%

Increasing higher average order value
- 71%
- 65%
- 32%

Base: IT, eCommerce, sales, and LOB decision makers at firms in EMEA
Source: A commissioned study conducted by Forrester Consulting on behalf of Magento, September 2018

Key Recommendations

European B2B organizations are in a unique position to capture new customers and strengthen relationships with existing customers by digitally supporting and enabling their buying journey. Digital maturity in B2B varies widely among firms, but most organizations still have room to grow. European B2B organizations have only partially embraced digital maturity — while they outshine their global competitors in self-service account management feature adoption and online purchasing capabilities, they lag in other eCommerce best practices that can further customize the buyer experience.

While firms see digital as a differentiator and are racing to deliver these experiences first, moving too quickly can come at a cost — businesses that move too fast often suffer from organizational, process, and technology challenges. Businesses need to take a measured but accelerated approach that includes considerations for all routes to market and leverages best practices and lessons learned from peer companies.

Forrester's study on B2B eCommerce yielded several important recommendations that will help businesses mature their digital practices, delight their customers, and gain a competitive edge in the market. To advance your B2B eCommerce maturity:

Build a dedicated and comprehensive team. Many organizations face challenges by taking a reactionary approach to eCommerce. eCommerce should not be just another channel; it should be a business strategy. To properly execute against that strategy, these teams should have responsibility for not just how their customers engage digitally, but how customer-facing teams, like sales and customer service, support customers' journeys. Although team names might vary, businesses should be able to perform key activities like digital marketing, merchandising, commerce operations, technical product ownership, and training and enablement.

Ensure eCommerce and sales organizations share common goals. Whether it's growing revenue, improving customer experience, or driving greater autonomy within your customer base; your strategies, goals, and compensation need to resolve conflict. Change is difficult for organizations; sharing the same goals and incentives (e.g., sales reps being incentivized for self-service orders) goes a long way in garnering support for new strategies and initiatives.
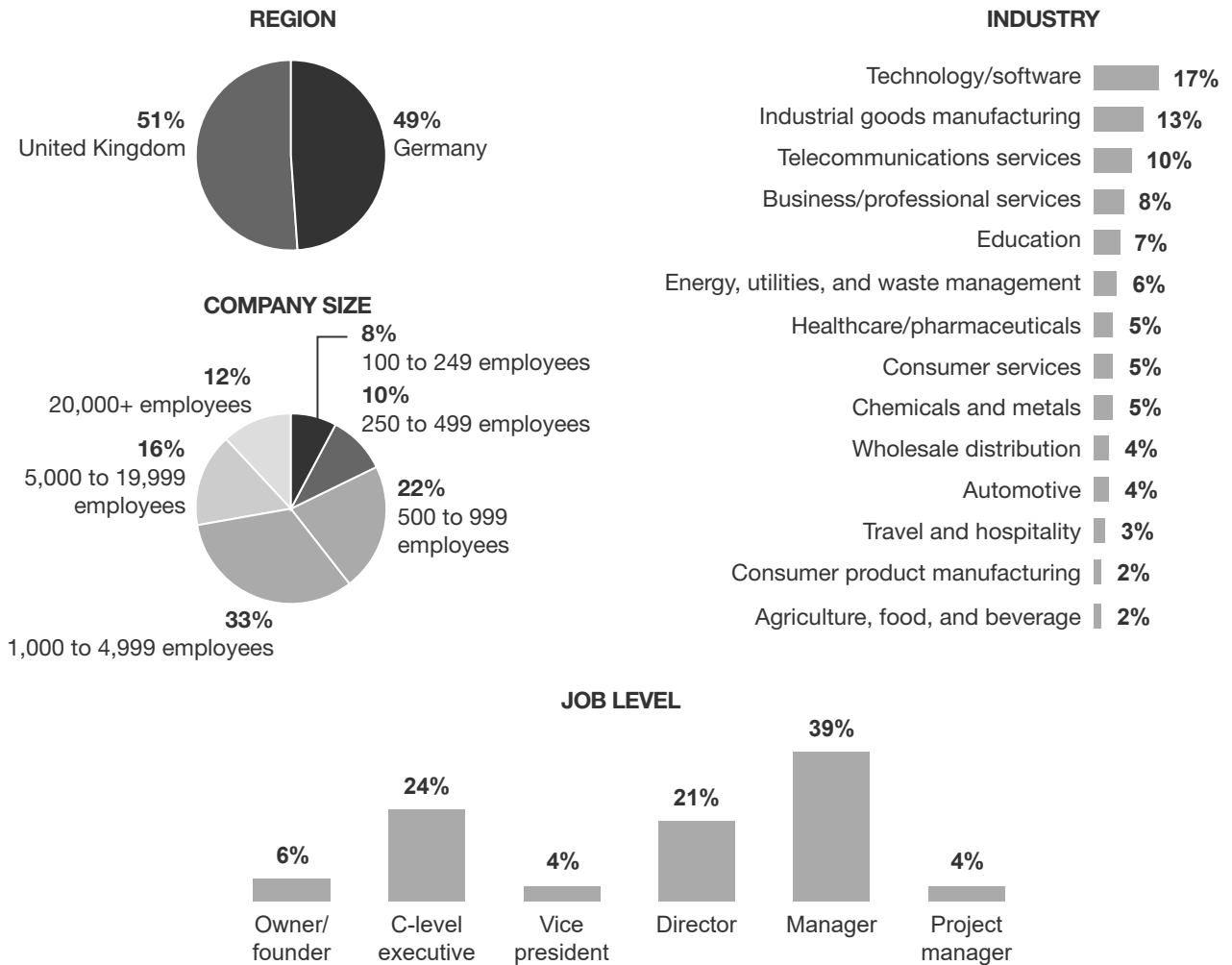
Deploy technology solutions that can flex and adapt to your changing business. B2B businesses are already riddled with complexity — be it in channels, customer relationships, buying/selling processes, or systems they have built over the years. Supporting the buyer's changing needs and behaviors requires a flexible technology stack — modular architecture driven by APIs or with an extension framework for third-party applications to augment or replace core commerce functionality — that allows your organization to make changes quickly and easily, to stay in line with your customers' expectations, and to maintain an edge over your competitors.

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Appendix A: Methodology

This spotlight focuses on the Europe-specific results (313 survey responses from B2B decision makers) from a global study conducted by Forrester Consulting on behalf of Magento. In this study, Forrester conducted an online survey of 512 organizations in the US, the UK, Germany, China, and Australia to evaluate how organizations can advance their B2B eCommerce maturity by making incremental adjustments to their strategies and selecting platforms that allow for flexible innovation that scales as their business grows. Survey participants included decision makers in IT, eCommerce, sales, and line of business. Questions provided to the participants asked about business priorities and challenges, their current approaches to supporting B2B sales, and business metrics resulting from digital commerce marketing efforts. The global study began and was completed in March 2018, and additional European data was added in September 2018.

Appendix B: Demographics/Data

REGION

- 51% United Kingdom
- 49% Germany

COMPANY SIZE

- 8% 100 to 249 employees
- 10% 250 to 499 employees
- 22% 500 to 999 employees
- 33% 1,000 to 4,999 employees
- 16% 5,000 to 19,999 employees
- 12% 20,000+ employees

INDUSTRY

Industry	Percent
Technology/software	17%
Industrial goods manufacturing	13%
Telecommunications services	10%
Business/professional services	8%
Education	7%
Energy, utilities, and waste management	6%
Healthcare/pharmaceuticals	5%
Consumer services	5%
Chemicals and metals	5%
Wholesale distribution	4%
Automotive	4%
Travel and hospitality	3%
Consumer product manufacturing	2%
Agriculture, food, and beverage	2%

JOB LEVEL

Job level	Percent
Owner/founder	6%
C-level executive	24%
Vice president	4%
Director	21%
Manager	39%
Project manager	4%

Base: 313 IT, eCommerce, sales, and line-of-business (LOB) decision makers at firms in EMEA
Source: A commissioned study conducted by Forrester Consulting on behalf of Magento, September 2018

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Appendix C: Endnotes

[1] Source: "Death Of A (B2B) Salesman: Two Years Later," Forrester Research, Inc., March 29, 2017.

[2] Source: "It Takes A Village To Deliver World-Class B2B Commerce," Forrester Research, Inc., May 1, 2017.

To read the full results of this study, please refer to the Thought Leadership Paper commissioned by Magento Commerce titled "What It Takes To Be A Leader In B2B Commerce"

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