

## The Case for Business to Business eCommerce

**Keyword:** “business to business eCommerce”

Business to business eCommerce is one of the biggest challenges facing today’s wholesalers. Rapidly changing customer expectations are forcing companies in this once stable industry to adapt in order to keep up with customers who are bringing their B2C expectations to work in the B2B world.

Once satisfied with paper catalogs and placing paper orders over the phone or in person with sales reps, today’s B2B customers have grown accustomed to “one-click” buying and browsing the items they want online. They want more control and insight over their experience as a customer.

This is one reason why developing and implementing a business to business eCommerce strategy is so important for wholesale brands. In this post, we’ll talk about some of the evidence supporting the growth of business to business eCommerce, eCommerce strategies to consider and an approach for choosing and implementing the strategy that will be most effective for your business.

### What is Business to Business eCommerce?

Business to business eCommerce relates to the technology and business practices that allow businesses to buy and sell from each other online. In most cases, this involves either an eCommerce “marketplace” where many buyers and sellers come together to do business, or it may involve a “portal” – a website where a single wholesale brand sells its products to its own customers.

### B2B eCommerce Growing Rapidly

[According to Forrester Research analysts Peter Sheldon and Andy Hoar](#), speaking at June’s Internet Retailer conference, manufacturers and wholesalers are expected to account for 30% of e-commerce technology spending, while retailers are expected to fall to just 28% of ecommerce spending, down from 41% in 2013.

Forrester also reports that U.S. manufacturers, wholesalers and distributors are projected to sell as much as \$780 billion via eCommerce in 2015 – nearly double the 2014 figure – and that growth is accelerating.

What’s behind such rapid growth? There are two reasons: buyer preferences and cost. Many business buyers prefer to shop online; sellers can cut costs by serving them via the web. This allows B2B wholesalers to reach out more effectively to new customers with whom they don’t have existing relationships and for whom buying online is now second nature.

They can also better serve existing customers: Forrester Research notes “channel shifting” as a major trend in business to business eCommerce. B2B buyers are switching away from phone and other offline channels and are now increasingly want to do their business online. An additional factor supporting the move to eCommerce is that studies show buyers tend to buy more online than they did using offline channels.

The last factor contributing to the growth of business to business eCommerce is cost. B2B eCommerce allows manufacturers, wholesalers and distributors to cut operating costs and process more sales to customers through self-service e-commerce sites and electronic order processing.

### **Choosing a Business to Business eCommerce Strategy**

The advantages to implementing a business to business eCommerce strategy are clear. To take advantage of the opportunities B2B eCommerce offers, most wholesalers will have to first decide which approach best suits their business model; whether participating in an eCommerce marketplace, targeting buyers directly via the company’s own direct portal, or a combination “hybrid” approach.

We explored this topic further in our recent article, [“eCommerce Business Models for Wholesale: Choosing the Right One.”](#) Direct portals offer wholesalers an online outlet where only your company’s products are available and may be a good fit for companies that have a smaller number of loyal, high value clients. Direct portals also offer more control over the look, feel, and user experience your buyers will have.

However, choosing this option may mean bypassing some opportunities to reach new customers that an eCommerce marketplace might offer. A marketplace puts your products in front of a wide variety of buyers and handles most aspects of the user experience, but your company will still be responsible for handling payments and logistics related to order fulfillment. This means integrating your back-end ERP systems with the marketplace’s front end.

The payoff is larger reach, but what is the value of those marketplace customers? With a marketplace, your company is one of many options that a customer might choose, so typically you will see a mix of customer types, some high value, some low.

A few questions to ask as you make your decision include:

- How important is it to control your users’ experience?
- How much IT experience is needed to implement a portal of your own?
- Is your organization already a leader in its space with a reliable customer base?
- Does your organization need the exposure to new customers that a marketplace might provide?

For many smaller brands, a marketplace might be the right choice, whereas for larger, more established wholesale businesses, the direct portal or a hybrid of the two might be a better approach. The decision ultimately depends on the specific needs and long term goals of your business.

There's also a middle way. A hybrid strategy, combining a direct portal with marketplace participation, allows wholesalers to take advantage of both models. Companies that choose the marketplace option can also continue to develop their own direct portal, allowing them to both control brand experience for their most valued existing customers, while attracting new customers and developing them through the marketplace option. Companies can also choose to focus on the direct portal option, and participate in a marketplace that is integrated with the portal.

### **Implementing Your eCommerce Strategy: Considerations**

Once you've figured out whether the marketplace, direct or hybrid strategy best suits your company's needs, it's time to get into the details around how to put your strategy to work.

If you go with the marketplace option, you will have a wide variety of marketplaces to choose from. Large marketplaces such as Amazon Supply or Alibaba can put you in front of plenty of customers, but you'll need to decide if they are the right customers for your business. You also need to consider how easy or difficult it will be to integrate your back end systems, such as payment processing and logistics systems, with the marketplace.

With the direct option, there are a variety of third party software as a service (SaaS) companies that offer applications that can make implementing your business to business eCommerce portal a relatively easy task. Implementation is typically a matter of setting up your account, and integrating the portal with your back-end. Most of these integrations can be handled via API interfaces. Very little technical knowledge is required to get your portal up and running, which is a boon for companies with relatively small IT budgets or without previous eCommerce experience.

Many of these SaaS portal options also provide access to a marketplace, which allows you to implement the hybrid option and take advantage of new customer acquisition opportunities with minimal additional cost. Many ERP and other software providers also provide access to these marketplaces. A major advantage of these options is simple integration with your existing systems, but you'll need to take a close look at the customer base to determine whether the right mix of customers and volume exists for your strategy to be successful.

Choosing your business to business eCommerce strategy is a big decision; one with far-reaching long-term consequences for the future of your wholesale company. What is your company doing about business to business eCommerce? Tell us in the comments.