

Why Digital Will Become the Primary Channel for B2B Engagement

A LOOK AT HOW DIGITAL COMMERCE IS IMPACTING B2B REVENUE GROWTH



Introduction

Although Amazon often gets the credit for revolutionizing modern commerce, a recent [Atlantic article](#) points out that the retail behemoth wasn't the first company to completely flip the narrative on buying and selling goods.

Working with wholesalers, Sears fostered loyalty by bringing catalog merchandise directly to consumers' homes. But it was the opening of Sears' first brick-and-mortar store in the early 1920s that made waves in the retail world. When others quickly realized the opportunities these new stores presented, a ripple effect soon spread throughout the industry.

In essence, Sears saw an opportunity to capitalize on its catalog success, resulting in better customer engagement and higher sales volumes.

Similarly, the digital revolution has led to explosive growth for those who have invested in innovation through eCommerce. Organizations previously limited by geography and resources now have the opportunity to mushroom into billion dollar businesses thanks to technology innovations. Digital has opened doors for new channels of revenue, new markets and increased order volumes.

And B2B businesses aren't the only ones that have benefited from the digital revolution. Customers see the value in digital channels, too. In fact, a recent [McKinsey study](#) reveals that the majority of business buyers now prefer to use self-service offerings when making a repeat purchase.

The demand for fast-paced, always-on buying power shows no signs of slowing down. This makes maximizing value in digital channels essential for success and positions digital to become the primary engagement channel in the B2B universe.

To better understand where today's businesses find value in online channels CloudCraze surveyed more than 400 B2B consumer packaged goods (CPG), manufacturing and software decision makers across the US and Europe. The findings indicate that B2B organizations that invested early in improved digital channels are beginning to reap the benefits. B2B businesses across the board view the move to digital as a major opportunity for continued growth.

The digital revolution has led to explosive growth for those who have invested in innovation through eCommerce



Key findings

— **89 percent of B2B decision makers attribute expected business growth to the success of digital commerce**

— **DIGITAL IS NO LONGER VIEWED AS AN AUXILIARY CHANNEL BY BUSINESS LEADERS:**

88 percent of B2B decision makers anticipate offering products in the next five years that will be primarily sold online

— **BUSINESSES ATTRIBUTE GROWTH TO THEIR DIGITAL PROGRAMS:**

89 percent of B2B decision makers attribute expected business growth to the success of digital commerce

— **CHANGING CUSTOMER EXPECTATIONS DRIVE DIGITAL TRANSFORMATION:**

More than half (52 percent) of B2B decision makers believe their customers are eager to adopt new technologies and processes

— **BUSINESSES UNDERSTAND THE VALUE OF B2B COMMERCE:**

B2B decision makers believe customer retention (56 percent) is the biggest value digital brings to their business, followed by customer acquisition (54 percent)

— **DIGITAL COMMERCE STREAMLINES COMPLEX B2B CUSTOMER NEEDS:**

B2B decision makers say the biggest value digital brings to their customers is tailored product offerings (52 percent), followed by order automation (48 percent)

REASONS B2B DECISION
MAKERS ATTRIBUTE EXPECTED
GROWTH TO ECOMMERCE

59% We're able to more easily
acquire new customers

51% We can upsell/cross-sell with
current customers more easily

51% Our customers can more easily
serve themselves

39% Our automated ordering system
gives us more recurring orders

26% We can more easily expand/
scale product offerings

Growth is fueled by digital

Today's B2B organizations are counting on digital to move the needle. While traditional systems have been helpful for building face-to-face relationships, B2B organizations recognize that digital channels provide new opportunities to be proactive about customer needs. In fact, nine in 10 (89 percent) B2B business decision makers attribute expected business growth to their digital programs' ability to attract and retain customers, and increase average order value.

Beyond the internal cost savings, digital commerce helps B2B businesses meet customer expectations for more streamlined buying experiences. Digital makes it easier to offer complex ordering features and reduce costs per order. Businesses report that they see major value in these areas, primarily related to customer acquisition (59 percent), up-selling and cross-selling (51 percent) and self-service (51 percent).

Based on these benefits, it's no surprise that for the first time in B2B history nearly half (48 percent) of B2B businesses sell their full line of products online - a number that is only set to increase.

Digital channels have also created opportunities for new product lines. The majority (88 percent) of B2B decision makers report that they will offer

online-only products in the next five years. This is perhaps because business leaders are optimistic about customer adoption of new commerce systems - 52 percent believe their customers are eager to adopt new digital technologies and processes.

48 percent of B2B businesses sell their full line of products online - a number that is only set to increase



B2C experiences set new expectations for B2B

Business buyers' eagerness to shift online is likely a product of digital proliferation in the B2C world. Customers now expect the self-service, faster responses and more personalized interactions they get in their personal lives. As a result, companies at the forefront of the digital revolution have made significant updates to their ordering systems, creating key features that have emerged as value-adds for both business buyers and B2B organizations.

SELF-SERVICE ORDERING PROVIDES MORE FREEDOM IN BUYING EXPERIENCES

Digital capabilities have turned business into a 24/7 operation in which consumers enjoy anytime, anywhere access to the brands that are important to them. Likewise, business buyers expect access to self-service capabilities that allow them to make orders at their convenience.

This freedom has redefined the customer and sales relationship. And it's clear that businesses are taking advantage of self-service capabilities. In fact, more than half of B2B businesses (56 percent) report giving self-service access to all of their customers.

While self-service presents opportunities for reducing service costs for low-volume customers, more B2B businesses report offering self-service options to only high-volume customers (41 percent) compared to only low-volume customers (35 percent). Only two percent of businesses reported customers had no access to self-service options.

Broken down by industry, software companies have embraced self-service opportunities more than CPG and manufacturing companies, with a whopping 76 percent of software businesses now allowing customers to self-serve. As more B2B software businesses shift from traditional, off-the-shelf products to subscription-based models, digital sales channels have become even more important.

Beyond faster response time and enhanced customer satisfaction, self-service offerings free up sales and service teams to spend more time building relationships with customers, including cross-selling and upselling products. Sales teams can focus on becoming trusted advisors, reducing the average cost per transaction and increasing profits.

DIGITAL-ONLY PRODUCTS CREATE NEW OPPORTUNITIES FOR GROWTH AND CUSTOMER ACQUISITION

The race to digital has dramatically changed the B2B landscape in just a few years. Currently, nearly half of B2B businesses (48 percent) report selling their full line of products both online and offline. This represents room for improvement in product selection online, but also demonstrates a fast shift to more omnichannel product offerings.

Again, those who haven't invested in flexible eCommerce systems are feeling the limitations. Of those companies that don't offer products online, nearly a quarter (22 percent) report that their eCommerce systems aren't advanced enough to do so. On the flip side, with 38 percent of B2B businesses reporting they now produce an exclusive, digital-only product line, there's proof that businesses that have invested in online channels are seeing the benefits.

The fact that brands are starting to offer digital-only products speaks to the opportunity they see in this channel. As consumers continue to flock online, businesses are likely to shift additional services, products and offerings to the online world.

More than half of B2B businesses (56 percent) report giving self-service access to all of their customers

THE DIGITAL CUSTOMER EXPERIENCE GENERATES ADDED VALUE

In addition to the benefits digital promises for their own businesses, B2B buyers are optimistic about the opportunities the digital revolution brings to buyers. When asked about the value digital brings to their customers, decision makers ranked tailored product offerings (52 percent), order automation (48 percent) and contract pricing (47 percent) as the top three features. These offerings are crucial for enabling online B2B sales. Unlike in a B2C setting, businesses often tailor pricing, catalogs and content to each individual buyer based on contract pricing and negotiation terms. These tasks are too complex to execute digitally without a robust eCommerce system designed specifically for B2B business.

VALUE B2B DECISION MAKERS SEE IN THEIR CURRENT ECOMMERCE PROGRAMS FOR CUSTOMERS

52% Tailored product offerings

48% Order automation

47% Contracted pricing

39% One-click checkout

37% Tailored recommendations

36% Fast customer service through online chat

35% Self-service ordering

31% Exclusive online-only products

26% Order history from previous interactions

More personalized and convenient features also ranked highly. Only one percent of B2B business decision makers reported they didn't see any value for their customers in their eCommerce programs.

DRIVING ENGAGEMENT THROUGH FLEXIBLE SYSTEMS

Many businesses are using digital commerce platforms to execute engagement tactics that go beyond enabling online orders, taking advantage of features that drive customer retention and brand loyalty.

There are several ways that digital commerce offerings allow B2B businesses to achieve better engagement with customers. Providing personalized product recommendations (55

percent), cross-selling and upselling more effectively (49 percent), and offering relevant promotions (48 percent) are the top three tactics B2B businesses report using to improve customer engagement online.

Manufacturers lag behind their CPG and software counterparts when it comes to self-service and offering online-only products. However, manufacturing businesses are most likely to attribute future growth to their digital commerce programs (96 percent).

When asked about the value digital commerce brings to their businesses, manufacturers report that digital helps them retain customers (63 percent), acquire new customers (53 percent) and drive more sales from existing customers through guided selling, cross-selling and upselling (46 percent).

Real-world example: Differentiating through digital

Kellogg's Bear Naked granola uses innovative technology like IBM Chef Watson to differentiate the digital experience. The company's site enables customers to create personal mixes of granola depending on their taste. This degree of customization and variety would be difficult and costly to replicate in store. Using digital, Bear Naked can also track common combinations of granola mixes to further predict customer taste and demand.

TACTICS B2B BUSINESSES ARE USING TO ENHANCE CUSTOMER ENGAGEMENT



55%

More personalized product recommendations



49%

Cross-selling and upselling more effectively



48%

Providing more relevant promotions and discounts



47%

Improving order fulfillment



33%

Streamlining the ordering process



27%

Improving communication between customers and sales reps

Digital reshapes the landscape for sales and service teams

SHIFTS IN SALES TEAMS AT B2B ORGANIZATIONS AS A RESULT OF THE GROWTH OF DIGITAL COMMERCE

42% Sales has become more of a strategic, trusted advisor to their customers

39% Sales has shifted their efforts to marketing or other departments

13% Sales has refocused their work on high-volume customers

Given that most digital commerce programs have increased self-service capabilities, many businesses expect to cut service costs once a site is up and running. When more customers can self-serve, sales staff are no longer required to facilitate transactions. But a reduction in sales staff is not always the byproduct of an effective commerce platform. In fact, 60 percent of those surveyed reported that the growth of digital has caused their sales team to grow in tandem.

In reality, the growth of an effective digital program requires more sophisticated roles to help solve problems and assist in the influx of customers. In most cases, transactional-based sales staff have shifted their focus to consulting and advising customers. This allows businesses to better serve customers and operate more efficiently.

Data supports the notion that the role of the salesperson is evolving. Nearly a third (31 percent) of survey respondents reported their sales teams'

roles have shifted in response to the growth of digital. Of those who say sales roles have changed at their organizations, 42 percent report sales reps have become more of a 'trusted advisor' for customers rather than an 'order taker.' Nearly two in five (39 percent) have shifted their sales teams to marketing or other parts of the company.

Service teams are also being redeployed as digital redefines their traditional job responsibilities. Many businesses are repositioning service employees to spend more time on

improving the digital commerce experience, or working with high-volume customers. Nearly half (44 percent) of B2B decision makers say the growth of digital has made their service team more involved in commerce experiences. Another 22 percent report service teams are now spending less time servicing low-volume customers.

Repositioning current sales and service teams generates value for businesses in many ways. In moving from a transactional role to a consulting-based role, sales and service are better able to guide buyers through the shopping journey. Additional engagement also allows for better opportunities to upsell and cross-sell, ultimately driving more revenue per transaction.

SHIFTS IN SERVICE TEAMS AT B2B ORGANIZATIONS AS A RESULT OF THE GROWTH OF DIGITAL COMMERCE



42%

The service team is now more involved in commerce experiences



13%

The service team is now spending less time servicing high-volume customers



22%

The service team is now spending less time servicing low-volume customers



12%

The service team can now better service customers through enhanced customer data



Digital maturation: Why Europe outpaces the United States

European businesses are generally more advanced than US-based businesses when it comes to the maturity of their digital commerce sites. European businesses tend to approach the digital commerce game with a global mindset, and embrace agile systems that can adapt to different regions and languages. The need to address a more diverse set of requirements has driven European businesses to adopt SaaS-based commerce at a faster pace than their US counterparts.

Europe's ability to embrace digital has better equipped them to enable product sales across all channels. Nearly half of European businesses (49 percent) sell their full line of products both online and offline, compared to roughly 40 percent of US businesses. This indicates European buyers are more comfortable purchasing a wider variety of products online than in the US.

Additionally, European businesses have made greater strides in repositioning sales and service roles to become more efficient and cost-effective with the move to digital. Nearly half (49 percent) of European businesses say their sales team has been retrained and shifted due to the growth of digital, compared to 28 percent of US businesses. Nearly half (49 percent) of those respondents have moved sales people to marketing or other departments within the company, compared to 28 percent of US businesses. As US companies try to keep pace with their European counterparts, the industry will likely see a similar shift in roles and responsibilities within the sales department.



Going digital can't wait. But it needs to be done right

From increased sales and service efficiencies to customer satisfaction and reduced overhead costs, digital presents a wealth of new opportunities for the B2B sector. But businesses that fail to invest in the right digital commerce platforms will miss out. Of B2B decision makers who don't attribute company growth to their digital commerce programs, more than half (51 percent) report their current systems don't allow them to scale and add new products. The same percentage (51 percent) report their platforms are too rigid to adapt to changing trends.

Lack of scalability and flexibility are common pain points for businesses relying on legacy commerce systems. On-premise or ERP-based systems lack the ability to scale and adapt quickly to customer needs. Today's B2B landscape demands agility and outdated systems are unable to keep pace with new customer expectations. Businesses turning to SaaS-based systems can more rapidly evolve to keep pace with the changing market.

Perhaps even more worrisome is that these same legacy systems often provide little or no insight into customer data, and can make sites tricky to navigate for customers. Of those who don't attribute growth to their eCommerce platform, 53

percent report this lack of insight, and two in five (41 percent) report customers' inability to navigate the site. This indicates there is still a major opportunity for B2B businesses to modernize their commerce offerings and reap the rewards a more successful digital experience can offer.

51 percent report their current systems don't allow them to scale and add new products

REASONS B2B BUSINESS DECISION MAKERS DON'T ATTRIBUTE ECOMMERCE PROGRAMS TO GROWTH



53%

eCommerce system provides very little insight into customer data



51%

eCommerce system does not allow for scale



51%

eCommerce system is too rigid to update and adapt easily as trends and customer needs change



41%

eCommerce system is too difficult for customers to navigate



**Driving greater revenue
and speed-to-market through
SaaS-based commerce**

A global leader in networked control room visualization solutions was struggling to gain visibility into its complex distributor network. Its legacy systems stunted their ability to meet the unique needs of their customers, which varied greatly based on geography, size and product catalog. So, they chose to transition to a subscription-based model through a SaaS commerce platform. Subscription services enable greater flexibility to offer customized services based on unique customer needs and significantly grow revenue. The speed-to-market and scalability inherent in a SaaS platform allowed the company to start generating revenue quickly and better adapt to customer needs as they evolve.

Positive stakeholder perceptions will drive an upswing in digital commerce

Overall, the findings indicate that B2B organizations see the value that going online offers their customers and business. Although going online requires internal and external changes, nearly a quarter (24 percent) believe digital transformation is crucial for businesses looking to maximize sales. Decision makers also report that digital transformation is important for keeping pace with (34 percent) and outpacing (29 percent) competitors.

TOP EXECUTIVES OWN AND INFLUENCE DIGITAL COMMERCE

Another indicator of the growing importance of digital commerce among B2B businesses is that ownership has been elevated to the C-suite. The findings indicate that the CEO, president and CIO are most likely to own and influence digital commerce programs.

Top executive involvement means that B2B businesses are serious when it comes to digital. Savvy B2B leaders know that a quality digital offering can make or break their businesses as today's buyers demand more self-service digital offerings than ever before.

COMPANIES HAVE HIGH HOPES FOR DIGITAL COMMERCE PROGRAMS

The positive perception of digital transformation across organizations is likely due to the major growth opportunities associated with digital. With the primary focus on increasing customer acquisition (53 percent), increasing average order size (52 percent) and reducing overhead costs (43 percent), companies are looking to digital to drive growth on a go-forward basis.

Businesses are also correct to connect the dots between a robust digital platform and improved customer satisfaction. Sophisticated digital platforms allow customers to easily browse and order online as they would in their personal lives, reduce order errors and automate a previously complicated process.

24 percent believe digital transformation is crucial for businesses looking to maximize sales



The future is bright for B2B digital leaders

B2B commerce industry is transforming the way businesses interact with customers and enable sales. Given the widespread adoption of robust commerce systems, businesses need to take a closer look at how they can improve the experience.

Digital commerce allows businesses to offer customers an intuitive B2C-like buying experience while also supporting the complex functionality B2B customers expect. B2B businesses that enable digital commerce are confident that it is the key to growth in the years ahead - whether driving more revenue or retaining and attracting customers in the long term.

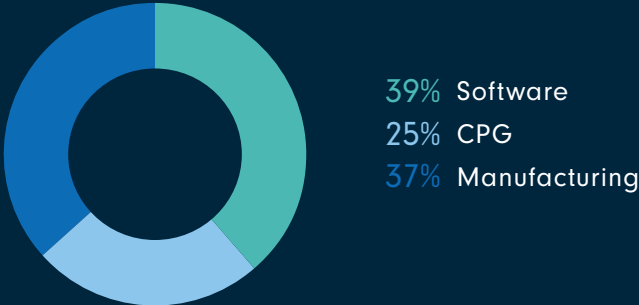
But as digital commerce matures, businesses need to invest in solutions that truly enable growth. Legacy, ERP-based systems won't cut it. Often, these platforms are outdated and simply unable to scale to current requirements.

The most successful businesses work with SaaS-based platforms that offer fast speed-to-market, unique features for B2B buyers and the flexibility to remain one step ahead of the customer. As the industry undergoes a seismic digital shift, the time is now for businesses to invest in the solutions they need to thrive.

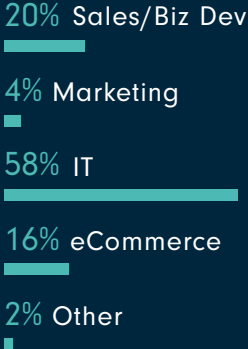
Methodology

CloudCraze surveyed 460 B2B businesses from the U.S. and Europe in August of 2017. The European survey included businesses in the UK, France, Germany, Italy, Spain and Benelux. The breakdown of industry, title, department and region of the respondents is as follows:

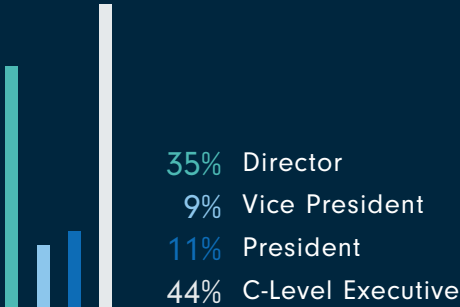
WHICH OF THE FOLLOWING MOST CLOSELY REPRESENTS YOUR INDUSTRY?



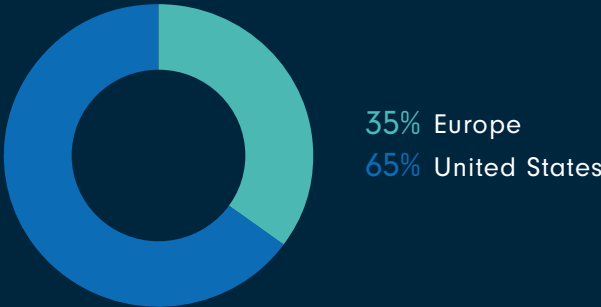
WHICH OF THE FOLLOWING MOST CLOSELY REPRESENTS YOUR DEPARTMENT?



WHICH OF THE FOLLOWING MOST CLOSELY REPRESENTS YOUR TITLE?



IN WHICH REGION IS YOUR BUSINESS HEADQUARTERED?



ABOUT CLOUDCRAZE

CloudCraze delivers robust B2B commerce native on Salesforce. It allows businesses to generate online revenue fast and easily scale for growth. Its Customer-First Commerce model puts the customer at the core, informing every interaction with data across commerce, sales, marketing, service and more. With the trusted Salesforce infrastructure and core capabilities, CloudCraze provides infinite flexibility to extend functionality, add products and channels, and conduct billions of dollars in transactions anywhere. CloudCraze powers Customer-First Commerce for industry leaders such as AB InBev, Coca-Cola, Ecolab, GE, Hallmark, Kellogg's, Land O'Lakes, L'Oreal, Symantec, Tyco.

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