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Accenture Interactive – Point of View Series

High performance. Delivered.

Channel Shift:
Measuring B2B Efforts
to Shift Customers Online

Strategy | Consulting | Digital | Technology | Operations

Executive Summary

While there are, and likely always will be, distinct differences in the online functionality offered to a B2B buyer versus a B2C buyer (think purchase orders, credit terms, or multi-level approval processes), increasingly the differences between the B2C and B2B buying experiences are contracting.

As eCommerce and omnichannel purchasing experiences rise to dominance in B2C, they will become akin to consumer shopping. Since B2B buyers and procurement personnel are consumers in their personal lives, the expectation for informative, easy-to-navigate digital purchasing platforms applies just as much to buying a new fleet of corporate cars as it does to ordering a new pair of shoes.

2014 research conducted by Accenture Interactive confirmed that while B2B buyers increasingly expect online purchasing options, there is still considerable room for growth. According to that study, 68 percent of B2B buyers purchased goods or services online in 2014, up from 57 percent in 2013. Nearly half expressed that their organizations would increase online purchasing in 2015.[1] However, our study found that only about 19 percent of B2B organizations see more than half of their revenue transacted online.

Through interviews with 50 digital and eCommerce leaders from US-based B2B organizations with at least $500 million in annual revenue, Accenture Interactive set out to explore what brands are doing and plan to do in the next few years to accelerate this eCommerce shift as the benefits are distinctly in their favor.

This report offers insight into how successful B2B organizations in the United States have been in their efforts to push and pull customers online, the tactics they're using to promote the transition, and the main barriers to capturing more online dollars.

Key findings from the study include:

- 59 percent of B2B organizations see a third of their customers transacting online

- 86 percent of B2B organizations say customers can make purchases via their website; only 14 percent offer no online purchasing options.

- Email marketing is the most prevalent tactic B2B organizations rely on to promote online sales, used by 92 percent of respondents.

- 64 percent of B2B organizations claim that their long-term customers' resistance to change is a barrier to driving more online sales.

The Current State of B2B eCommerce Buying

B2B organizations aren't new to the eCommerce game, but many still struggle to persuade clients to buy online and drive meaningful revenue from existing online channels.

Half of the interview participants report that their organizations receive less than 10 percent of their revenue from online sales. Only 19 percent say that online sales account for more than half of their revenue.
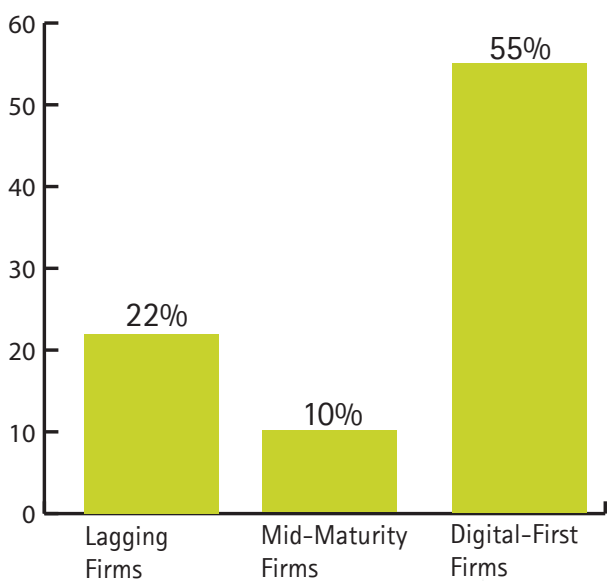
The longer an organization has dedicated to eCommerce strategies, however, the more successful their online channels are today. Fifty-five percent of "digital-first" B2B organizations (those that began focusing on eCommerce five or more years ago) report that more than half of their customers currently complete transactions online, compared to only 22 percent completion for "lagging" firms that began focusing on eCommerce less than three years ago.

Similarly, eCommerce maturity correlates with the percentage of revenue organizations derive from online. Thirty-three percent of the digital-first B2B organizations see more than one-third of their revenue come from online sales, compared to six percent of lagging organizations.

What Percent of Your Revenue is Received Online?

- 18.8%
- 4.1%
- 50%
- 27.1%

Legend:
- 0–10% of total revenue received online
- 11–35%
- 36–50%
- More than 50%
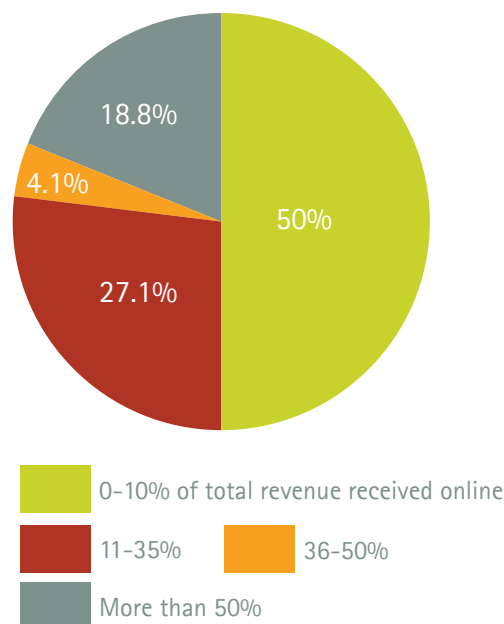
eCommerce Maturity x Percentage of Customers Buying Online

Lagging Firms	22%
Mid-Maturity Firms	10%
Digital-First Firms	55%

"As the ease and convenience of the B2C eCommerce experience wins over B2B buyers, the adoption of seamless online B2B buying is steadily reaching a tipping point. Investing in strong B2B commerce experiences is paying off – the study found that the maturity of B2B eCommerce platforms correlates directly with having substantially higher sales."

– Bob Barr,
   Managing Director at
   Accenture Interactive

Investing time and budget for digital ROI

For plenty of B2B organizations, eCommerce is far from uncharted territory. But while many firms have spent "time" trying to shift their customers online, they show more restraint when it comes to spending "money" to do that.

Forty-three percent of respondents said they began implementing eCommerce strategies more than five years ago. However, most (54 percent) spend only ten percent or less of their marketing budgets on campaigns to promote online purchasing. Thirty-two percent of these digital-first B2B organizations set aside at least 36 percent of their marketing budgets to driving customers online.

Fifty percent of mid-maturity firms (those that began focusing on eCommerce three to five years ago) spend more than 10 percent of their marketing budgets to these efforts. Seventy-eight percent of laggards spend an extremely small percentage of their budget (less than 10 percent) on eCommerce strategies.
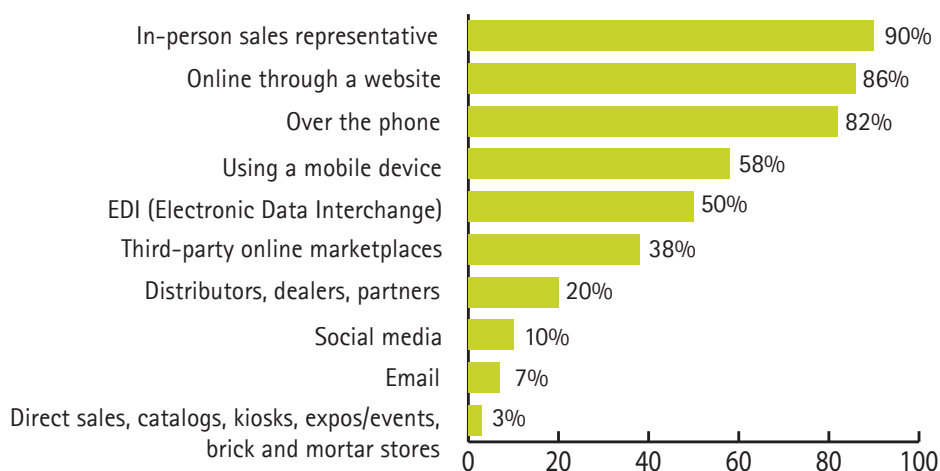
Forty-four percent of organizations that receive more than half of their revenue from online sales dedicate at least 36 percent of their marketing budgets to eCommerce. Eighty-seven percent of the firms with online sales accounting for up to 20 percent of revenue devote 35 percent or less of their marketing budgets to these efforts.

In regards to eCommerce results, B2B organizations get what they put in. Firms willing and able to dedicate time and budget toward fine-tuning their online purchasing programs consistently yield the returns to show for it.

How customers engage online

Today, B2B customers have a variety of buying channels to choose from when making a purchase. According to respondents, B2B company websites are one of the top channels available to buyers – second only to dealing with an in-person sales representative – even though so many firms struggle to capture revenue from them.

Top Purchasing Channels Available to B2B Buyers

Channel	Percentage
In-person sales representative	90%
Online through a website	86%
Over the phone	82%
Using a mobile device	58%
EDI (Electronic Data Interchange)	50%
Third-party online marketplaces	38%
Distributors, dealers, partners	20%
Social media	10%
Email	7%
Direct sales, catalogs, kiosks, expos/events, brick and mortar stores	3%

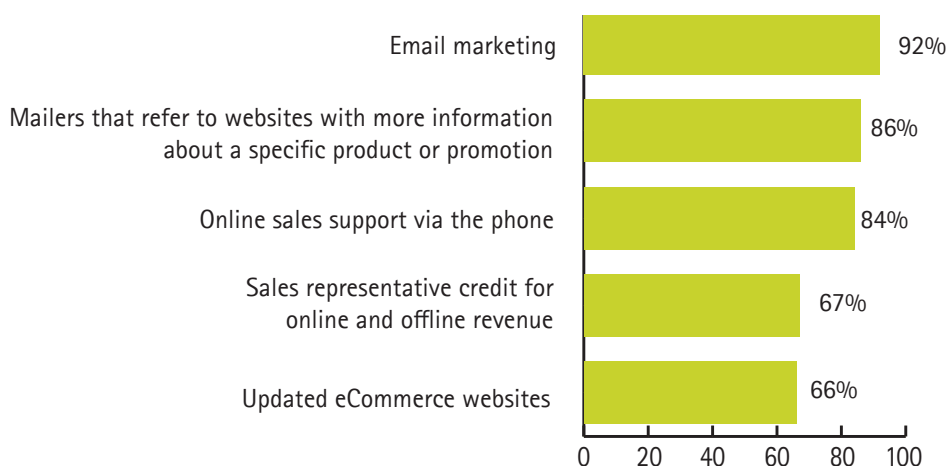# How B2B Organizations are Shifting Customers to Online

Even with limited budgets, B2B organizations experiment with a combination of tactics, both analog and digital, in order to spur existing and new customers to transact online. Most firms rely on traditional marketing tactics such as email blasts and direct mail, more so than digital promotions (such as online-only discounts, loyalty programs, and free shipping) or website enhancements.

Almost all participating organizations provide support over the phone (either via direct calls or click-to-call) for customers that shop online, likely in response to customer demand. Accenture Interactive's 2014 State of B2B Procurement study found that one-third of buyers cite phone support as their preferred sales representative involvement.[2]

Looking ahead, some organizations plan to rollout new online features and internal programs to bolster their eCommerce revenue.

The Top 5 Tactics Organizations Currently Use to Promote eCommerce

Tactic	Percentage
Email marketing	92%
Mailers that refer to websites with more information about a specific product or promotion	86%
Online sales support via the phone	84%
Sales representative credit for online and offline revenue	67%
Updated eCommerce websites	66%

The Top 5 Tactics Organizations Plan to Implement in the Next Two Years

Tactic	Percentage
Internal sales contests rewarding sales representatives for a percentage of their sales that go online	31%
Updated eCommerce websites	30%
Custom client-branded online stores	29%
Online-only loyalty programs	28%
Dedicated teams to call on/work with clients to promote and train the online experience	27%

"The findings show that one major resistance factor to eCommerce sales comes from within the organization itself. For a B2B organization to get their customers to start buying online, business leaders must first drive employee evangelism by pushing their own sales teams to implement change instead of staying set in their original ways of doing business, mainly offline."

– Bob Barr,
   Managing Director at Accenture Interactive

There are a few tactics that B2B organizations overwhelmingly do not plan to pursue, particularly those that could interfere with profitability. Sixty-three percent of respondents have no plans to implement online outlet stores, and 50 percent have no intention of offering free shipping for online orders. More than one-quarter (27 percent) will likely not develop custom client-branded eCommerce stores.
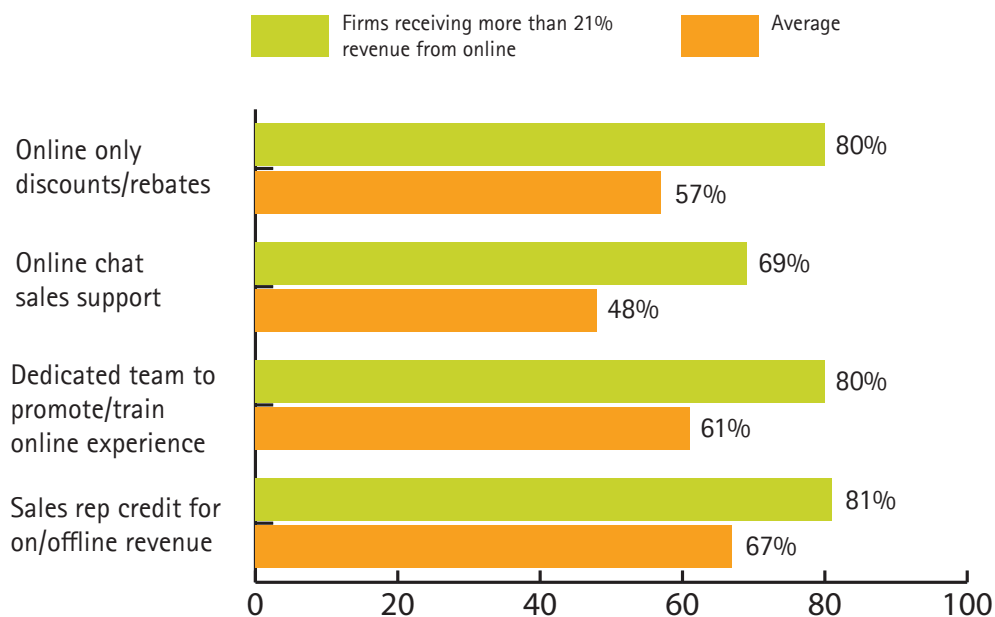
Tactic	Doing	Planning within 2 years	No Plans
Online only discounts/rebates	57%	15%	19%
Updated eCommerce sites	66%	30%	2%
Online chat sales support	48%	25%	9%
Online sales support via phone	84%	8%	4%
Online only loyalty programs	38%	28%	25%
Custom client-branded online stores	31%	29%	27%
Online outlet stores	17%	10%	63%
Mailers than promote web info	86%		7%
Email marketing	92%	2%	6%
Dedicated team to promote/train online experience	61%	27%	7%
Online-only services	56%	23%	9%
Internal sales contests	36%	31%	21%
Sales rep credit for on/offline revenue	67%	20%	11%
Free shipping for online orders only	33%	18%	50%

Where do mature eCommerce brands direct their efforts?

Organizations that have focused on eCommerce for a longer period of time, in many instances, are more inclined to offer a variety of digital support features and personalization to draw customers online. The more mature a B2B firm's eCommerce strategy is, the more likely it is to rely on specific tactics such as online-only discounts, online chat tools and client-branded online stores.

Similarly, firms that generate a significant portion of their revenues (more than 20 percent) from online sales tend to offer customer support through multiple channels. These organizations are also more likely to incentivize sales teams to bring in online business.

Successful Firms' Tactics vs. Average

Firms receiving more than 21% revenue from online

Average

Online only discounts/rebates	80% / 57%
Online chat sales support	69% / 48%
Dedicated team to promote/train online experience	80% / 61%
Sales rep credit for on/offline revenue	81% / 67%

0   20   40   60   80   100

"We weren't surprised to see that the B2B companies that have already invested in eCommerce also recognize that to drive channel shift, they must maintain that same full-service, user-friendly experience. Regularly updating platforms, including mobile optimization, is a must. Our 2014 B2B Procurement Study found that more than half of millennial buyers aged 18-25 use mobile phones for procurement research and still more than one-third of those over the age of 45 do as well."
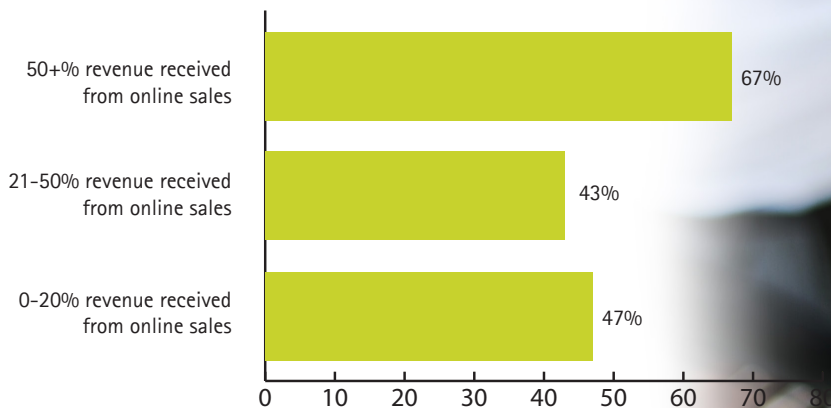
– Bob Barr,
   Managing Director at Accenture Interactive

Mobile matters across the board

In an effort to drive customers online, B2B organizations can't neglect the relationship between eCommerce and mobile adoption. Though a notable portion of firms have (or plan to execute) mobile strategies to support customers' online shift, the motivations and tactics in play vary across organizations. Fifty percent of interview participants have already implemented mobile strategies; 36 percent have mobile plans in the works and only 14 percent don't intend to focus on mobile.

Almost half of organizations (41 percent) with mobile strategies aim to embed special features in their customers' mobile experience, such as the ability to order products, text messaging programs and responsive design. A handful have developed more niche mobile offerings, including mobile apps (15 percent), mobile-optimized websites (13 percent) and mobile catalogs (10 percent).

Mobile Strategies x Online Revenue

50+% revenue received from online sales	67%
21-50% revenue received from online sales	43%
0-20% revenue received from online sales	47%

0 10 20 30 40 50 60 70 80

The presence of mobile strategies positively correlates with both the number of years an organization has dedicated to eCommerce and the percentage of revenue received from online sales. This indicates that, while accommodating mobile shoppers can have a powerful bottom line impact, strategic mobile experiences require time and effort to build.
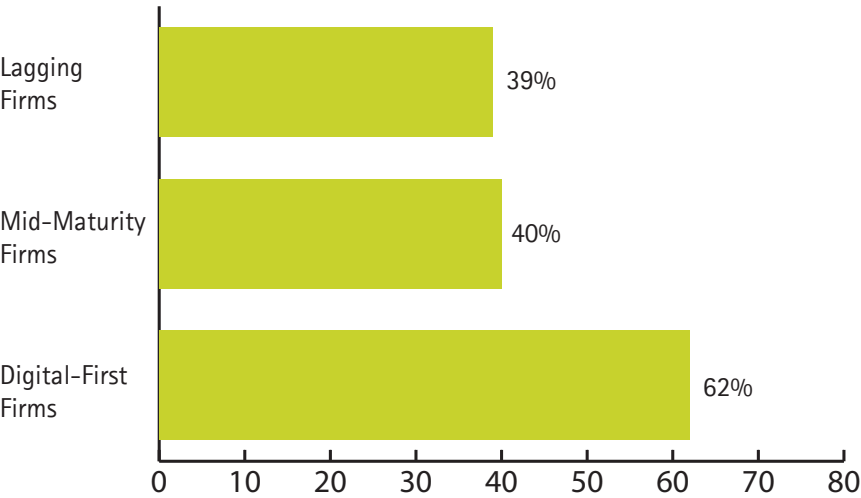
Comparing eCommerce tactics across industries

Respondents' feedback was also analyzed across three major B2B industries: manufacturing and distribution, technology, and retail. Organizations in each sector rely heavily on email tactics to shift customers online, but some nuances emerged.

Technology and manufacturing and distribution firms both cited editorial content as a critical part of their eCommerce initiatives, suggesting the need for more compelling reading material in sectors where the subject matter may be dense. Manufacturing and distribution firms also emphasize two-way communication tactics (including dedicated employee outreach and online chat), an indication that their customers may need more hand-holding to adjust to online purchasing.

Manufacturing & Distribution	Technology	Retail
1. Email; dedicated employee outreach – **55%**	1. Email; website – **36%**	1. Email – **71%**
2. Website; editorial content – **27%**	2. Editorial content; dedicated employee outreach – **27%**	2. Website; social media – **43%**
3. Chat; social media – **18%**	3. Social media – **18%**	3. Dedicated employee outreach – **29%**

Mobile Strategies x eCommerce Maturity

Lagging Firms — 39%
Mid-Maturity Firms — 40%
Digital-First Firms — 62%

(Horizontal axis: 0 10 20 30 40 50 60 70 80)
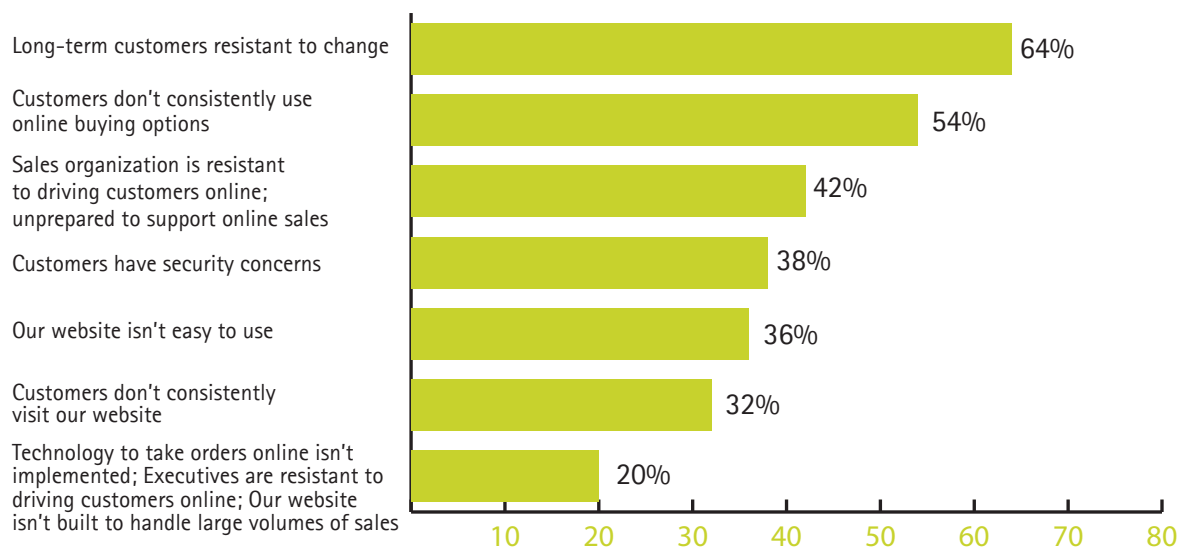
B2B eCommerce Challenges and Opportunities

A number of challenges still stand in the way of B2B organizations' ability to lure existing customers online and create eCommerce experiences that entice new audiences. B2B leaders admit that internal bottlenecks inhibit many of their firms' eCommerce aspirations, but many are quick to characterize the customer as an issue as well.

Top Barriers to Driving More Online Sales

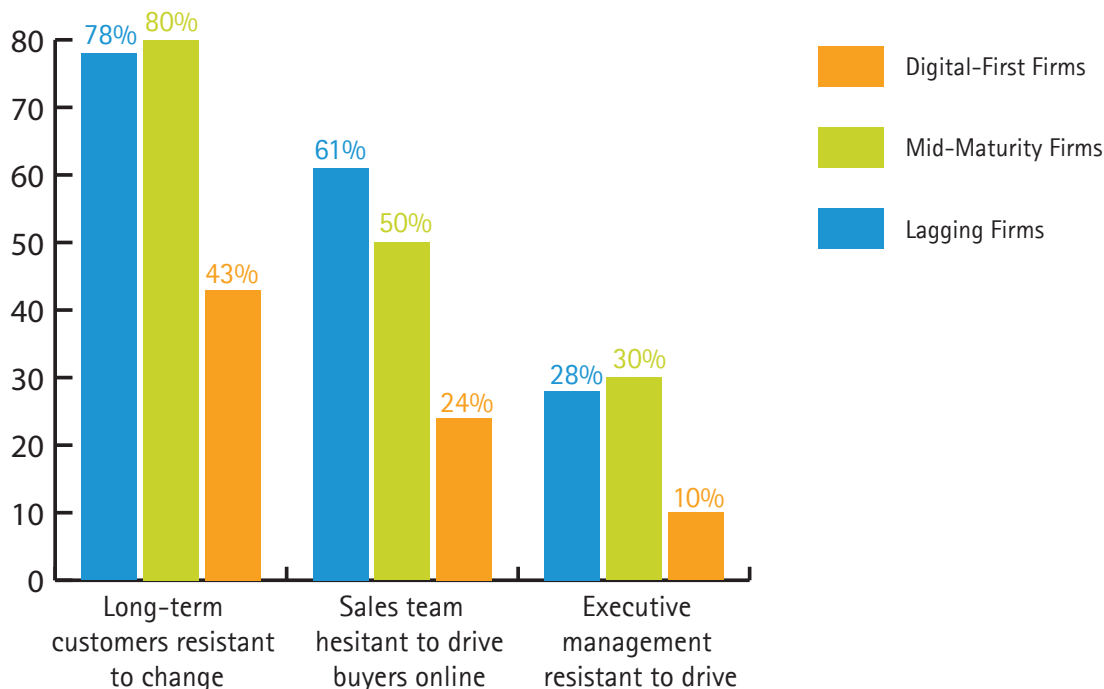| Barrier	Percentage
Long-term customers resistant to change	64%
Customers don't consistently use online buying options	54%
Sales organization is resistant to driving customers online; unprepared to support online sales	42%
Customers have security concerns	38%
Our website isn't easy to use	36%
Customers don't consistently visit our website	32%
Technology to take orders online isn't implemented; Executives are resistant to driving customers online; Our website isn't built to handle large volumes of sales	20%

"While B2B marketers see their customers as a major barrier to moving their sales online, they also admit that their own internal sales team follows closely behind. In order to get your customers on board, you have to be on board yourself."

– Bob Barr,
Managing Director at Accenture Interactive

Although more than half of organizations feel that their longest-standing clients won't swap their in-person transactions for a digital alternative, it's important that firms be mindful of younger generations of buyers, who have a unique set of purchasing preferences.

Interestingly, the less time a B2B organization has devoted to eCommerce, the more likely it is to struggle with resistance to change from customers, sales teams and executive leadership.

Resistance to Change x eCommerce Maturity

Legend:
- Digital-First Firms
- Mid-Maturity Firms
- Lagging Firms

Long-term customers resistant to change: 78%, 80%, 43%
Sales team hesitant to drive buyers online: 61%, 50%, 24%
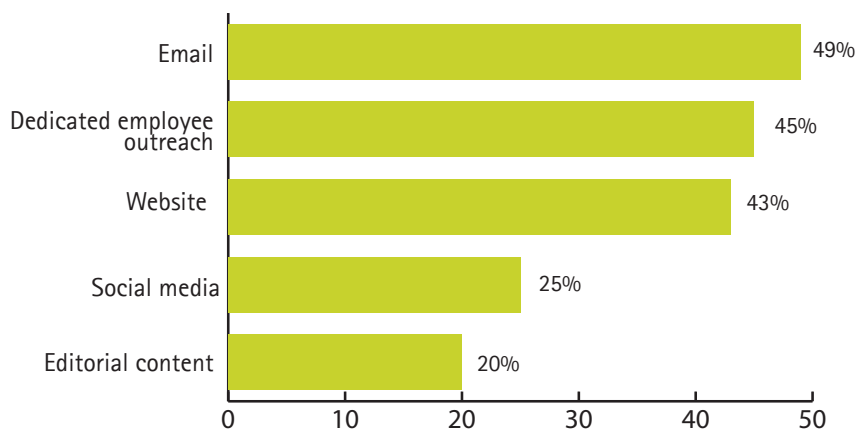Executive management resistant to drive: 28%, 30%, 10%

Opportunities: Proven methods for driving buyers online
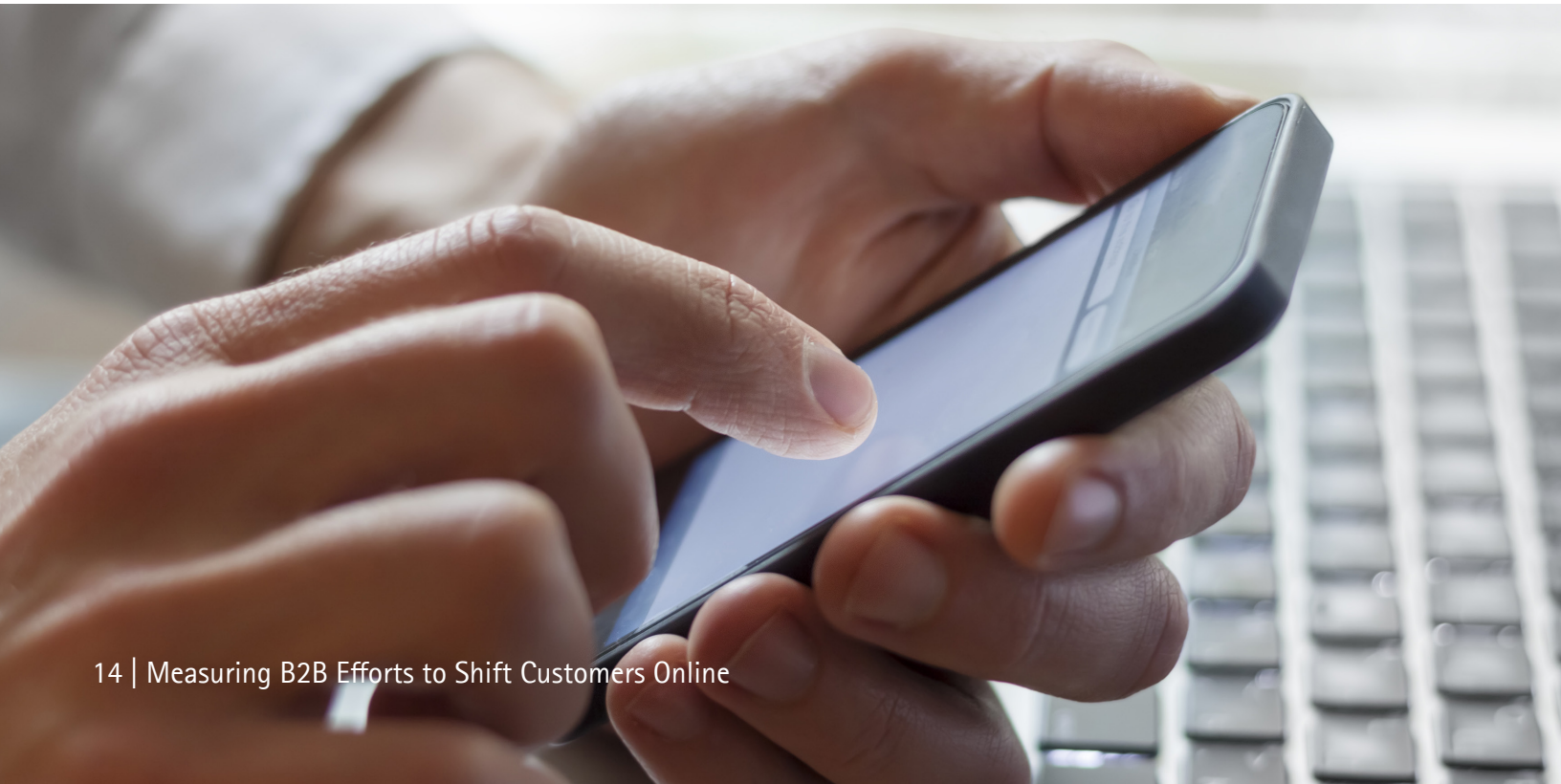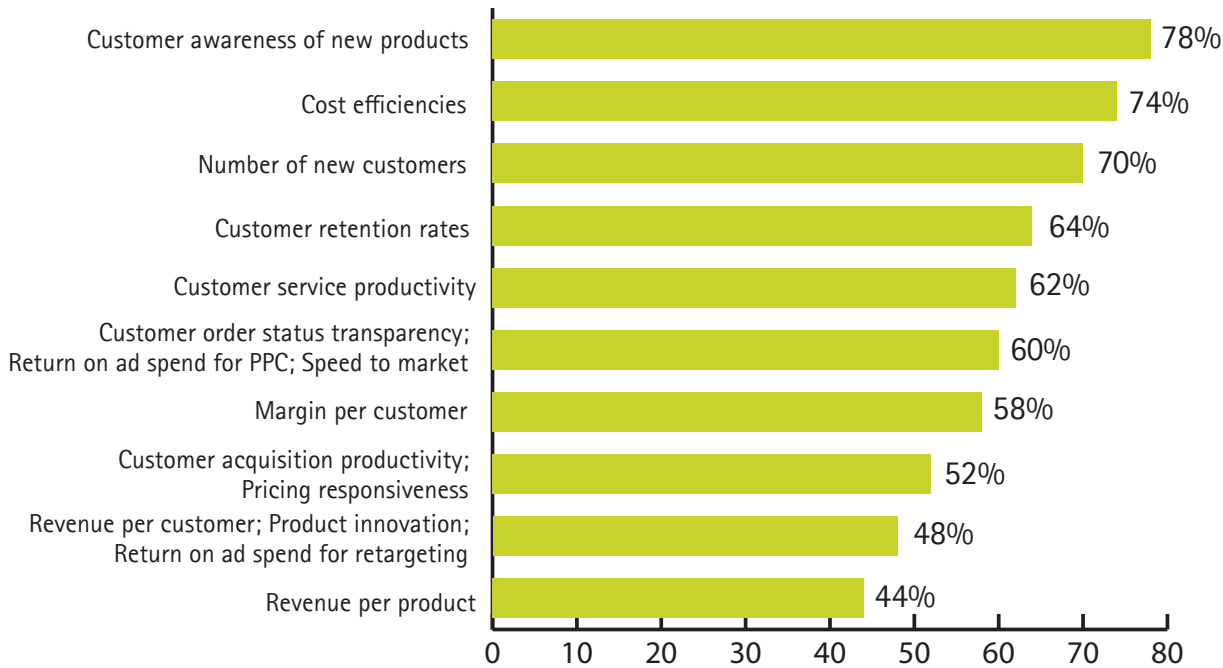
Given the wide range of tactics B2B organizations use to alter customer behavior and boost online sales, it's clear that some methods are more successful than others. When asked which channels have been most successful for shifting customers online, many organizations realize the power of the personal touch. Spurring more eCommerce revenue requires more than a web presence or an email marketing list; there needs to be a human element involved as well.

Most Successful Channels for Shifting Customers Online, According to Leading Organizations Surveyed

Channel	Percentage
Email	49%
Dedicated employee outreach	45%
Website	43%
Social media	25%
Editorial content	20%

Some B2B organizations may be rushing to develop eCommerce capabilities in order to keep up with competitors, but the benefits of online sales go far deeper than that. According to interview participants, moving customers online has the potential to grow their organizations' order volumes, strengthen their relationships with existing clients and unlock critical cost savings.

Business Factors that Would Improve by Shifting Customers Online

Factor	Percentage
Customer awareness of new products	78%
Cost efficiencies	74%
Number of new customers	70%
Customer retention rates	64%
Customer service productivity	62%
Customer order status transparency; Return on ad spend for PPC; Speed to market	60%
Margin per customer	58%
Customer acquisition productivity; Pricing responsiveness	52%
Revenue per customer; Product innovation; Return on ad spend for retargeting	48%
Revenue per product	44%

Recommendations

For the most part, B2B organizations across industries are taking measures to expand their digital horizons and move into the eCommerce space. Despite these efforts, untapped opportunities remain.

Based on the adopted tactics and results of each interview participant, there appear to be three core factors to influencing customers' buying behavior: capable digital channels, human capital and internal engagement.

Firms must strive to offer a seamless experience across any digital channel they use, whether it's an eCommerce website, a mobile application or social media profiles. At the same time, it takes more than a visually appealing website to convert visitors into buyers. Organizations need to differentiate their digital purchasing experience with exclusive promotions, personalized features and informative content customers can't get in person or over the phone. In the B2B space especially, firms should prioritize self-service capabilities. B2B buyers crave efficiency as much, if not more than, consumers. Robust digital account management features – such as customized pricing, contract information and transaction histories – can distinguish a brand among a sea of competitors that still rely on phone calls and paperwork.

The best IT infrastructure in the world, however, won't convince customers to shift online by itself. B2B organizations cannot underestimate the power of the human touch when trying to change buyer habits. One-to-one communication is a critical step toward encouraging customers to try something new. Organizations that put people in charge of training customers on how to navigate their digital channels, and championing the eCommerce experience, yield some of the most tangible results.

Finally, firms need to secure and maintain positive internal engagement – across different departments and personnel ranks – toward their digital initiatives. Everyone from executives to sales teams, marketing, IT and operations must collaborate in order to influence external audiences. Looping in key stakeholders early in any eCommerce strategy planning and incentivizing staff (with sales credits and other perks) set organizations up for digital success down the line.

Above all else, B2B organizations need to recognize that building out a successful eCommerce presence and process takes time. A firm can't implement any given tactic today and expect new revenue tomorrow. It takes months, and in many cases, years to scale up a digital experience that drives significant results. In order to get ahead of the massive shift, those who haven't started need to - and those who have need to ensure - processes are on track for successful growth.

By giving eCommerce initiatives the time and effort they deserve, organizations give themselves the breathing room to perfect new processes and get comfortable with a new business model. The more comfortable B2B organizations become with these digital realities, the more comfortable they can make their customers.
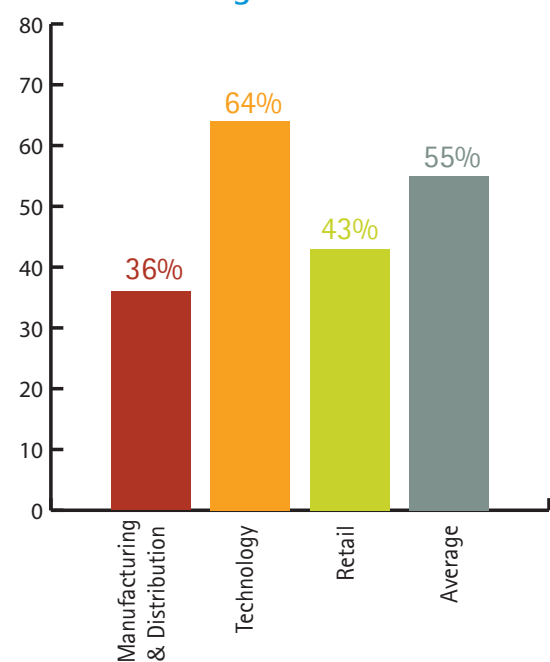
Appendix A: Industry Comparisons

Accenture Interactive's interviews with B2B digital leaders also highlighted notable differences across specific industries, including retail/wholesale, manufacturing and distribution, and technology.
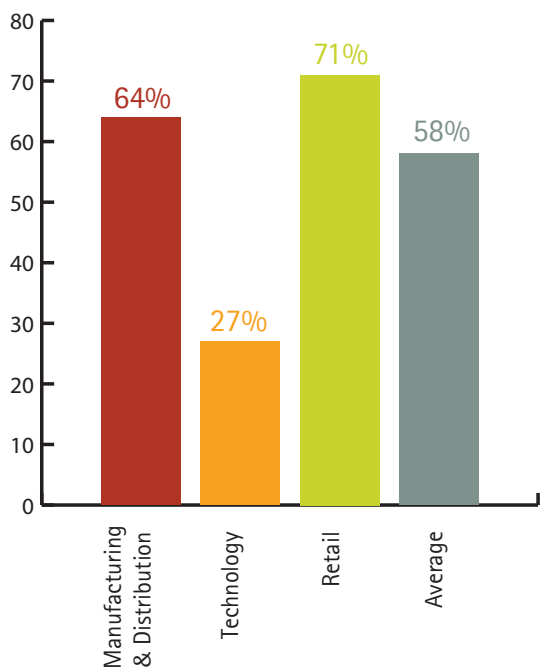
At Least Half of Customers Buy Online

Manufacturing & Distribution	Technology	Retail	Average
36%	18%	14%	35%
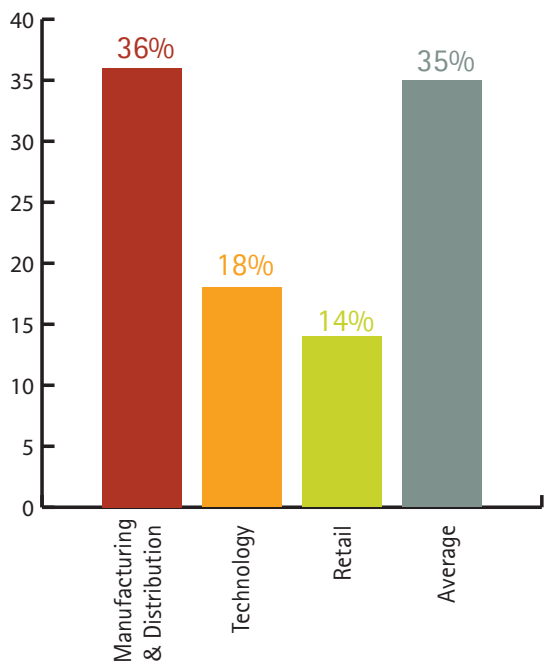
Began Focusing on eCommerce at Least 4 Years Ago

Manufacturing & Distribution	Technology	Retail	Average
36%	64%	43%	55%

Percent of Customers Who Can Buy via a Mobile Device

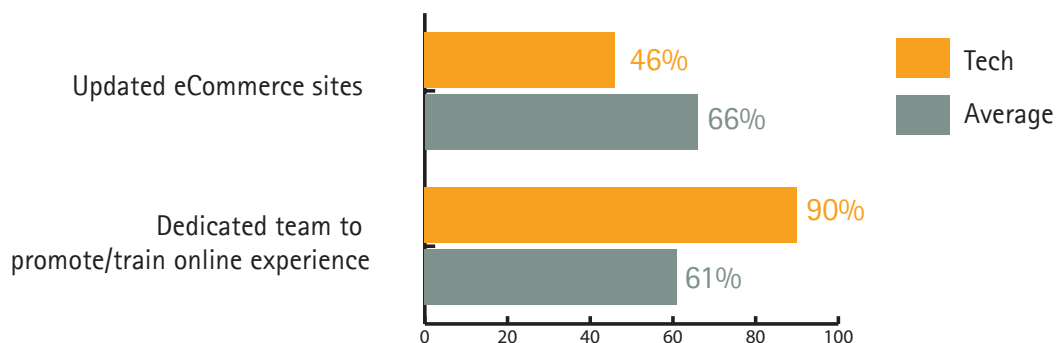| Manufacturing & Distribution	Technology	Retail	Average
64%	27%	71%	58%

eCommerce Tactics: Industry Laggards and Leaders
(Percent implemented tactic)
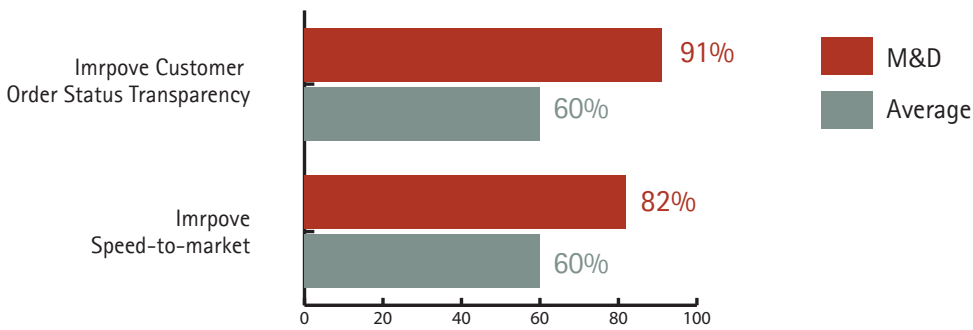
Where Manufacturing and Distribution Firms Lag

Online only discounts/rebates — M&D 27%, Average 57%

Dedicated team to promote/train online experience — M&D 18%, Average 61%

Legend: M&D, Average
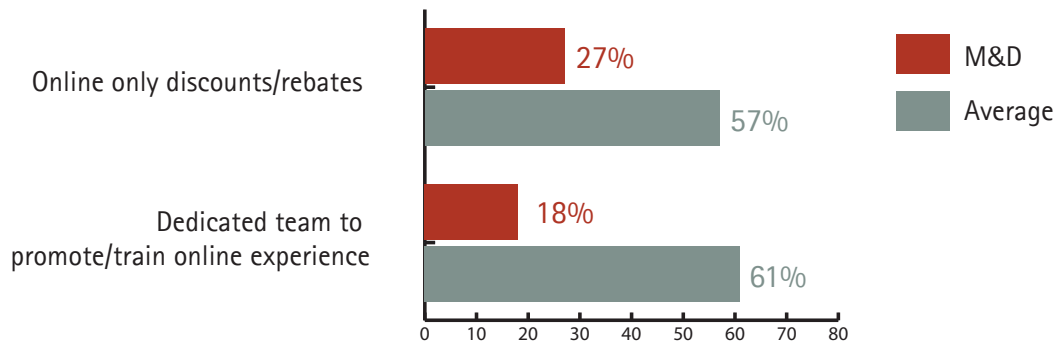
Where Tech Firms Lead and Lag

Updated eCommerce sites — Tech 46%, Average 66%

Dedicated team to promote/train online experience — Tech 90%, Average 61%

Legend: Tech, Average

Where Retail Firms Lead and Lag

Online chat sales support — Retail 33%, Average 48%

Sales rep credit for on/offline revenue — Retail 83%, Average 67%

Free shipping for online orders only — Retail 50%, Average 33%

Legend: Retail, Average
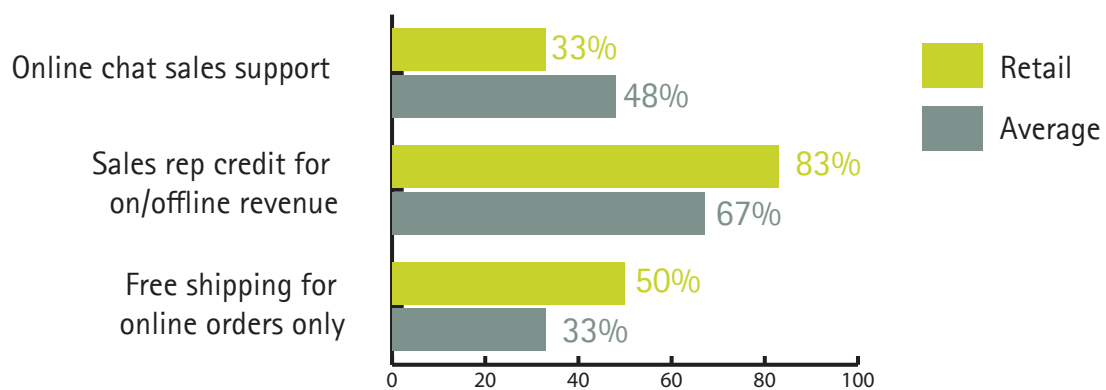
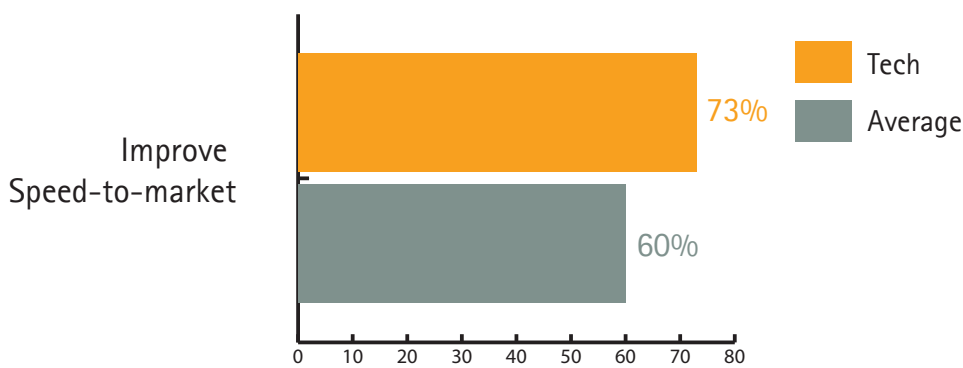# Different Perceived Benefits of Shifting Customers Online

Manufacturing and Distribution Firms Perceived eCommerce Benefits

Imrpove Customer Order Status Transparency: M&D 91%, Average 60%

Imrpove Speed-to-market: M&D 82%, Average 60%

Legend: M&D, Average

Tech Firms Perceived eCommerce Benefits

Improve Speed-to-market: Tech 73%, Average 60%

Legend: Tech, Average

Retail Firms Perceived eCommerce Benefits

Improve Customer awareness of new products: Retail 71%, Average 48%

Legend: Retail, Average
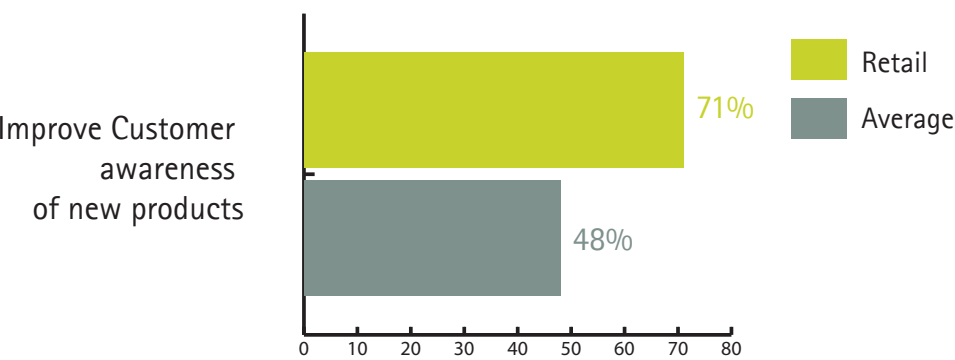
Methodology

Accenture Interactive partnered with the Blackstone Group on a study to help digital and eCommerce leaders in B2B companies better understand what tactics are most effective in shifting customers to buy online.

The study surveyed 50 B2B digital and eCommerce professionals (managers and above), the majority of which work for organizations with revenues in excess of $1 billion, across a wide range of industries. The survey analyzed the purchasing channels B2B firms currently offer customers, what tactics firms have adopted to push customers to buy online, barriers to generating revenue from online sales, and the business improvements eCommerce can bring. Respondents were further broken down based on demographic qualifiers, including industry, percentage of revenue derived from online sales, and number of years devoted to eCommerce. Response percentages were evaluated on a quantitative scale to assess actionable metrics for B2B companies.

Sources

1. "2014 State of B2B Procurement Study: Uncovering the Shifting Landscape in B2B Commerce," Acquity Group. 2014. http://www.acquitygroup.com/docs/default-source/Whitepapers/acquitygroup_2014-b2bstudy.pdf

2. Ibid.

To learn more about the research and how to improve your B2B channel shift contact:

Bob Barr
Managing Director, Global Lead B2B Commerce
Accenture Interactive
bob.e.barr@accenture.com

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