



GORILLA GROUP B2B ECOMMERCE BENCHMARKING REPORT

Third Edition

INTRODUCTION



Since sharing annual Benchmarking reports for the past two years, the B2B market has continued to evolve alongside shifting digital trends and best practices. Many of those developing practices indicate a broader, industry-wide focus on customer experience-oriented engagements. As ecommerce transitions into a preferred buying method for business-to-business companies in many industries, and organizations continue to invest significantly in their online channels, certain digital trends have emerged, including the shift away from in-house platforms and the rising importance of user experience-driven features and functionality.

In an effort to present updated information, and compare data year-over-year, we've circled back with the companies researched and featured in our 2015 and 2016 reports (as well as several additions based on industry changes) to create a merchant-side survey that presents a fresh look at the trends, best practices and data driving B2B ecommerce in 2018 and beyond.

BRAND, RETAILER OR BOTH?



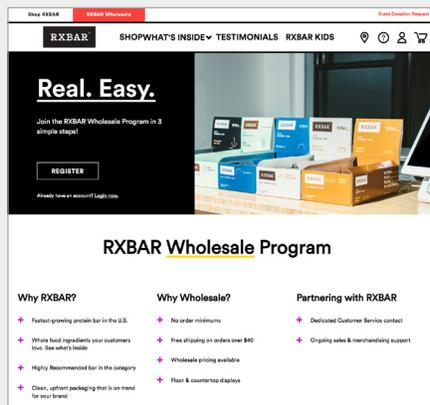
Analysis: Similar to past years' reports, we surveyed a mix of B2B sites, the majority being brands. We characterize brands as manufacturers of their own products, selling in a B2B capacity, while retailers could be selling multiple brands or acting as distributor. For instance, Grainger is a B2B retailer and sells a number of B2B brands, such as General Electric and Stanley Black & Decker. We are also noticing brand manufacturers allowing for cross-pollination of products from partners and dealers, such as medical device manufacturer and distributor SPS Co. selling prosthetic limbs and other devices from a number of different suppliers at www.spsco.com. This cross-pollination can lead to increased visibility but also serves to increase competition.

PHYSICAL LOCATIONS



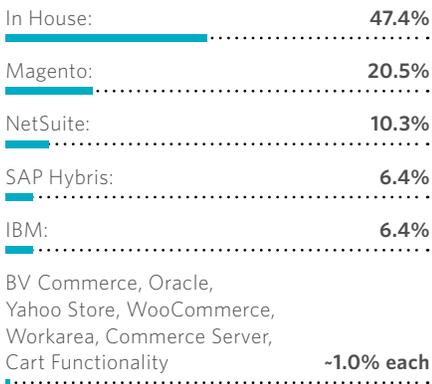
Analysis: For the purposes of this year's research, we categorize physical locations as storefronts that facilitate actual B2B transactions, and have excluded manufacturing facilities from the data. With this in mind, the majority of the B2B businesses surveyed are pure-play etailers, selling their products only online. This data logically aligns with the nature of how typical B2B product categories can be sold. For instance, it's simpler and more cost-effective for a construction site manager to order and have a large piece of machinery and several replacement parts delivered in one bulk shipment than to pick the items up at a storefront.

ENABLING DIGITAL FOR B2C AND B2B AUDIENCES, ALONGSIDE EACH OTHER



Many traditionally B2C brands and businesses also have significant B2B audiences that need to be addressed with the same care and focus given to consumer buyers. Engaging two buyer audiences (consumers as well as wholesalers/businesses) has become a key priority for many companies. For instance, an emerging brand founded in 2013, RXBAR makes whole food protein bars with simple ingredients that contain no soy, gluten or dairy, with a direct and upfront approach to branding. In addition to leveraging their digital channel to encourage direct-to-consumer sales, activating and engaging certain B2B sellers, such as gyms, yoga studios and small, gourmet grocers, was a key priority for the RXBAR team. To that end, the brand established a separate, easily navigable website section for their Wholesale Program with a prominent tab on their homepage that leads to a landing page with details about the program and testimonials from B2B sellers. For potential wholesalers, a quick, step-by-step registration portal allows for a simple and straightforward introduction to selling.

PLATFORM



Analysis: Since conducting our first research report two years ago, the number of B2B sites built on in-house commerce platforms has dropped from 63% in 2015 to just 47% this year. The remainder were spread across a variety of “packaged” enterprise commerce solutions, with Magento, SAP Hybris and NetSuite leading the pack. Both Magento and SAP Hybris have committed to continually enhancing their B2B capabilities, and those commitments have paid dividends, with both platforms highly ranked by independent research firms. Specifically, Magento was positioned as a Leader in Forrester’s Mid-Market B2B Report, and Hybris ranked as a Leader in the Large Enterprise Report.

RESPONSIVE DESIGN

Features Responsive Design Interface:



Analysis: Last year, the responsive vs. non-responsive split had reached 50/50. This year, the number of sites leveraging responsive design has increased to 75% as B2B sites continue to enhance their digital channels to keep pace with their B2C counterparts through consumer-like experiences and best practices.

Traditionally, B2B companies have been laggards to adapting B2C best practices, but Gorilla anticipates progressive web apps (PWAs) will be strongly considered for implementation by B2B companies given their ability to provide a more fluid, app-like browsing experience, which is very important for complex B2B products that feature highly configurable components. For more information about PWAs and future challenges and opportunities, [listen to a recording of a joint webinar](#) featuring Gorilla, Magento and Mobify.

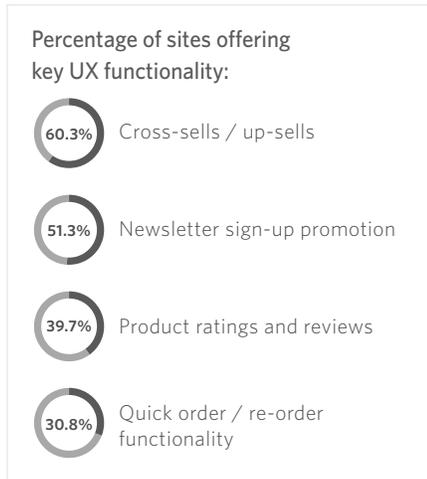
ACCOUNT REGISTRATION



Analysis: Year-over-year, fewer sites have curated account registration systems (that require site owner approval) in place. These curated registrations tend to be more common in B2B selling environments due to the nature of the products sold as well as the delicate nature of displaying pricing publicly. The shift away mirrors the trend of B2B digital experiences aligning more closely with B2C best practices. The reduction in curated registration may also be due to B2B businesses finding other ways to restrict sales of certain products through filters and user guidance.



USER EXPERIENCE

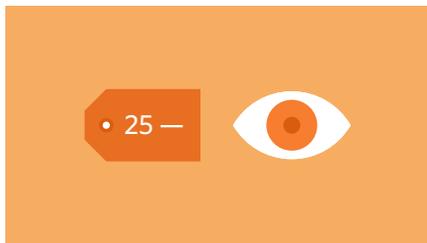


Analysis: As previously discussed in this report, B2B businesses continue to adopt B2C best practices to appeal to consumers, streamline site browsing and increase engagement and purchase volume. This trend is validated upon closer examination of the UX best practices outlined in the sidebar to the left. B2B businesses are beginning to embrace user-generated content like product ratings and reviews, and are working to simplify the purchase funnel through cross-sells and quick order functionality. Despite reports of decreasing effectiveness in the B2C channels we surveyed, the number of businesses offering newsletter sign-up functionality has remained relatively consistent year-over-year, which could be linked to the increasing prevalence of B2B marketing platforms like Marketo, HubSpot and Act-On which make email marketing messaging automated and easier than ever.

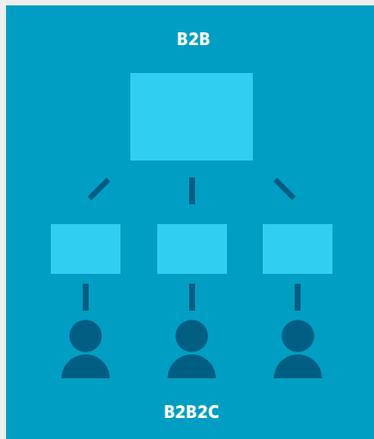
PRICING PRIOR TO LOGIN



Analysis: The number of businesses surveyed that show pricing prior to login has remained the same year-over-year, at just more than 70%. Based on our understanding of trends and customer expectations, we predict that number will rise in the coming years as B2B buyers mandate transparency and an immediate view of all product information to simplify the shopping path. However, certain retailers selling wholesale products at tiered or otherwise variable prices to select customers may continue to gate their pricing. For those sellers, we recommend focusing on other ways of increasing communication and transparency by displaying price ranges or “starting at” pricing, while encouraging users to interact with the sales team for personalized guidance.



B2B2C



The business to business to consumer (B2B2C) ecommerce model involves businesses selling to other businesses, who in turn sell to consumers. The model is not necessarily a new concept, as industries such as jewelry, multi-level-marketing (MLM), and health products have utilized this for years to distribute products. It has however, become increasingly popular with digital commerce platforms by allowing businesses to “spin up” individual storefronts for their sellers to purchase product from the corporate entity and sell to the end customer. This enables sales channels that, in theory, work seamlessly with consumers’ buying habits. For instance, one of the largest manufacturers of metal products for the non-residential construction industry has a long-term strategy involving using their B2B sites to act as a foundation for branded channels for contractors selling to end consumers. These B2B2C channels will operate within the corporate ecommerce instance, with storefronts spun off to allow for the contractors to have their own branding, contact information, product assortment and pricing information. This approach is beneficial for the manufacturer to be able to control the entire supply and demand chain through to the end customer, while keeping their IT costs of creating new storefronts low.

CLICK TO CHAT

Offer click-to-chat:



Analysis: While click-to-chat (or livechat) functionality appears to have dropped slightly year-over-year, a simple technology development could explain the downward trend. As businesses reduce the use of livechat features, they may be introducing chatbots that are proactive, rather than relying on reactive buttons on the site. Chatbots boast streamlined and advanced problem-solving abilities and could be embedded in FAQ or customer services site pages. While nothing can replace a human-human interaction, chatbots are more cost-effective, quick to respond and can easily address commonly asked questions. Chatbots can also act as a filter for more complex concerns and route them along to an actual customer service agent.

SELLER ON AMAZON BUSINESS



Analysis: Similar to last years' data, we found that of the B2B companies surveyed, there was a nearly 50/50 split of those selling vs. not selling on Amazon Business. The 'Amazon Effect' has been felt in almost every retail category, and the ecommerce giant's latest push into the grocery market through their acquisition of eco-minded grocery chain, Whole Foods Market, has sent shockwaves through the food and beverage industry. As Amazon finds strong footholds in a variety of industries, businesses that have partnered with the ecommerce conglomerate are finding that in addition to increased market exposure, they are also encountering reduced margins, pricing pressure and lack of critical purchaser data.

Top 3 Industries/Verticals for Companies on Amazon:

- 1) Light Industrial & Scientific
- 2) Tools & Home Improvement
- 3) Home & Kitchen

Top 3 Industries/Verticals for Companies Not on Amazon:

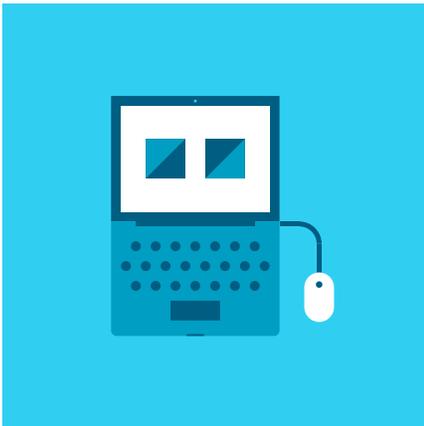
- 1) Heavy Industrial
- 2) Home Appliances & Furniture
- 3) Food & Drugs

PRODUCTS SOLD THROUGH A THIRD PARTY

Yes:	28.2%
No:	25.6%
N/A:	46.2%

Analysis: Our research found that less than a third of B2B manufacturers surveyed distribute their products through third party sellers, such as dealers on Amazon. For many B2B businesses, third party sellers aren't able to provide the same level of service and transparency that customers are accustomed to and require. For instance, heavy industrial and manufacturing businesses often deliver custom quotes through CPQ (Configure-Price-Quote), and offer specialized services to deliver and install components. Further, certain industries sell products that require close monitoring to maintain brand integrity and product quality. Brands in the luxury and health & beauty industries are increasingly unlikely to sell through third party distributors due to the lack of restrictions and regulations that protect against counterfeit goods.

CONCLUSION



Since our first two Benchmarking reports were released in 2015, the B2B market has continued to evolve to keep pace with digital trends and best practices. For the majority of manufacturers and distributors, their ecommerce channels will remain distinct from those of their B2C counterparts due to the varying goals and business objectives of B2B and B2C customers. Still, there have been a number of changes within the B2B ecommerce market that indicate a larger shift to technology and user experience-driven engagements.

These changes include:

- Increased adoption of responsive design as a web best practice
- Enhanced focus on user-generated content and a simplified browsing experience
- Continued shift to sophisticated platforms with out of the box features and functionality to simplify implementation

Gorilla will continue to keep a close eye on the B2B landscape, and we look forward to sharing more insights and a fresh look at the data driving ecommerce in 2018 and beyond.

Survey Methodology

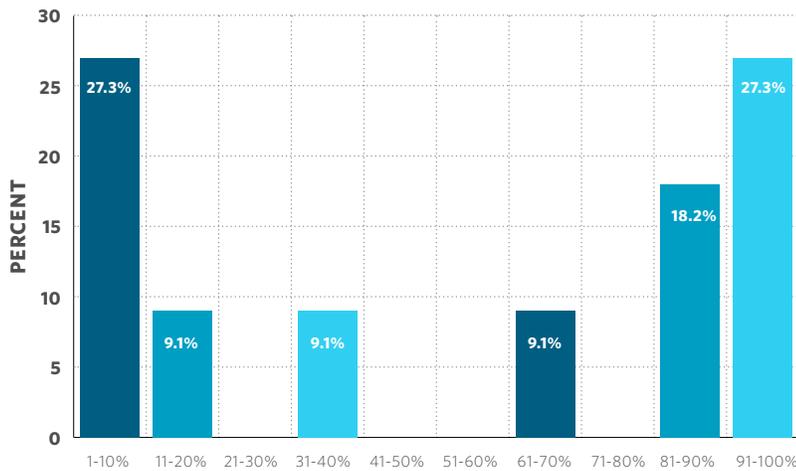
This report is the result of a heuristic survey of relevant merchant websites taken in June and July 2017. All information collected is publicly available. Information on each merchant's website was accurate at the time the survey was conducted, but is subject to change due to the iterative nature of the web.

Our B2B survey is comprised of data collected from 78 wholesale distributors and brand manufacturers taken from the 2016 Internet Retailer B2B 300, as well as a sampling of Gorilla Group clients.

GORILLA CLIENT-SIDE SURVEY OF B2B BUSINESS LEADERS

In order to add context to our research, boost the comprehensiveness of our 2017 report, and better understand our clients' future goals, we conducted a supplemental client-side survey of B2B executives new for this year. The results are presented with analysis in this section.

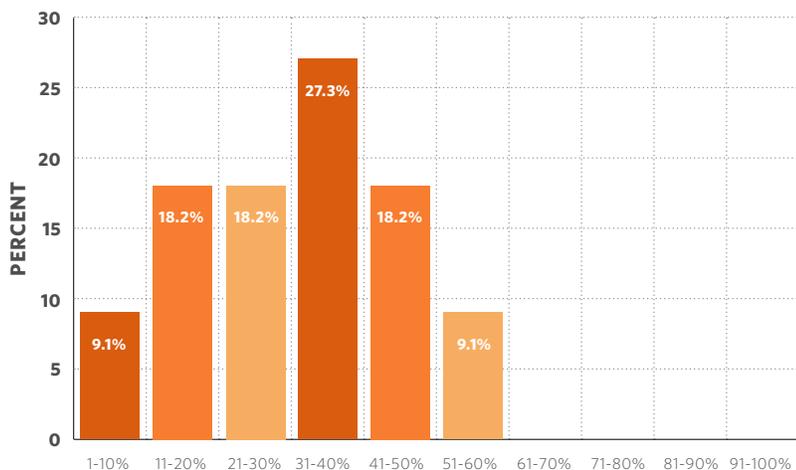
What percentage of sales do you currently transact through your ecommerce channel?



The varied results demonstrate that this B2B-specific survey has targeted a balanced mix of companies, with about half transacting the majority of their sales online, and the other half transacting less than 20% online. This split echoes our industry understanding that not every organization, B2B or otherwise, will be fully invested and 'all in' on ecommerce as their only method of transacting orders. However, we anticipate those laggards to shift their online sales proportions to be more in line with what their digital-focused counterparts are achieving in the coming years.

The majority of B2B clients transact more than 50% of their revenue through digital channels today, however there are still many stragglers slow to adopt digital best practices to facilitate sales.

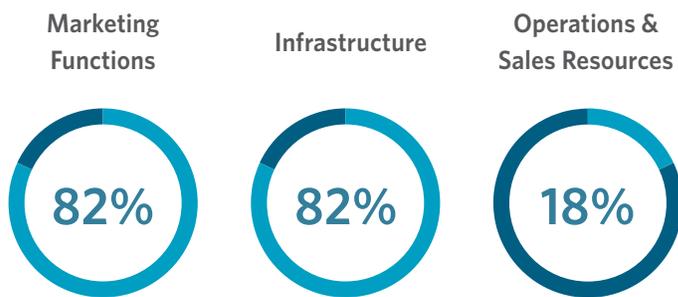
What percent of your budget do you intend to invest in ecommerce in the coming year?



Less than 10% of survey respondents say that they plan to dedicate more than 50% of their budget to ecommerce in 2018, and none say they'll spend more than 60% on ecommerce investments. These results indicate that there are significant competing initiatives that digital commerce executives are taking note of and focusing their attention on. Gorilla has noticed some companies have elected to delay ecommerce projects due to other capital expenditures (such as building a new fulfillment center) or IT infrastructure (such as replatforming their ERP system). These results indicate that there are significant competing initiatives that are capturing the attention of digital commerce executives.

Competing corporate projects could determine digital commerce success or failure.

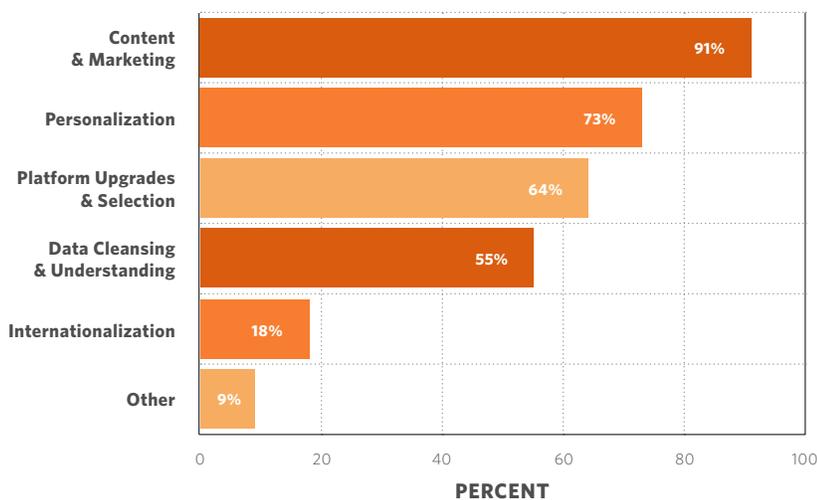
In 2018, ecommerce investments will be allocated to which of the following areas?



According to the B2B business leaders surveyed, IT and Marketing departments will continue to fight for ecommerce project budget allocation. For the purposes of this survey, Marketing can be defined as initiatives, typically front-end-focused, that drive users and revenue through the system. IT expenses and initiatives can be identified as integrations, scaling and “keeping the lights on” maintenance of existing applications. In order to reconcile these competing forces, Gorilla recommends establishing a digital transformation committee with members of both teams to ensure all voices are being heard.

IT and Marketing teams should work together to establish a joint digital transformation “committee” to avoid competing for budget and resources.

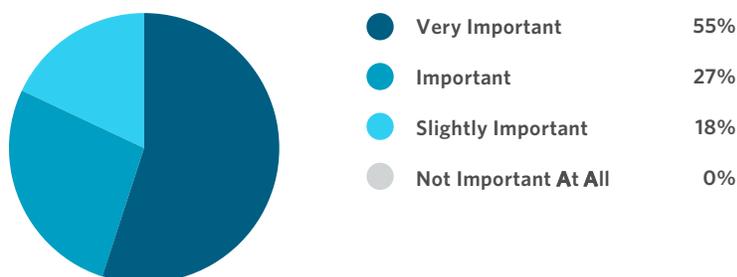
Which ecommerce channel initiatives do you plan to invest in in 2018? (Check all that apply)



Whether you are selling in a B2C or B2B capacity, there’s a person at the end of every transaction. Knowing who they are and what motivates their purchase decisions is critical to effectively meeting their needs, and there remains a great opportunity in the B2B space to effectively market and sell to buyers with a UX-centered approach. Our results indicate that for most survey respondents, Content & Marketing and Personalization fall squarely at the top of their investment priorities. This echoes our expectations, and the driving force behind the creation of our recent [whitepaper](#), *The Continued Evolution of B2B Ecommerce: Customer Experience Management*, which discusses how B2B companies that have implemented ecommerce are now looking to further monetize and drive revenue through the channel with content and personalization.

Content can draw new customers and capture more revenue from existing B2B buyers.

How important is social media to your ecommerce strategy?



More than 80% of survey respondents indicated that social media is important or very important. These results signal that traditional direct-to-consumer marketing vehicles and initiatives, like engaging social media channels, should not be ignored for B2B audiences. However, certain traditional engagement techniques might not be well-suited for your business-oriented audience. For that reason, Gorilla recommends researching and examining social media best practices, and, over time, tweaking them to best target your B2B audience.

B2B companies should not ignore social channels, but should tweak best practices to align with a business-oriented audience.



B2B DIGITAL COMMERCE ADVICE FROM A PRACTITIONER:

Bosch USA Digital Project Manager,
Sunny Mallavarapu

Decode the complexities of your user personas

- *"It's no longer just a professional user and a DIY user. There is the person who enters the orders, and all they are concerned about is entering orders. And then there is the user who cares about promotional content to understand what they should be talking to sales rep about. That user doesn't care at all about orders. There's another user that doesn't care about orders or promotional data, but they're concerned with just product information."*

Avoid tunnel vision when implementing B2C-like features and functionality for your B2B business. Understand your customers first.

- *"In certain cases you do not have to follow the mantra of sleek B2C practices to have a functional B2B experience. As mentioned, certain user personas are purchasers that need to purchase a pre-approved set of products regardless of the experience and move on with their daily tasks. For this group, site performance and simplicity with minimal marketing content is optimal."*

Be prepared for Amazon to rapidly change their environment, policies, procedures, and protect your business with your own well-established digital platform.

- *"If you use Amazon as a sales channel Amazon is notorious for making quick decisions and changes, and businesses are forced to pivot."*
- *"B2B is definitely changing for us. We started with B2B initiatives that focused on lead generation and customer buying portals. Now we're more focused on marketing platforms. It's no longer a platform to support a customer service need, but a touchpoint on how we engage our customers."*

Understand the global implications of your digital initiatives.

- *"For as much as we have to think globally, we now have to also start thinking very regionally. The General Data Protection Regulation (GDPR) is going to be a significant change in companies leveraging, or planning to leverage, a global digital architecture."*
- *"Due to European-based data protocols the idea of a global platform may become increasingly more difficult as privacy requirements with European digital properties may be different and contradictory to US law."*