

— KEY FINDINGS FROM THE 2020 —
U.S. B2B ECOMMERCE
MARKET
REPORT

Summary data and analysis on the numbers, trends and trendsetters
shaping the future of B2B ecommerce

MAY 2020



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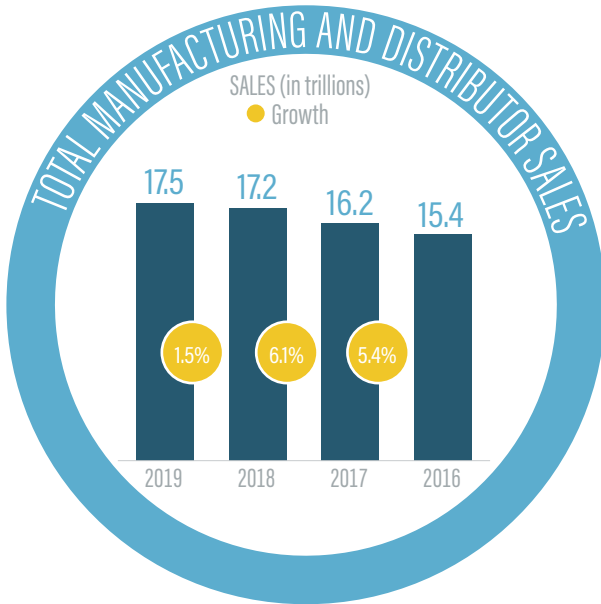
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MAPPING OUT U.S. B2B ECOMMERCE MARKET GROWTH

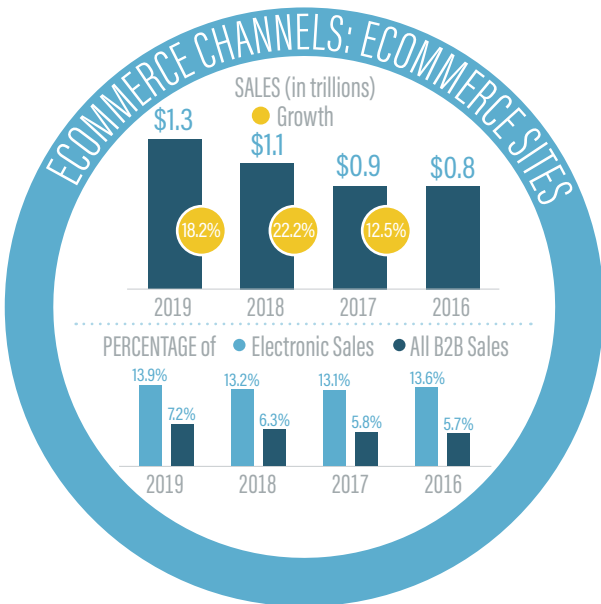
STARTING POINT



KEY TAKEAWAY

Even before the coronavirus widely impacted the economy, trade wars, tariffs and other issues contributed to slower growth in multiple industries.

NEXT STOP



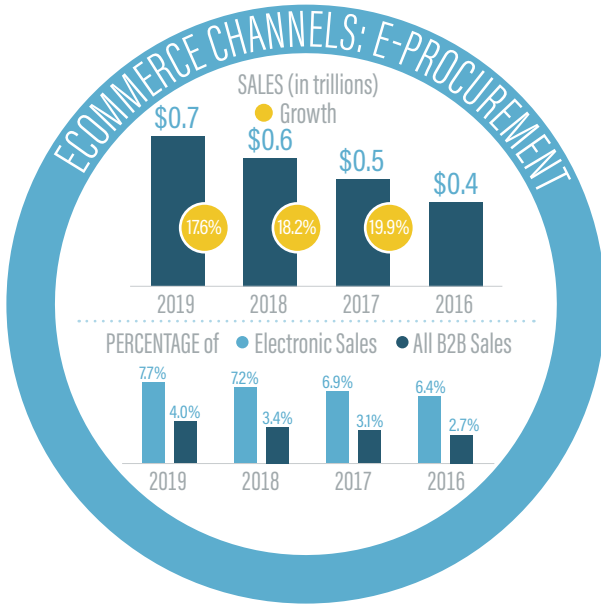
KEY TAKEAWAY

More manufacturers, wholesalers, distributors and retailers that sell wholesale are putting B2B ecommerce on a faster track. More companies are dedicating significant resources to launching and enhancing their ecommerce sites.



MAPPING OUT U.S. B2B ECOMMERCE MARKET GROWTH

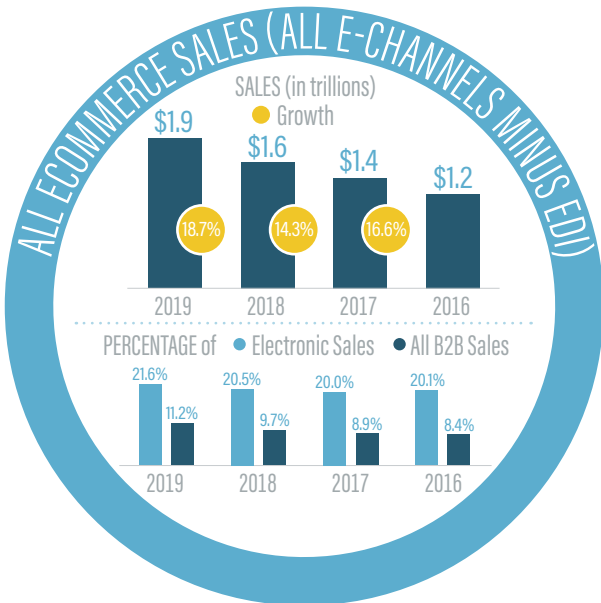
PIT STOP



KEY TAKEAWAY

E-procurement and buyer/seller networks represent a fast-growing segment of B2B ecommerce.

FAST LANE



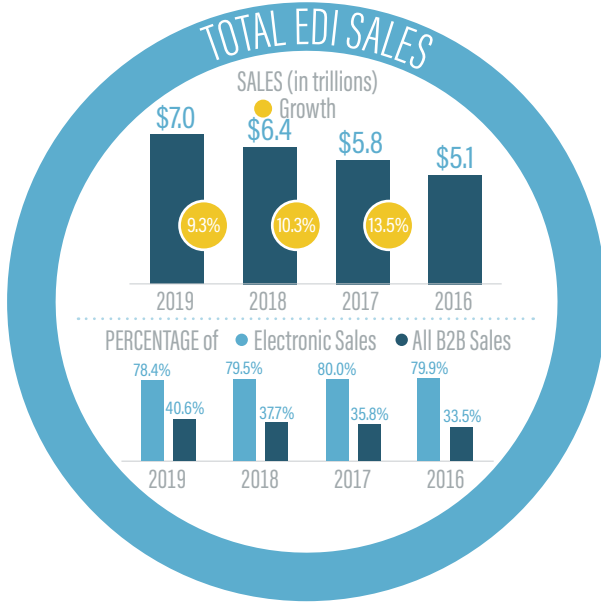
KEY TAKEAWAY

Ecommerce is now becoming a mainstream channel for more U.S. companies.



MAPPING OUT U.S. B2B ECOMMERCE MARKET GROWTH

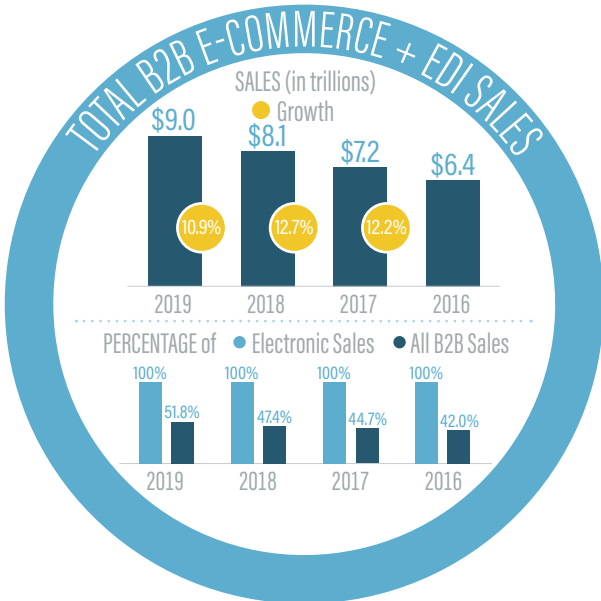
CHUGGING ALONG



KEY TAKEAWAY

EDI remains by far the largest electronic channel, but growth is slowing as more digital sales channels gain momentum.

WHERE THE ROAD HEADS



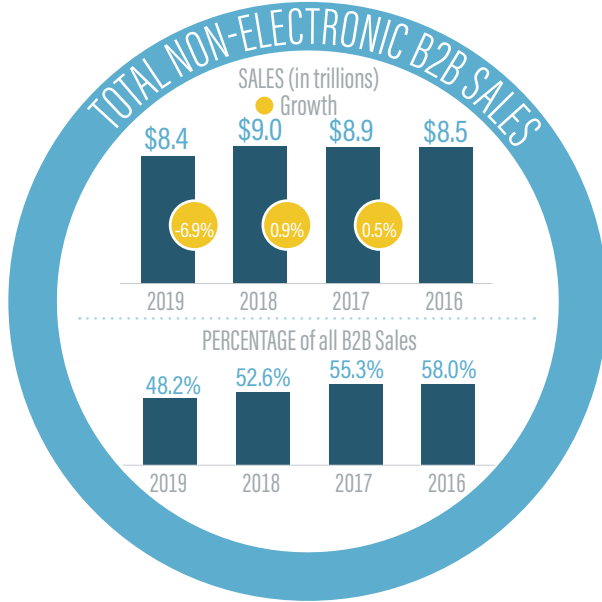
KEY TAKEAWAY

Electronic channels now account for more than one-half of total U.S. B2B sales.



MAPPING OUT U.S. B2B ECOMMERCE MARKET GROWTH

OFF TO THE SIDE



KEY TAKEAWAY

“Manual” transactions performed by sales departments and field sales teams represent a significant new digital commerce opportunity as ecommerce sales replace traditional paper and phone sales.

INTEGRATION AND AUTOMATION TECHNOLOGY BUILDS BETTER B2B BUYER-SELLER RELATIONSHIPS

An executive conversation with **Brady Behrman**, CEO, PunchOut2Go



As B2B ecommerce continues to grow, B2B buyers expect suppliers to offer low-friction online shopping experiences—and procurement integration and automation can help. To discuss how the right procurement integration and automation technology can build better relationships between B2B buyers and suppliers and optimize costs, Digital Commerce 360 B2B spoke with Brady Behrman, CEO of PunchOut2Go, a provider of punchout catalog and B2B order automation technology.

How has B2B ecommerce changed recently?

B2B buyers want to integrate as many suppliers as possible for automatic data exchange with their e-procurement and spend management platforms. Buyers rely on these platforms to streamline procurement workflows and reduce procurement costs. Automation and analytics play key roles in cost control and optimizing procurement workflows. But procurement optimization depends on the availability of comprehensive procurement data. Automation allows for the seamless flow of data between buyer and seller software platforms, enabling features such as punchout catalogs and purchase order-to-invoice automation that would otherwise require expensive manual processing or lengthy IT projects.

What are the e-procurement challenges B2B sellers are currently facing?

Data exchange and automation remain a challenge. More B2B suppliers offer ecommerce, but buyers also want punchout catalogs, purchase order automation and electronic invoicing—all of which require the automatic exchange of data between e-procurement platforms and ecommerce applications. The cost of custom integration to enable individual suppliers who use any of dozens of different ecommerce applications means that many

buyers only integrate top-line suppliers, if any. That leaves thousands of requisition orders, purchase orders and invoices to be processed manually or entered into buy-side and sell-side platforms by hand.

What strategies can they implement to overcome these challenges?

There are two paths to B2B automation—custom integration for each supplier or integration via a third-party integration-platform-as-a-service (iPaaS). Custom integration is expensive, and it doesn't scale to large numbers of buyers. iPaaS integration is fast, scalable and inexpensive. A managed iPaaS platform also reduces the technical burden on both buyers and suppliers.

How can B2B sellers integrate iPaaS into their operations?

They should partner with a managed cloud iPaaS platform provider, such as PunchOut2Go, that supports thousands of integration points globally with hundreds of e-procurement and ecommerce platforms. Once a seller's ecommerce application is connected to PunchOut2Go, it can be integrated with any B2B buyer's e-procurement platform. PunchOut2Go consumes procurement data and documents from both sides of the transaction, harmonizing and translating them in real time. The result is the frictionless exchange of procurement and commerce data—enabling punchout catalogs and automation of purchase orders, e-invoices, and other B2B transactions between commerce and procurement.



Let's PunchOut Together

Over 800 Manufacturers and Distributors around the world trust PunchOut2Go with their B2B Commerce-to-Procurement integration needs

SERVICES INCLUDE:

- Punchout Catalog Capabilities
- eQuotes
- Managed Integrations
- Testing Console
- Real-time Data Analytics
- SALES ORDER AUTOMATION SERVICES
- Purchase Orders
- Order Acknowledgements
- Advanced Ship Notices
- eInvoicing
- EDI, cXML, xCBL, iDOC, XML, and more!

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A PANDEMIC-GENERATED SEA CHANGE HITS B2B ECOMMERCE

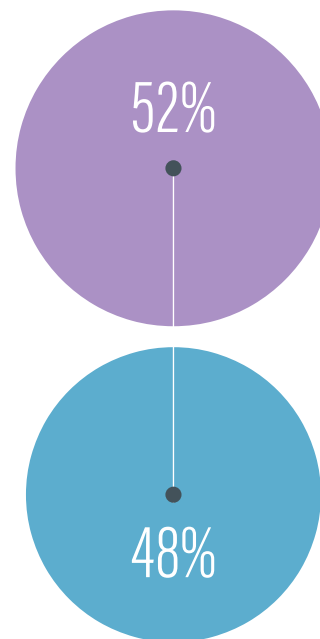
How the business-to-business ecommerce market fared in 2019 and where it's headed in 2020 is literally a tale of two economies.

Last year was, in fact, another growth year for B2B ecommerce. In 2019 electronic sales channels in all forms—ecommerce sites, log-in portals, marketplaces, e-procurement systems, electronic data interchange, and other online buyer/seller networks—grew 10.9% to \$9.00 trillion from \$8.10 trillion. In comparison, all sales by U.S. manufacturers and distributors grew year over year by just 1.75% to \$17.5 trillion from \$17.1 trillion.

As digital commerce continues to emerge as a mainstream and permanent sales channel for manufacturers, distributors, wholesalers and other sellers of all size, it's clear that digital buyers have a growing appetite for even more ecommerce. Last year, the online sales that took place on B2B ecommerce sites, log-in portals and marketplaces increased 18.2% to \$1.3 trillion from \$1.1 trillion in 2018. B2B ecommerce in 2019 grew 9 times faster than the growth in all U.S. manufacturing and distributor sales.

ELECTRONIC TRANSACTIONS ACCOUNT FOR A MAJORITY OF B2B SALES

- Number of retailers with stores
- Manual transactions



Source: Digital Commerce 360 B2B

In 2019, B2B ecommerce sites increased at a healthy clip, but another fast-growing channel was e-procurement and other online buyer/seller networks, which grew year over year by 17.5% to \$700.00 billion from \$600.00 billion in 2018.

A PANDEMIC-GENERATED SEA CHANGE HITS B2B

KEY FINDINGS FROM THE 2020 U.S. B2B ECOMMERCE MARKET REPORT

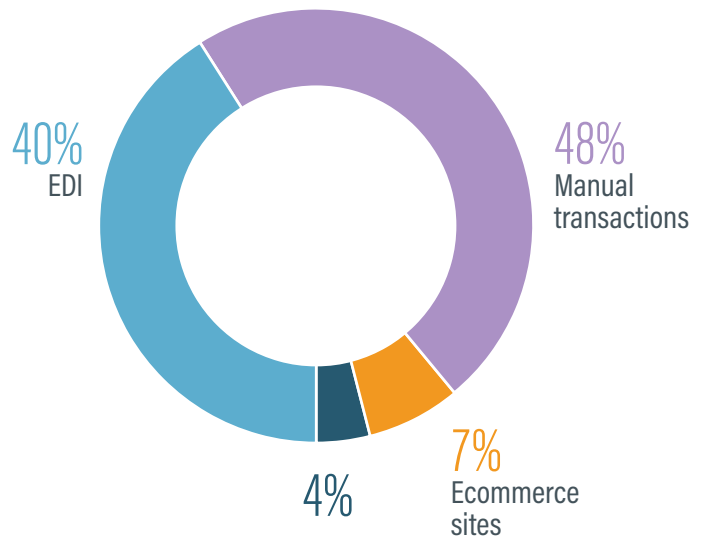
As in previous years, the biggest B2B electronic sales channel was electronic data interchange, which in 2019 accounted for 78.4% of all electronic sales, compared with ecommerce sites, log-in portals and marketplaces (13.9%) and e-procurement and other online buyer/seller networks (7.1%).

But EDI, which generated electronic sales of \$7.0 trillion in 2019, up from \$6.4 trillion in 2018, was also the slowest-growing digital sales channel. EDI grew year over year by 9.3%. But in comparison, ecommerce sites, log-in portals and marketplaces grew 1.8 times faster than EDI, while e-procurement and other online buyer/seller networks grew 1.9 times faster.

B2B ecommerce sales accelerated in 2019 in large measure because more business buyers and sellers now see digital commerce as a more efficient and effective way to research and purchase corporate goods and services, say ecommerce analysts. “Once a buyer climbs the learning curve and realizes their job is easier using digital tools, they will not go back to manual processes,” says Brian Beck, a managing partner of Enceiba, an agency that helps manufacturers and brands sell through Amazon.com and Amazon Business. “The same is true of sellers.”

U.S. MANUFACTURING AND DISTRIBUTION SALES: NOW MORE DIGITAL THAN EVER

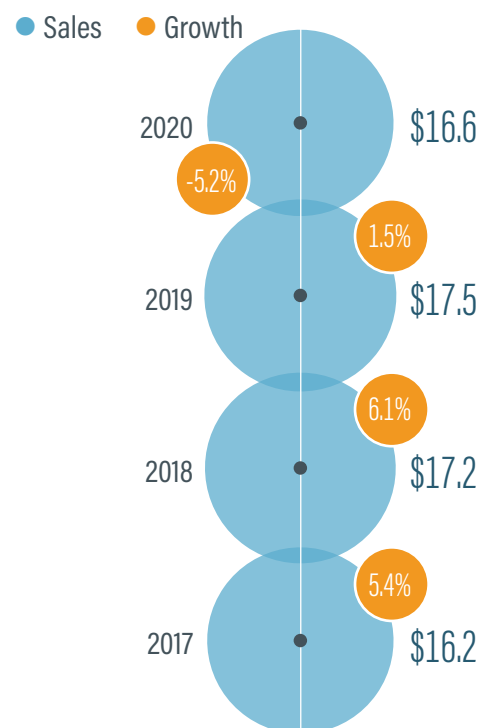
Percentage of 2019 B2B sales by purchasing method



Source: Digital Commerce 360 B2B

THE \$17.5 TRILLION DOLLAR U.S. B2B MARKET

Total manufacturing and distributor sales, including retailer's wholesale sales in trillions



Source: U.S. Department of Commerce

COVID-19 SHAKES UP B2B ECOMMERCE

Manufacturers and distributors involved in B2B ecommerce ended 2019 with anticipation that, while trade wars and other economic factors might slow manufacturing productivity and sales in some vertical markets, 2020 would be another year of steady growth in ecommerce.

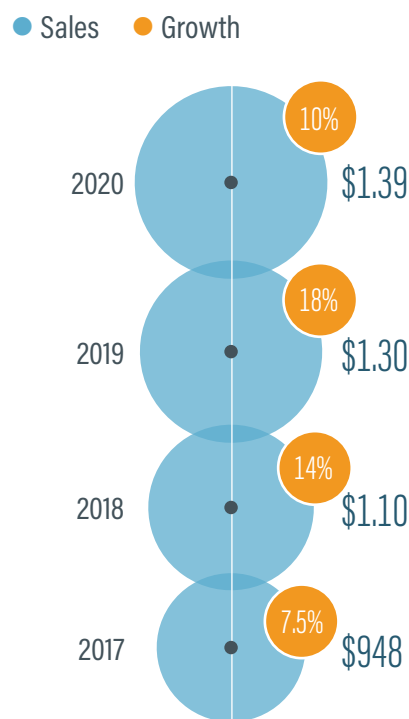
But then came the coronavirus, a full-blown global pandemic and that caused a virtual shutdown of big parts of the \$21.43 trillion U.S. economy, including key manufacturing sectors.

COVID-19 has permanently altered the direction of U.S. B2B ecommerce, say ecommerce analysts. “The big news for 2020 and beyond is the impact of coronavirus on how commerce is conducted in B2B channels,” Beck says. “Homebound B2B buyers are being forced to utilize web channels to purchase, as they can no longer go to a branch or interact face-to-face with a salesperson, and digitally enabled sales teams and customer service departments working from home are using web tools, rather than outmoded manual processes, to place orders.”

In 2020, total electronic sales will continue to grow. And a Digital Commerce 360 B2B analysis of ecommerce data—including first-quarter

B2B WEBSITE SALES TOP \$1.3 TRILLION

Sales on U.S. B2B ecommerce websites, including marketplaces in \$billions



Source: Digital Commerce 360 B2B

economic data from the U.S. Department of Commerce, and historical and year-to-date ecommerce numbers from big public U.S. distribution companies such as W.W. Grainger Inc., MSC Industrial Supply Co., Watsco Inc. and others—shows that B2B ecommerce will continue to grow.

COVID-19 SHAKES UP B2B ECOMMERCE

KEY FINDINGS FROM THE 2020 U.S. B2B ECOMMERCE MARKET REPORT

But the big question remains: By how much and how fast? In the first two months of the year, total U.S. manufacturer sales grew year over year by 1.8% to \$293.75 billion from \$288.57 trillion. At the same time, total U.S. distributor and wholesale sales in the first quarter dropped year over year by 5.2%, from about \$1.476 trillion to \$1.408 trillion.

Using that same percentage drop for the first quarter applied to 2020 suggests that total U.S. manufacturing and distributor sales could shrink by around 5% to around \$16.57 trillion. But as total sales shrink as the economic fallout of the COVID-19 pandemic continues, there already are strong indicators that digital sales as a whole will grow in 2020, but at a slightly slower pace.

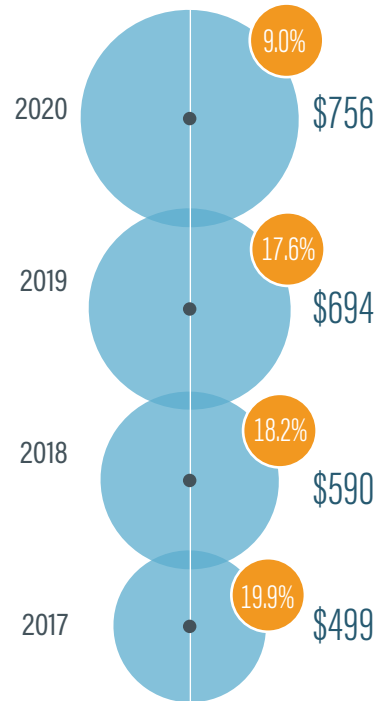
While it may be too early to forecast full-year ecommerce growth, an analysis of the year-over-year increase in online B2B sales—including early quarterly results from public B2B sellers that break some or all of their digital sales metrics, and interviews with manufacturers, distributors and ecommerce analysts—indicates that total sales for ecommerce sites, log-in portals and marketplaces grew by around 10% to \$1.43 trillion.

And even though total B2B ecommerce sales will grow, that growth could be very uneven and vary widely by vertical market. For example, maintenance, repair and operations and industrial products distributor MSC didn't break

ECOMMERCE CHANNELS: E-PROCUREMENT

B2B sales through e-procurement software, networks and exchanges in \$billions

● Sales ● Growth



Source: Digital Commerce 360 B2B

out ecommerce sales for its fiscal March and April periods. For its fiscal second quarter ended Feb. 29, it said ecommerce sales declined by 3.1% to \$478.7 million, as total sales decreased 4.5% to \$786.1 million.

Ecommerce sales, including sales through MSCDirect.com, internet-connected vending machines, vendor-managed inventory services and electronic data interchange, hit an annualized run rate of \$1.97 billion during the fiscal second quarter, down 1.5% from a

COVID-19 SHAKES UP B2B ECOMMERCE

KEY FINDINGS FROM THE 2020 U.S. B2B ECOMMERCE MARKET REPORT

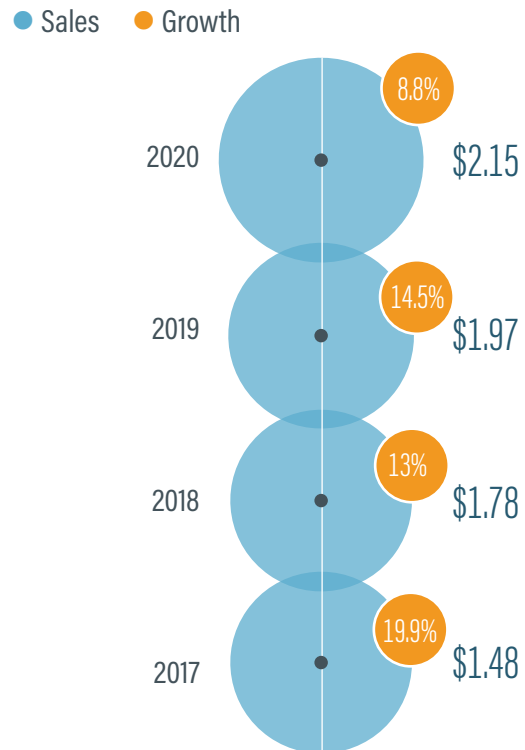
year-earlier annualized figure of \$2.0 billion, according to figures provided by MSC.

In contrast, Watsco, a prominent distributor of heating, ventilation and air-conditioning supplies, reported a 12% increase in ecommerce sales for the first quarter ended March 31, to about \$363.0 million from about \$324.0 million in the year-earlier period. In comparison, total sales grew by 8.3%, to \$1.008 billion from \$931.27 million. Digital sales now account for about 36% of all sales, the company says. “Branch locations were quickly transformed from retail walk-in showrooms to no-touch ecommerce curbside pickup centers,” CEO Albert Nahmad told analysts on a recent earnings call. “These changes have been well-received, and our customers are asking us to sustain these services going forward.”

For the full-year a permanent change on the part of business buyers to make more digital and less paper and phone sales, could be the biggest impact COVID-19 will have on B2B ecommerce, Beck says. “When we look at these numbers next year, I would expect that we’ll see a shift from manual to ecommerce and procurement, Beck says. “We are witnessing a real behavior shift in action.”

TOTAL B2B ECOMMERCE SALES

All electronic channels minus EDI, in \$trillions



Source: Digital Commerce 360 B2B

BUILDING OPEN ECOSYSTEMS TO SUPPORT COMPLEX DIGITAL B2B COMMERCE

Evgeny Grigul,
Vice President of
Virto Commerce



Since all parties involved in the B2B ecosystem are now demanding a more friendly digital workspace and convenient experience, service providers are finding ways to meet those expectations. To discuss how an open ecommerce ecosystem allows B2B companies to adapt to the quickly changing environment and gain advantages of new artificial intelligence (AI) instruments, Digital Commerce 360 B2B spoke with Evgeny Grigul, vice president of Virto Commerce.

How has B2B ecommerce evolved recently?

B2B counterparties, such as buyers and sellers, are expecting a more user-friendly experience. Adopting a lightweight solution has especially manifested itself during the recent pandemic when users were forced to work from home. Both manufactures and distributors have realized the need to provide a B2C-like experience in a B2B environment—complete with the simplification of business processes and self-service.

In addition to transforming the user experience, digital channels provide a new level of understanding of consumer behavior. In an attempt to take advantage of new opportunities, manufacturers and distributors seek to control existing channels and experiment with the direct-to-consumer (D2C) channels.

Finally, more B2B companies are leveraging AI, which is now being deployed in ways that have already seen immense real-world implications: product recommendations, chatbots and personalized services for users; management and simplification of complex processes and dynamic pricing for businesses.

What challenges are B2B companies facing the growth of ecommerce?

As it becomes more important to obtain customer data to understand the market and make data-driven decisions, B2B companies recognize all the risks associated with

using public marketplaces unwilling to share customer data. It is imperative to carefully consider all pros and cons of using third-party digital distribution channels.

User adoption and change of user experience is also a challenge. Traditionally, B2B companies have invested more in consumer relations, creating higher expectations from customers. While transitioning their business online, B2B companies have to be careful not to damage the relationship with their clients while also promoting internal digital maturity and facilitating acceptance of change internally.

What are the most important attributes B2B companies need in their ecosystems?

In the early stages, the main priority of a business is to quickly launch digital channels with the least possible integration effort and impact on the existing ecosystem. As digital commerce matures, companies realize new opportunities and start testing new channels, entering new markets, adopting various ecommerce instruments (including AI) and launching new business models, such as marketplaces. This is a pivotal moment since the requirements for the ecosystem move toward more flexibility, adaptability and diminishing the role of enterprise resource planning.

Virto Commerce supports the strategy of a quick start and allows companies to respond rapidly to change and grow flexibly. Virto helps large enterprises stay or become competitive in a digital world by simplifying complex technical and business processes, improving the digital commerce ecosystem with a step-by-step approach, and getting ready for the fast delivery of business value and emerging AI services.





VIRTO
COMMERCE

Prioritize an agile path to B2B digital commerce

Transform your business through digital commerce to respond quickly to the changing markets.

Everyone dreams of returning to normal. Those who invest in e-commerce now will survive afterwards.

Download our B2B digital commerce transformation checklist to prepare yourself to be ready for the new normal.

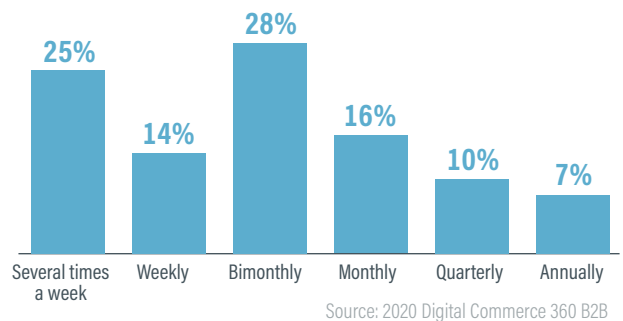
Download the check list →

B2B VS B2C

The business-to-consumer ecommerce market is well established and into its third decade as a sales channel and established sales channel. Last year, B2C ecommerce sales grew about 15% to \$601.75 billion and represented about 16% of all U.S. retail sales of about \$3.76 trillion, which grew year over year by 3.8%, according to the Digital Commerce 360 2020 Top 1000 report and the U.S. Department of Commerce.

The B2B ecommerce market, which is about 20 years old but far less established, also grew last year but at a slightly lesser pace. In 2019, digital B2B sales from all electronic channels—ecommerce sites, log-in portals, marketplaces, e-procurement systems, electronic data interchange, and other online buyer/seller networks—grew 10.9% to \$9.00 trillion from \$8.10 trillion.

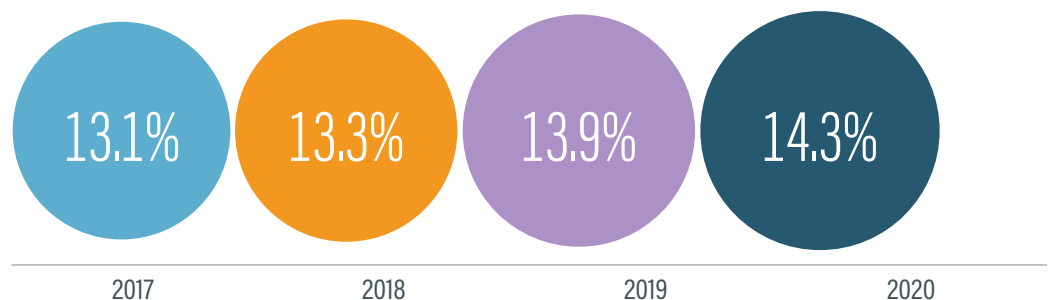
HOW FREQUENTLY DO YOU PURCHASE ONLINE FROM B2B SITES?



Digital B2B sales from ecommerce sites, log-in portals and marketplaces were on par with the growth in B2C ecommerce and increased at a slightly faster rate. Last year, the online sales that took place on B2B ecommerce sites, log-in portals and marketplaces increased by 18.2% to \$1.3 trillion from \$1.1 trillion in 2018.

A STEADILY GROWING SHARE OF B2B ELECTRONIC SALES

Ecommerce websites and marketplaces as share of B2B electronic sales



Source: 2020 Digital Commerce 360 B2B

B2B and B2C ecommerce are completely different channels. Business-to-business transactions are more complex than those in the business-to-consumer arena, and the B2B channels are more varied than the retail websites and marketplaces that attract consumer dollars. For the purpose of this report, Digital Commerce 360 B2B has broken down B2B electronic transactions into three categories:

- ▶ Ecommerce websites operated by individual companies, and online marketplaces where many companies sell a wide variety of products;
- ▶ E-procurement software that allows companies to purchase electronically from approved sellers, either via their websites or electronic catalogs, and industry-specific and more general online networks and exchanges where registered buyers and sellers do business;
- ▶ Electronic Data Interchange, or EDI, which allows companies to exchange such standardized business documents as purchase orders and invoices via electronic networks.

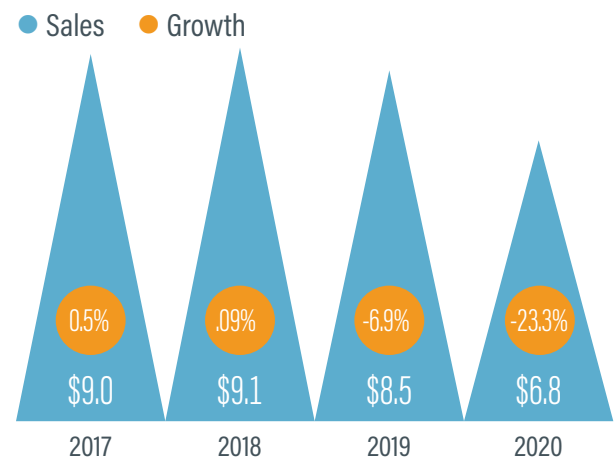
In 2019, these three electronic channels accounted for \$9.00 trillion in B2B transactions, or 51.8% of total U.S. B2B sales of \$17.50 trillion, up from 47.4% in 2018, according to the Digital Commerce 360 B2B analysis. That means 48.2% of B2B sales, or \$8.40 trillion, still took place

through traditional B2B channels, such as phone and fax orders and face-to-face transactions. And that \$8.40 trillion in offline transactions represents the still-massive market opportunity for B2B electronic commerce.

B2B ecommerce remains a more complicated sales channel than B2C. But there are significant elements of B2C ecommerce that are making a major and ongoing impact on B2B, and a big factor driving that trend is COVID-19. How business buyers make purchases of goods and services online is driven in large measure by how they shop online as consumers, say ecommerce analysts. “B2B buyers are increasingly preferring digital methods of placing orders,” says Lori McDonald, CEO of Milwaukee-based ecommerce services and website design and development firm Brilliance Business Solutions. “This is driven in part by younger buyers, but also from buyers of all ages that value the time-savings and convenience provided through ecommerce.”

TOTAL NON-ELECTRONIC B2B TRANSACTIONS

B2B sales conducted by non-electronic methods, in \$trillions



Source: 2020 Digital Commerce 360 B2B

As the global pandemic brought about by COVID-19 continues to alter the U.S. ecommerce landscape, more companies are having all—or as many as possible—of their employees work from home. And just as consumers are depending heavily on ecommerce to get them the necessities they need to get through months of lock down as many stores are closed, employees also are asking for more digital tools to do their jobs purchasing goods and services for their company, agency or organization.

Just as many retailers are racing to put in place or expand curbside pick-up for online orders, many corporate purchasing managers want distributors to offer the same type of curbside, pickup outside branches. For example, take maintenance, repair and operations and industrial products distributor MSC Industrial Supply. The multibillion-dollar distributor of metalworking and other industrial products is taking extra steps to maintain fulfillment center operations during the virus pandemic, while working with suppliers to maintain the flow of orders to business and government customers, says CEO Eric Gershwind. Those steps include curbside pickup of online orders outside its network of 85 distribution centers.

As the coronavirus continues to alter the path of how business buyers order online, those buyers will be asking B2B sellers of all sizes to give them B2C and self-service ecommerce tools such as product recommendations, quick

order, guest checkout and extended payment terms, including financing, says Karie Daudt, senior commerce consultant with digital transformation consulting firm Perficient Digital. “Across the board we are starting to see companies taking digital more seriously than in the past as many customers had to adapt to ecommerce because physical locations were closed,” she says. “Companies with the right ecommerce technology solutions were able to pivot faster than others and were able to adapt to the demand.”

A TIME AND PLACE FOR EDI

Despite the growth in e-procurement systems and ecommerce websites, however, electronic data interchange, or EDI, remains by far the largest electronic channel.

Nearly three-fourths of U.S. B2B ecommerce still takes place through EDI, a system that allows businesses to exchange a variety of documents and instructions in standardized formats. Before the internet, EDI transactions traveled over dedicated telecommunications networks, and those conduits—often called value-added networks, or VANs—remain an important part of B2B ecommerce, especially for larger companies.

But even VANs for large companies today use the internet in a big way, such as by letting companies generate and manage their EDI documents via a web browser and transmit their EDI documents over the internet via the widely used AS2 format. The arrival of internet-based EDI providers also has made it easier for smaller manufacturers, wholesalers and distributors to transact via EDI, helping to account for its continued growth.

In many cases, B2B transactions go through more than one channel. A buyer may start a purchase

STEADY GROWTH EDI, IN TRILLIONS

B2B sales via EDI, in \$trillions

● Sales ● Growth



in their e-procurement software but punch out to a supplier's website and place the order through a site's shopping cart. Or a purchase initiated on an ecommerce website may be completed with an invoice transmitted via EDI.

Thus, it's tricky to make estimates by channel. In this report, Digital Commerce 360 B2B provides its estimates of electronic B2B sales broken down into three categories: ecommerce websites; e-procurement systems and networks; and EDI. And this report goes beyond the numbers to also provide examples of how manufacturers, wholesalers and distributors are using web-based systems to offer their customers improved services and increase sales.

DEFINITION OF TERMS

Ecommerce sites. This category includes all ecommerce sales that take place on a B2B seller's website, login portal or third-party marketplace with a shopping cart and electronic payment by credit or debit card, or other form of payment such as electronic checks or an online credit service.

E-Procurement software. This category includes software-as-a-service and other forms of web-based procurement software that allow business buyers to connect to the seller's system and use specific purchasing and payment requirements agreed to by buyer and seller. E-procurement software can also include a punchout option, which lets a buyer link to a preferred supplier's ecommerce site to browse and purchase among a contracted selection of products and pricing; once the buyer clicks to make a purchase, the transaction is completed in the procurement software, updating the financial and inventory records of both buyer and seller.

Exchange. A vertical-industry or general business/industrial "many-to-many"

internet network where businesses can buy and sell goods and services to each other directly online based on the available inventory and price set by the seller or at a quantity level and price negotiated electronically between a buyer and seller.

These include such vertical industry networks as GHX (Global Health Exchange), Exostar (covering such industries as aerospace/defense, energy, chemicals, life sciences and healthcare separately) and Oildex.

General networks serving buyers and sellers from multiple industries within the same procurement network include SAP Ariba, Basware and Tungsten.

B2B ecommerce. As used in this report, includes all sales through ecommerce sites and e-procurement channels. It does not include sales via EDI.

Electronic transactions. Includes all sales through electronic channels, including ecommerce sites, e-procurement systems and EDI.

OVERCOMING COMMON B2B ECOMMERCE PAYMENT CHALLENGES

Ralph Dangelmaier,
CEO of BlueSnap



B2B companies have complex needs when it comes to ecommerce. And how they manage payments is no exception. They must be able to accept debit and credit cards, bank transfers and international currencies, as well as manage fraud and maintain compliance. To discuss ways to overcome B2B ecommerce payment challenges, Digital Commerce 360 B2B spoke with Ralph Dangelmaier, CEO of BlueSnap.

What trends around ecommerce payment solutions should B2B companies have on their radar screens?

B2B companies function within a sophisticated ecosystem of suppliers, distributors, wholesalers, resellers and dealers. Increasingly, they are building marketplaces to streamline their distribution, create direct relationships with their customers and offer products in adjacent categories. This requires a strong infrastructure and advanced supply chain, as well as sophisticated payment solutions to onboard and underwrite vendors, support splitting payments, manage fraud and comply with regulations.

What specific challenges are B2B businesses currently facing?

Most B2B companies haven't rolled out ecommerce or electronic invoicing with automated accounts receivable—instead relying on manual processes, paper invoices and checks. Automating accounts receivable can have a profound business impact. It reduces errors, streamlines processes, saves man-hours and accelerates the business's time to receive payment. When the coronavirus pandemic brought traditional processes down with employees working remotely, those companies that hadn't digitized their payments previously have been forced to implement digital payment solutions overnight.

What strategies can they implement to overcome these challenges?

Companies looking to quickly pivot to online payments should decide what type of customer experience they wish to offer. Maybe an online store that accepts credit cards or bank transfers is most likely to generate sales. For example, consider a winery that was only selling to high-end restaurants. With so many of those establishments closing, this winery needs to reinvent itself, perhaps selling online directly to specialty stores.

What can B2B businesses do to implement these tools?

They should partner with an ecommerce payment technology vendor that can help them get up and running quickly. BlueSnap's All-in-One Payment platform, for example, is integrated to the major shopping cart solutions used by B2B companies. These pre-built integrations ensure that businesses get off the ground quickly because there is no lengthy development or testing required. From this single integration, companies access BlueSnap's network of global acquiring banks. When transactions are processed through a local bank where the payment is originated, they are more likely to be approved and are not subject to costly cross-border interchange fees.

Additionally, a proposal-to-payment tool automates each step of the invoicing, accounting and payment processes through one application that syncs with popular ERP systems. This automation technology drastically reduces costly manual work, accelerates cash flow as invoices are being paid faster, and increases accounting accuracy.



BlueSnap®

The All-in-One Payment Platform for B2B eCommerce

Increase Sales Reduce Costs



For Any Business Model

Accept payment from a single integration whether you sell via an online store or an app, operate a marketplace, run a subscription model or invoice your customers



Global Payment Services

Access one of the largest network of global acquiring banks to process payments locally, save on cross-border fees and increase conversions



Payment Types

Offer your commercial buyers the payment types they expect, including cards with level 2/3 data, ACH, SEPA and others



Automated Accounts Receivable

Get paid faster, increase efficiency and improve accuracy through one application that syncs with popular ERP systems



Integrations

Save on development with pre-built integrations to major shopping carts like Salesforce Commerce Cloud, Magento & BigCommerce

Learn about the better way to accept B2B payments at

bluesnap.com

CONCLUSION AND KEY TAKEAWAYS

THE BRAVE WORLD OF B2B ECOMMERCE, COMPLIMENTS OF COVID-19

Last year and the current 12 months are literally two different stories but with each leading to the same ending. In 2019, all forms of B2B digital commerce—electronic commerce, electronic data interchange, e-procurement, B2B marketplaces and a few other related channels—grew faster than total manufacturing and distributor sales. In all, about 10 times faster. While total manufacturing and distributor sales grew year over year by 1.5% to \$17.5 trillion, B2B digital sales in all forms grew 10.9% to reach about \$9 trillion.

Growing faster still were sales on B2B ecommerce sites, log-in portals and marketplaces (up year over year by 18.2% to \$1.3 trillion from \$1.1 trillion in 2018) and e-procurement, a digital sales channel that increased nearly 18% to reach \$700 million in 2019 from \$600 million in 2018.

All in, more sales from U.S. manufacturers and distributors, wholesalers and other B2B sellers, such as retailers that sell business goods and products online, were more digital than manual: 51.4% versus 48.6%.

AND THEN CAME THE PANDEMIC

As 2020 began, many U.S. manufacturers and distributors, wholesalers and other B2B sellers anticipated a slowdown in total sales due to a combination of ongoing trade wars, a slowing global economy, and other factors. But these same companies also anticipated another robust year of growth online.

And then came the global pandemic known as COVID-19. In its wake, the coronavirus shuttered large sectors of the nearly \$21 trillion U.S. economy, forced nearly 40 million people—about 1 in 4 workers—onto the employment line. It also sent companies of all sizes scurrying to close or scale back operations, quickly gear up to have as many employees as possible work from home, or shift production lines to produce badly needed personal protective equipment and ventilators.

Also in its wake, the coronavirus permanently altered the course of B2B ecommerce. In the first quarter of this year, many B2B sellers experienced a growth in ecommerce sales. But as the pandemic settled in, B2B web sales began to whipsaw wildly. Big public industrial distributors such as MSC Industrial Supply Co.

experienced a rise and next a fall in ecommerce sales. In fact, March was a wild ride for the multibillion-dollar distributor of industrial supplies, as sales rose “nicely” and then and then “dropped off significantly,” says MSC CEO Erik Gershwind. Fiscal second-quarter ecommerce sales were down 3.1% from a year earlier.

2020: AN ECOMMERCE GROWTH YEAR

Nearly 45% of B2B sellers expect their ecommerce sales in the upcoming fourth quarter to be flat or to decline, according to a March 2020 survey of purchasing managers by Digital Commerce 360 B2B. 8% of sellers expect Q4 sales to be down significantly.

But 2020 will be a growth year for B2B ecommerce. Digital Commerce 360 B2B estimates that B2B ecommerce sites, log-in portals and marketplaces will grow by 10% to reach \$1.39 trillion in 2020. It projects that all digital B2B sales, with the exclusion of electronic data interchange, will grow year over year by 8.8% to \$2.15 trillion.

Along the way, there also will be B2B ecommerce winners and losers, as many U.S. manufacturers and distributors, wholesalers, and other B2B sellers move beyond COVID-19 crisis management into longer-range ecommerce planning and looking for new growth opportunities online.

LESSONS LEARNED

There also are hard-won lessons learned from the current pandemic that ecommerce companies of all sizes are using to seek out new online business opportunities. Many of them will build post-coronavirus technology, business, marketing and operations strategies and programs that will work more effectively and efficiently for the long haul.

But there will be the ecommerce “haves” and “have nots, says Brian Beck, a managing partner of Enceiba, an agency that helps manufacturers and brands sell through Amazon.com and Amazon Business. “This crisis is widening the digital divide among those who made earlier investments in ecommerce and those that didn’t,” he says. “Some of those that didn’t, won’t survive.”



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ABOUT THE AUTHOR

Mark Brohan is the Vice President, B2B and Market Research Development at Digital Commerce 360, covering B2B ecommerce trend. Prior to his current role, Mark was vice president of research for Digital Commerce 360 and editor of Internet Retailer's Top 500 Guide, Top500Guide.com and related research publications. Mark's previous experience includes leading new print and web product business development for Faulkner & Gray. Among his positions were web publisher and editorial director for DM Review magazine and its two websites: DMReview.com and dataWarehouse.com. He was also the founding editor of various Faulkner & Gray technology magazines, including Internet Retailer. Mark earned a bachelor's degree in secondary education and history from Western Michigan University and a master's in journalism and public affairs from the American University.



Mark Brohan
Vice President,
B2B and Market Research Development
Digital Commerce 360
mark@digitalcommerce360.com
312-362-9535

DIGITAL COMMERCE 360 B2B

PAUL DEMERY

Editor
paul@digitalcommerce360.com
312-362-9534

ABOUT DIGITAL COMMERCE 360 RESEARCH

At Digital Commerce 360 Research, our goal is to provide data and information about ecommerce that helps retail and B2B companies, investors and technology providers prosper.

The team tracks hundreds of metrics on roughly 6,000 online retail companies around the world, including such sought-after data points as web sales and traffic, conversion rates, average order value and key technology partners used to power their ecommerce businesses. We sell this data in its raw format in our multiple online databases, and we dig deeply into these numbers to help inform our 30+ exclusive analysis reports we publish each year on key ecommerce topics, including online marketplaces, cross-border ecommerce and omnichannel retailing. In-depth, data-focused reports are also available on key categories of online retail like apparel, housewares, food and luxury. We also have a robust custom research department, which provides tailored research products—in-depth reports, exclusive surveys, raw data pulls and other products—for top retail companies, consultants, financial analysts and technology companies.

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This Key Findings of the 2020 U.S. B2B Ecommerce Market report includes the infographic, overview, key articles and conclusion published directly from the full 2020 U.S. B2B Market report. The full 86-page report's contents are illustrated in the complete table of contents below.

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B2B ECOMMERCE MARKET GROWTH

Mapping out U.S. B2B ecommerce market growth

OVERVIEW

A pandemic-generated sea change hits B2B ecommerce

COVID-19 shakes up B2B ecommerce

B2B vs B2C

A variety of electronic channels

A time and place for EDI

Definition of terms

ELECTRONIC SALES CHANNELS

Early days

A sea change underway

How distributors are faring in the age of COVID-19

Digital sales heat up for an HVAC distributor despite COVID-19

For MSC Industrial Supply, April orders rise as sales fall

In a disrupted market, Grainger reports 7.2% growth in Q1 sales

AMAZON

Amazon Business and the impact of B2B ecommerce

The rise of the marketplace

Procurement software and networks

EDI: Still the biggest electronic sales channel

CONCLUSION

Conclusion and key takeaways

CASE STUDIES

Unilever's online food service: a timely shift to B2B and B2C

How one distributor aids its retailers from coronavirus stress

Digital sales heat up for an HVAC distributor despite COVID-19

Q&A with PartsSource: How a medical supplier handles the coronavirus

Amazon launches COVID-19 supplies store

How Protolabs plays a crucial role in the COVID-19 battle

A manufacturing marketplace grows amid coronavirus

Q&A: How Avnet helps online buyers amid coronavirus

ABOUT

The author

Digital Commerce 360 Research

CHARTS

Total manufacturing and distributor sales

Ecommerce channels: ecommerce sites

Ecommerce channels: e-procurement

All ecommerce sales (all e-channels minus EDI)

Total EDI sales

Total B2B e-commerce + EDI sales

Total non-electronic B2B sales

Electronic transactions account for a majority of B2B sales

U.S. manufacturing and distribution sales: now more digital than ever

The \$17.5 trillion U.S. B2B market

B2B website sales top \$1.3 trillion

Ecommerce channels: e-procurement

Total B2B ecommerce sales

How frequently do you purchase online from B2B sites?

A steadily growing share of B2B electronic sales

Total non-electric B2B transaction

How frequently do you purchase online from B2B sites?

Percentage of company's purchases online?

Steady growth EDI, in trillions

Percentage of B2B buying currently done with Amazon Business?

Percent of B2B buying currently done via marketplace?

Expectations of Amazon Business volume this year

Grade overall experiences when researching and buying from B2B sites over past six months

Over the past year how important were the following when selecting B2B websites?

Over the past year how important were these functions when selecting B2B websites?

How often have you experienced any of the following when purchasing on B2B website?

What has been biggest frustration buying B2B online over the past year?

How important are these features to ensuring a positive B2B customer experience?

Which channels do you seek out customer services with B2B companies?

Current role of sales res interfaced with when purchasing B2B products

How has self-service ecommerce affected relationships with sales reps?

Your company's total B2B web sales

What are your B2B web sales as a % overall B2B sales?

Who within company makes B2B purchases?

But EDI represents a shrinking share of electronic B2B transactions

E-procurement's growing share of B2B sales