

Deloitte.

B2B CHANNEL EVOLUTIONS

E-COMMERCE – A BOOMING CHANNEL
MAARTEN MOREELS & KRISTOF MANTELS



**MAKING AN
IMPACT THAT
MATTERS**

since 1845



“

COVID-19 IS ACCELERATING THE
SHIFT TOWARDS E-COMMERCE IN
B2B, AND THIS TREND IS
EXPECTED TO STICK
POST-PANDEMIC

”

COVID-19 ACCELERATES THE E-COMMERCE TREND IN BOTH B2C & B2B



70% of companies have **already launched or plans to launch** a B2B e-commerce platform

A growing trend in B2C for a while...

- › B2C e-commerce has been growing tremendously over the past years
- › Worldwide **B2C sales** increased from 1,500 bEUR in 2015 to **3,100 bEUR in 2019**, an average **annual growth of 23%** (source: Statista)

... Now booming in B2B...

- › Also B2B e-commerce customers have significantly **evolved** over the past years
- › They expect a **similar customer service experience** in their B2B engagements
- › Surveys reveal that **70% of companies have already launched or plan to launch** a B2B e-commerce platform in the coming years (source: Gartner)

... Accelerated by COVID-19

Risk of continued social distancing

- › There is a growing concern among the population of a **resurgence** of COVID-19 or other viruses in the near future
- › An increased emphasis on **social distancing** will boost the demand for e-commerce

End-to-end online sales process

- › As a result of continued social distancing, customers will want to have less face-to-face interactions with sales reps
- › Therefore a significant amount of **deals**, amid COVID-19 and after, will be **completed virtually**
- › B2B customers will expect to have the possibility to **continue their sales process online** and order products through an e-commerce platform

E-COMMERCE PROVIDES A RESPONSE TO COVID-19 AND POTENTIAL FUTURE PANDEMICS



COLLAPSING DEMAND

- › **Measures and barriers** imposed by governments are likely to occur again in the future
- › In the early stages of a pandemic crisis, **only online channels are accessible to the customer**
- › Companies selling their products and services online are present 'where the customer is' and therefore **more resilient and flexible** to respond to a pandemic crisis
- › Research shows that in the future online sales will become **increasingly important**



INCREASED PRICE SENSITIVITY

- › During times of crises, companies are forced to **monitor budgets** more closely and identify **cost savings**
- › They want more value for money, or the same value for less money and try to **drive prices down**
- › They will perform better research and carefully **compare** products and services from different **sellers & suppliers**
- › E-commerce platforms provide a **high price transparency** making it easier to make this comparison



MID-TERM DEMAND DECLINE

- › Post crisis, procurement **budgets** will inevitably **decrease** and some customers will no longer be able to buy your products
- › E-commerce allows businesses to **expand their customer base** breaking 'physical' and country borders
- › In addition, it provides **more flexibility** to your business: you can **respond quicker** to crises by introducing more & newer packages, doing targeted promotions, etc.

TURNING A CRISIS INTO AN OPPORTUNITY

Short-term orientation vs. Long-term view

- › COVID-19 represents an unprecedented challenge as companies are facing tough choices with exceptional levels of **uncertainty**. The way we buy and the way we do business is rapidly changing
- › While short-term orientation is essential to survive, a **long-term view** will define leaders

A new way of working

- › As e-commerce will grow faster and virtual selling will become the **new norm**, you will need to prepare your company for this new way of working
- › The shift towards e-commerce will not only allow **to protect short-term** revenues and maintain profits by reducing costs (e.g. reduction of no. of sales reps)
- › It also enables **long-term profitable growth** by offering **more value to the customer** (e.g. improved customer experience, cost efficiencies, ...)

Time to act is now

- › Looking back at the effects of past downturns, companies that **invest** ambitiously and timely in shifting their businesses to fit societal trends can capture market shares and rise as market leaders after the crisis
- › To ensure that your business is **ready** for the post-pandemic battle, you will need to start investing today



In times of crisis, a long term view defines leaders

HOW TO 'GO E-COMMERCE' IN THE SHORT-TERM?

Shifting to a full-blown 'e-commerce company' comes with a transformation of your entire business model. We recommend to start small and select a number of products or services as a 'test case'. Once value is proven, a more structural roll-out can be considered



SELECT PRODUCTS & CUSTOMERS

Carefully select those products for which customers know what they are buying and don't need face-to-face interactions to be convinced about the offered value



DETERMINE PRICE LEVELS

As an online platform increases the transparency on your prices, it's important to set the right price. In addition, discounts and charges will need to be rule-based to automate the process



SET UP THE RIGHT TECHNOLOGY

Develop the right solutions to bring your products online. Put yourself in the shoes of a professional buyer and design a platform that accommodates an easy and efficient buying process



ADAPT YOUR OPERATING MODEL

Selling online requires a significant change of your 'back office'. Not only supply chains will be impacted, but also the way of doing business for your commercial teams. Start small and scale up gradually

PRODUCTS & CUSTOMERS



Select the right products

- › Start by assessing your **current product portfolio**
- › Get into the **customer's shoes** and select those product that customer will want to buy online
- › To get started, it's important to pick those products for which customers exactly know what they are buying
- › It should be feasible to sufficiently **explain the value** of the products without having face-to-face interaction (e.g. don't go for fully tailored products or products that are specifically produced for your customer)
- › Do not forget to make some **practical considerations** during this design phase: is the product easily shippable? How to package the product? Is it storable?
- › Also evaluate the **life-cycle** of the product and the **seasonality** of the demand
- › From an operational and financial point of view it will be more beneficial to pick those products that can be **systematically** sold online **year-round**
- › Finally, go beyond selling individual products and create 'online-only' **product bundles** where possible

Segment your customers

- › **Select** those **customers** that will **benefit** more from buying products online
- › It will be easier to open an online platform for products & customers with whom you have a **direct go-to-market** model, as this will have less impact on current agreements with wholesalers or distributors
- › Also reflect on the **new segments** of customers you will be able to reach through your online channel

PRICING

Determine price levels

- › Launching a new sales channel requires careful reflection on the **prices** you will set, not only for your **online** channel, but also for your **existing channels**
- › With e-commerce your prices will become **increasingly transparent** and it will become easier for customers to compare prices across different channels and for multiple suppliers and sellers
- › This means you will have to have a solid view on the prices set by your direct and indirect **competitors**
- › Also ensure you are not 'killing your own business' by setting lower prices than your **wholesalers and distributors** that are serving your offline channels
- › Also the **cost side** needs analysis: although the sales cost for an online channel is typically lower than for other channels, marketing and logistics costs are typically higher

Review your discount policy

- › Next to defining the right price level, also the **discounts and charges** you will grant to your customers need to be considered
- › Will we charge customers for the delivery? Will customers get a discount when they buy large volumes or order well in advance?
- › In an online setting, it will be easier to implement **rule-based approach** to calculate discounts and charges
- › In addition, agile pricing rules (e.g. dynamic pricing), smart discounts and promotions allow you to **boost your top line** and create more traffic to your webshop



TECHNOLOGY



Digital platform

- › To sell online it will be crucial to have the right technology
- › There are many solutions on the market that come with B2B and B2C **accelerators** offering an extensive set of readily available content features that allow you to **jump start** and scale up easily
- › They are typically part of a larger customer experience suite allowing a **flawless integration** with ERP systems

User experience

- › One thing all professional buyers have in common is their desire for **quick, easy and informed** purchase path
- › It might sound trivial, but the look and feel of your platform has a direct **impact on your sales**
- › Research points out that, on average, €1 invested in UX brings €100 in return
- › A clean, honest and focused design helps to **showcase** your products and can influence customers' decision to buy

Upgrade to a full portal

- › Companies typically extend the use and add **more features** to their portal when the number of products sold online becomes substantial
- › Upgrades include: **chat functions, contract storage, invoices, claims, ...**
- › This upgrade can also bring **significant positive side effects** such as optimization of back office teams, sales teams, etc.

OPERATING MODEL

Sales & marketing

- › By increasing the level of automation of the sales process, **less sales force** is required to negotiate prices with customers
- › However, a **minimum number** of account managers and sales reps is still needed to close deals with large and important customers
- › Note that **contracts** can go hand in hand with selling through a portal: customers can have access to their negotiated prices by use of a personal login
- › More budget will flow to **marketing**, as sufficient communication and campaigns are required to **increase awareness** and convince customers to buy

Supply chain & operations

- › Traditional supply chains based on spreadsheets and manual processes will no longer be sufficient
- › Going 'online' comes with a **review** of your **order-to-delivery** process
- › Organize your warehouse, set up workforce, sign agreements with carriers and intermediaries, set up a customer support team, ...
- › To **limit and phase the impact** on your supply chain, we recommend to **start small** with a limited product offering and scale up when traction is generated

Customer service

- › Providing an excellent online customer service is crucial in the **success** of an online business
- › Customers expect **live support**, a clear **exchange and return policy**, FAQs, ...
- › Online customers expect your presence and support in all their **preferred channels** (website, social media, email, mobile, ...)
- › We therefore recommend to invest in a **multi-channel customer support**



OUR CHECKLIST

SELECT PRODUCTS & CUSTOMERS

- ✓ Select PRODUCTS with low barrier to buy online
- ✓ Focus on the right CUSTOMER segment

SET UP THE RIGHT TECHNOLOGY

- ✓ Adopt cloud-based TECHNOLOGY
- ✓ INVEST in customer experience

DETERMINE PRICE LEVELS

- ✓ Determine PRICES given higher transparency
- ✓ Review DISCOUNT & CHARGES policy

ADAPT YOUR OPERATING MODEL

- ✓ Resize SALES & MARKETING budgets and teams
- ✓ Review ORDER-TO-DELIVERY process

TYPICAL COMMENTS WE GET

Before they start building an e-commerce business, our clients often hesitate and challenge this new way of doing business with their customers. Here are some of the questions and comments we typically get...

Our point-of-view



My **product & service portfolio** is **not suited** for e-commerce

These cases definitely exist, however, this is typically not true for your full portfolio. Think about offering related products and support services to your customer. Without an e-commerce platform you are probably missing out on opportunities.



My **pricing & contracting** model is **too complex** for e-commerce

Offline systems can typically not handle the complexity of an online sales system. Today, many e-commerce solutions can handle complex account-based personalization that allows to show customer-specific pricing based on negotiations with sales reps, account status, volume, buying behavior, etc.



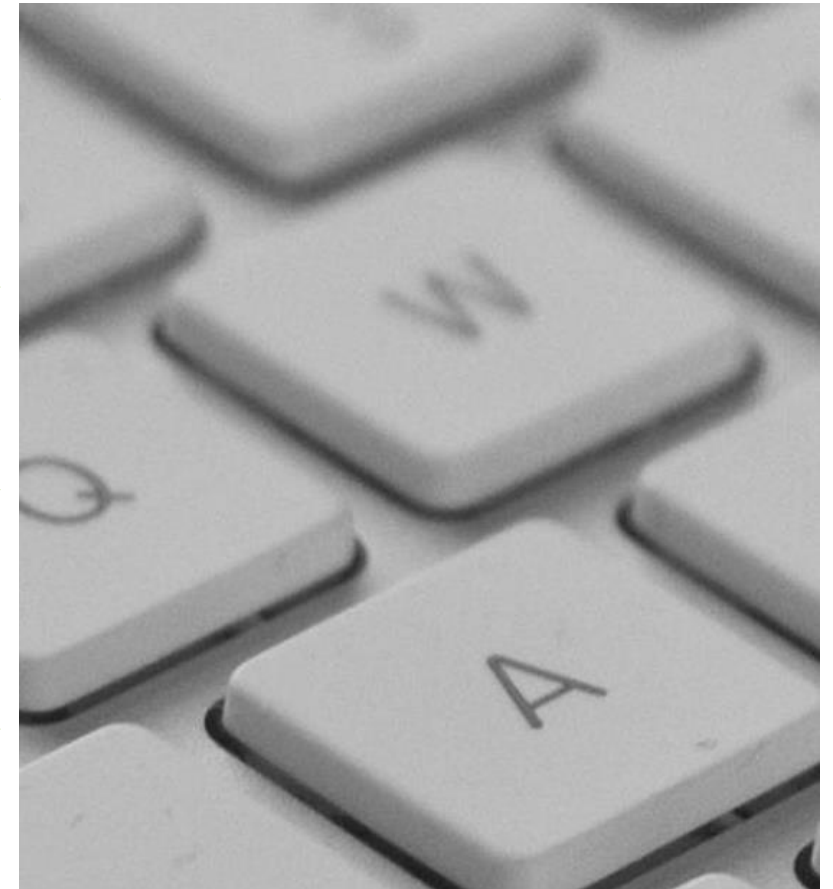
E-commerce does not offer the **personal touch needed** for conversion

The new generation of professional buyers are digitally natives who are used to building relationships and collaborate through a variety of online channels. The key is to offer them a seamless experience across all your channels. In addition, traditional communication channels (mail, phone, video calls, etc.) should not be overlooked to sustain the personal touch.

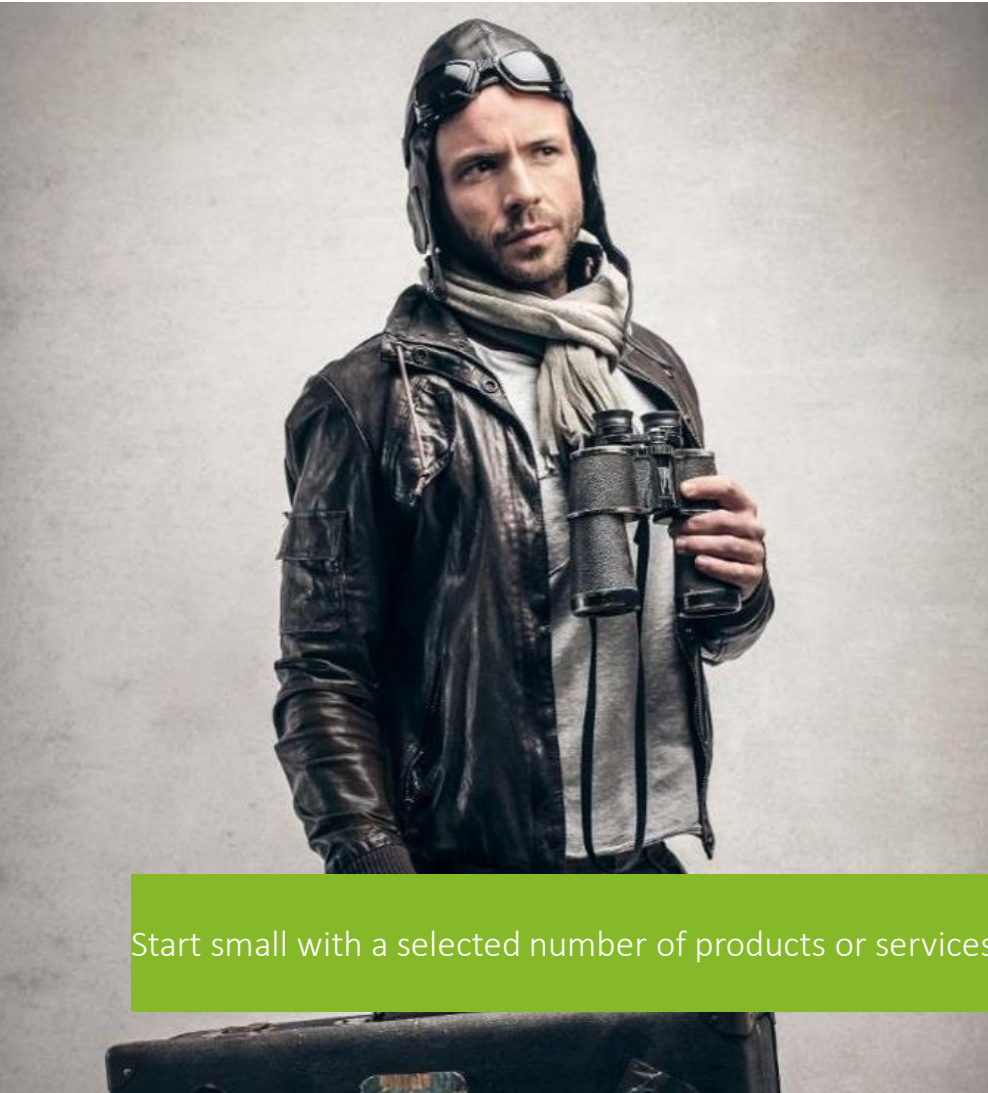


My customers need **assistance** to complete a purchase

There are many ways to answer customers' questions and provide them with support: live chat, email, social media, SMS, self-service, ... Today, almost all e-commerce platforms allow you to integrate these 'supporting lines'.



WHY NOT TEST IT OUT



Test case

- › We can support you to 'go e-commerce' in a period **12 weeks**
- › In the first **4 weeks** the right products are selected and a **pricing model** developed
- › The following **8 weeks** are used to operationalize the strategy and create an **MVP** ('Minimal Viable Product') of the **technology**

Define				Configure & integrate			Test & Train		Deploy		
W1	W2	W3	W4	W5	W6	W7	W8	W8	W10	W11	W12
Select products & customers											
	Determine price levels & commercial policy										
	Define MVP	Define user stories		Configure & deploy SAP Commerce Cloud							
					Match corporate UI/UX branding						
						Integration with ERP	End user training				
							Conduct UAT				
									Final prep	Go-live	Monitor

STILL DOUBTING?

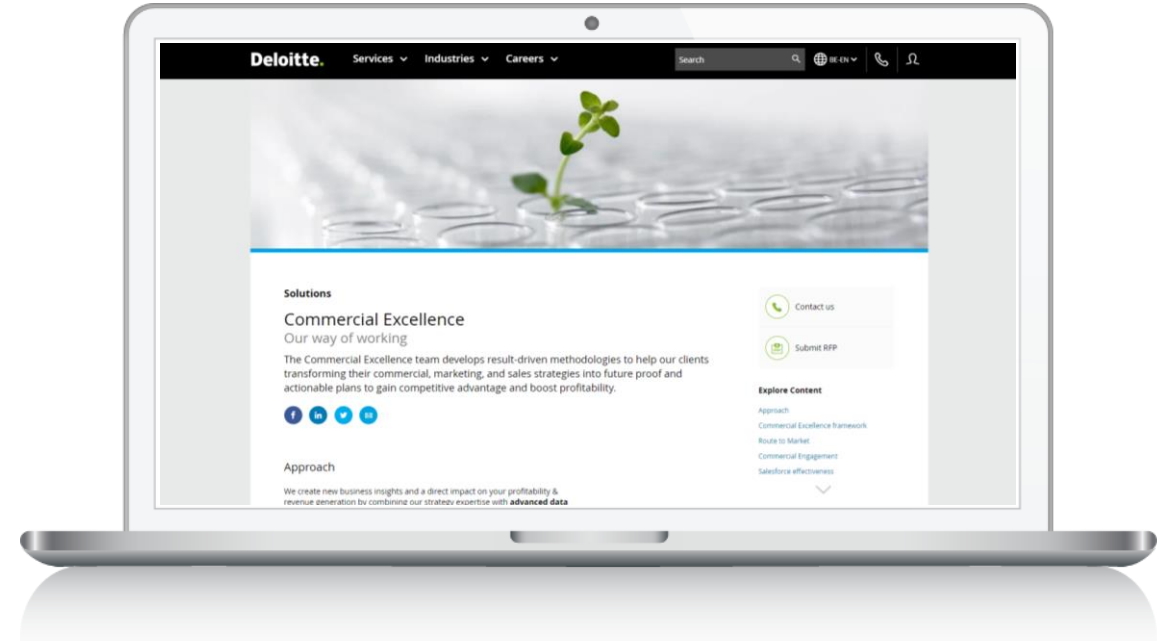
Reach out to further discuss or to get a demo



Maarten Moreels
Director – Deloitte Consulting BE
Commercial Excellence leader
mamoreels@deloitte.com
+32 499 80 40 18



Kristof Mantels
Director - Deloitte Consulting BE
SAP Customer Experience Leader
kmantels@deloitte.be
+ 32 499 56 07 82



For more information on our services,
consult the Deloitte website



[Click here](#)



THANK YOU



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

Deloitte provides audit, tax and legal, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte has in the region of 312,000 professionals, all committed to becoming the standard of excellence.

This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the “Deloitte Network”) is, by means of this publication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this publication