VIRTO COMMERCE

Top 5 B2B challenges and solutions

Virto Commerce whitepaper

This Virto Commerce whitepaper provides insight into the top business and technology challenges in B2B ecommerce projects.

In order to better understand the most common challenges B2B vendors face and to look at how to solve them, we first need to answer one key question - why do e-commerce to begin with? What's its main goal?

The goals of B2B e-commerce are quite different from those of B2C and thus, the ways of achieving them will also be different. B2C e-commerce targets a huge pool of customers and lower sales quantities per customer, so acquisition will be its main focus.

B2B on the other hand sells high quantities of product or service to the same buyer, who is often not the end consumer, but a purchasing agent specially trained to make buying decisions. So, the main priority is to build and maintain long-term partner relations. The focus in e-commerce here is on the tools being easy and convenient to use rather than having a flashy and catchy website.

E-commerce is meant to help B2B vendors achieve their main goals by getting routine orders out of the way, so that field sales managers can focus on building and maintaining partner relationships rather than simply be the order-takers. And here is where some common challenges come up. We've put together the top 5 ones on the list paired with convenient solutions that quality e-commerce platforms provide.

1 - Product assortment and filtering

Unlike B2C sector, where everyone pretty much gets the same assortment, B2B needs to be able to adapt to different customer requirements. You may have proprietary kits or bundles, tiers of product for different retailers based on relationship you have with them or other specific sales scenarios. And your e-commerce solution needs to be able to accommodate that.

The perfect B2B e-commerce platform will let you enable filtering in your product catalog based on vendors, so each buyer's experience will be locked down to them specifically.

If you already have a large catalog set up however, migration can be a scary and painful process. Sometimes it's just simply not worth the risks of loosing important items or creating additional mess in your database, even if a new platform offers the most fantastic features. It's totally understandable.

The good news is there are solutions out there, which let you avoid the nightmare of data migration by simply merging the new system with your already existing third party PIM or CMS solution.

For example, you are a major B2B vendor with a massive catalog of products, which all your partners and distributors are ordering from. Your current set-up for this catalog might not be ideal, but it works, and that's what matters. Having B2B-specific features in it would be amazing and being able to run promotions with a few clicks could make your life so much easier (and very likely up your sales), but then again, there is the challenge of migrating of an entire database that is not only huge, but also extremely valuable. One wrong move can cost a major disaster! So, no – migration is just not an option.

Here is where you can look at solutions like a Virto Commerce-based catalog that can either be configured to simply handle all your catalog information or integrated into your existing PIM or CMS, so that you can get the much needed B2B features listed above without taking the risks of relocating major loads of valuable data. It also offers flexible properties and structures to help you manage your digital and physical products; and if you're using one of the popular Content Distribution Networks (CDN), it lets you configure and store your digital assets there, if you so choose.

2 - Contract based pricing

B2B sales sector deals with significantly larger volumes and more complicated transactions than B2C, including multi-level approval processes, negotiations, etc. In terms of money spent for online purchasing B2B e-commerce is already a lot bigger than B2C - and Forrester predicts it will be twice the size by 2020.

All of these your B2B e-commerce solution needs to account for. One more key difference with B2C is that in B2B you can negotiate. And your platform needs to be able to support that option. If your customer is ordering higher volumes or if it's a custom order or a long-term customer you're working with, the outcome of your negotiations needs to be reflected in your customer's personalized settings.

B2C e-commerce software only needs to make sure you can set a price for your product - that same price will be displayed to every customer, who views the product page. For B2B sector this is often not enough – a B2B focused platform needs to be able to work with contract based price adjustments and apply any specific terms you work out with each specific customer.

On top of that, for complex transactions or bigger orders your B2B customer would often want to talk to a sales person, so the system needs to support more complicated interactions, where there is a sales person involved. It also needs to accommodate additional payment options, like credit checks or credit account status.

3 - Multiple Vendors catalogs

We have pretty much determined that B2B is its own type of sales with processes, logistics and shipping vastly different from those in B2C. Thus, it requires a different system and approach. As your business grows, it acquires more and more customers and partners until eventually there comes a point when adding a new vendor to your distributed catalog and get the updated version to every customer in your database becomes a real challenge.

A quick example here – let's say you're a big car and parts vendor. You have a number of dealerships selling your products. Each of them gets a catalog from you, from which their direct customers can order. Every time a new dealership or location gets added, it needs to receive the most recent version of the catalog.

Now, let's say a new vendor gets added to your system, so that aside from cars and parts, the customers can now purchase branded accessories at their dealership, for example. Now you need to update the catalog with the new vendor's products, and all your dealerships (or the selected few) need to receive the updated version. Someone also needs to keep track of who received what and make sure everyone is up-to-date.

Then you decide to launch a promotion on one of your vendor's products…

Sounds like a nightmare, doesn't it? It doesn't have to, if you have one centralized system in the cloud, which all of your dealerships have an easy access to. Each new vendor simply gets added to one central catalog and each dealership can have its own customized profile with the specific products it sells.

A few clicks – done! Virto Commerce solution lets you create and easily manage multi-vendor catalogs, where all the data about all available products or services by every vendor you work with is stored in one place and can be easily accessed, updated and shared with all the parties involved.

The platform supports multiple catalogs, storefronts, languages, and tax systems, which can be an essential functionality for global businesses.

4 - Order Approval process / Integrating with external ERPs

Unlike B2C, which works directly with end-buyers, B2B often deals with a whole chain of negotiations and approval processes. So, your e-commerce platform needs to be able to support approval process with up to 10 different roles and the order trail needs to be accessible by some or all of those roles.

A B2B-focused e-commerce solution will make it easy to track orders and manage access and approval rights.

Let's look at another example. A distributor orders product from your company and requests a quote. The end price in the quote is based on the number of products in the order and also on possible promotions held by the vendor during that current time period. So the price would vary and your distributor will need to be able to approve/decline it, often on multiple levels within the company. It gets even more complicated when this needs to be done on a multi-vendor level (orders from separate vendors with different quotes and approvals).

B2C focused software doesn't often face those challenges and might not have a quick solution for situations like this, but Virto Commerce does.

5 - Negotiated pricing - quotation system

Working with customers ordering high volumes of product, naturally your business negotiates different pricing with different buyers based on a number of factors, like purchase volumes, customer loyalty programs and so on.

B2B-specific software needs to be able to reflect customer relationships and/or specific order conditions in pricing, as well as special offers, special conditions on shipping and delivery, etc.

For instance, you may want to offer special conditions on bundle-purchases, include a free gift with a certain order volume, adjust the price based on the order size, provide expedited shipping for this one special customer –
the options are endless, and this is most definitely not the field where you can settle for limitations. Thus, you need to make sure your platform of choice can easily accommodate any of such requirements.

To sum it up, B2B e-commerce sector has its specifics and its unique requirements, which might not be as essential in B2C and thus, might not be included in a regular B2C-focused solution.

In this article we have highlighted the top 5 challenges in B2B sector, which need to be accommodated in your e-commerce solution of choice:

* Special product assortment and filtering options

* Contract based pricing for each customer

* Support for multi-vendor catalogs

* Complex order approval processes

* Quotation systems that accommodate any variety of special terms and conditions

It's important to recognize the specific challenges B2B sector faces on a daily basis in its e-commerce and make sure that your solution can help you overcome them easily!

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