



WHITE PAPER

The future of B2B ecommerce: Bridging the gap between buyers and sellers

Research Insights



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500+
service
providers
studied

About this study

While online shopping has grown exponentially since the launch of Amazon in the mid-1990s, its value for the B2B market is arguably only now being realized at scale. As supply chain disruptions, logistics challenges and the slow movement of cash have threatened both buyers' and suppliers' financial health, ecommerce has opened up new windows of opportunity for organizations to pursue those consumer-like digital experiences that have proven to be competitive differentiators.

As the growth potential of ecommerce continues to rise in B2B, Billtrust commissioned Paradoxes, Inc. to conduct a qualitative and quantitative study of 508 total service providers in 2022 to better understand the current state of B2B ecommerce experiences in the U.S. The research covered the impact of personal ecommerce usage on B2B expectations, wholesale ecommerce solutions and the solutions that service providers currently utilize. An online survey was administered to participants from target organizations who met the screening criteria of being within certain industries, including: HVAC, electrical, JAN/SAN, plumbing and general contracting.

This white paper provides an understanding of what customers want in a B2B ecommerce experience and explores the discrepancies between this and what suppliers *think* their customers want.

Key insights on the current state of B2B ecommerce



U.S. B2B ecommerce sales will cross the \$1 trillion mark for the first time in 2022 and catapult to \$1.8 trillion the following year, according to separate studies from Insider Intelligence¹ and Forrester.² These figures represent colossal growth for an industry which prior to the pandemic was not expected to reach even the first milestone for a number of years. Moreover, it illustrates by how much the industry is outpacing its B2C counterpart – which is projected by Forrester to reach just \$539.7 billion by 2023 – despite the latter garnering most of the media and general public’s attention.

Indeed, it appears that the days of salespeople making rounds to client branches are being replaced by omnichannel digital experiences

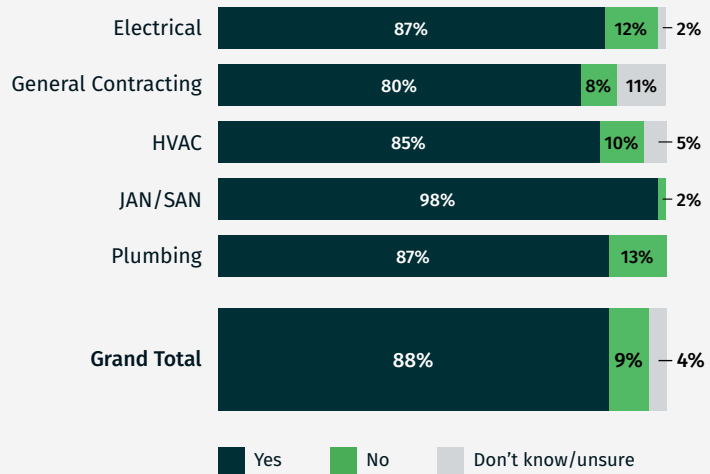
where deals are secured via the click of a mouse versus the shaking of hands. While this shift to online was happening at a steady pace prior to the Covid-19 pandemic, the crisis’ onset massively accelerated it. In fact, Billtrust data shows that its ecommerce customers’ B2B web sales increased by more than 463% during the pandemic’s first year, while average order amount nearly tripled.

Now, Billtrust’s latest study reveals that the vast majority (88%) of wholesalers and suppliers to the contracting, electrical, HVAC, JAN/SAN and plumbing trades have deployed an online ecommerce ordering option.

88%
of wholesale
suppliers have
already deployed an
ecommerce solution.

USE OF ECOMMERCE SOLUTIONS FROM VENDORS

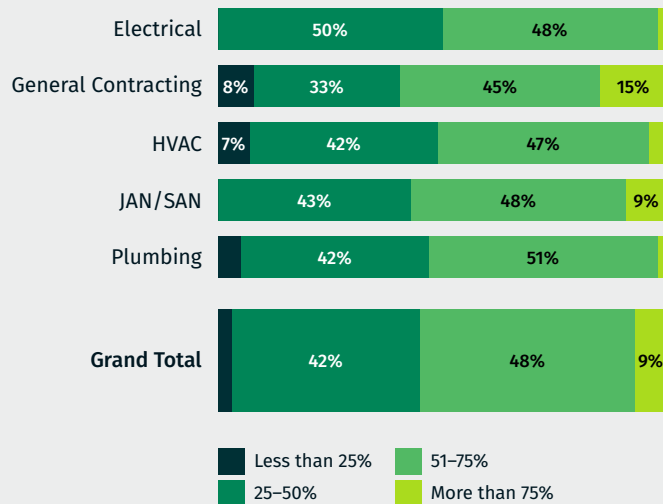
"Do the vendors you source from typically have an ecommerce solution?"



Further, the majority of trade orders (52%) are now flowing through ecommerce platforms, and just under a third (30%) of service providers say that they order solely via ecommerce portals.

PORTION OF CUSTOMERS PURCHASING THROUGH ECOMMERCE SITE

"What portion of your customers are purchasing through your ecommerce site?"



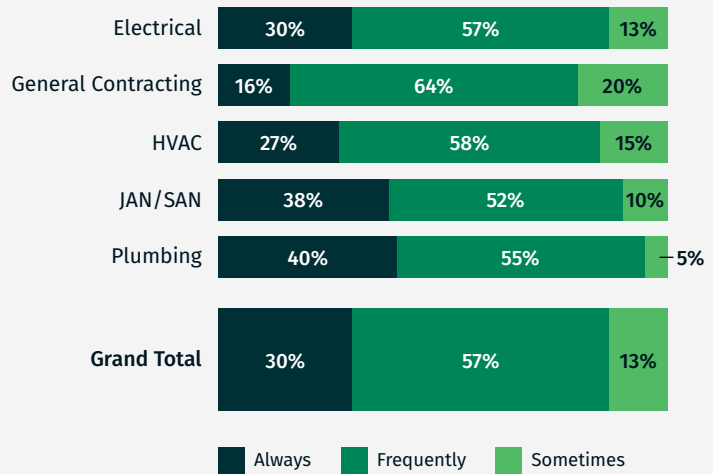
PERCENT OF ORDERS PLACED THROUGH ECOMMERCE BY SEGMENT



Across verticals,
over 80%
of service providers
now frequently
purchase supplies
online.

FREQUENCY OF ONLINE PURCHASE

*"How frequently does your company purchase supplies/
materials online (through an ecommerce site)?"*



So what's driving an industry that has historically been a laggard when it comes to adopting technology to embrace ecommerce? Respondents pinpointed **three main factors** that are influencing the increased shift to digital storefronts:

*"[eCommerce's rise] is following the curve of traditional retail brick and mortar shifting towards ecommerce... It was going to happen either way, but **Covid was really a violent shove in that direction.**"*

— Sean O., Electrical



1. THE IMPACT FROM COVID-19

Over 90% of service providers across industries report an uptick in ecommerce usage since the onset of Covid-19. Mid-market (99%) and large mid-market (99%) reported the greatest change in ecommerce purchase volume due to Covid-19.



2. THE AMAZON EFFECT

Suppliers were direct in describing this as key in influencing how they invest in ecommerce design and features. In particular, they highlighted the ability to offer next-day or same-day delivery as being integral for the success of any ecommerce system, as is knowing the depth of inventory availability and the costs of shipping to any given local ZIP code, similar to Amazon.




3. THE EMERGENCE OF A NEW GENERATION OF B2B BUYERS

With Amazon research³ finding that nearly three-quarters of business buyers today are millennials, digital natives are ushering in a new era for B2B sales. However, respondents indicated that generational demographics and integration challenges are still hindering the transition to full digital wholesaling.

What the above factors illustrate is that as ecommerce experiences become more prevalent in our daily lives, our expectations for easy, instant and frictionless experiences are increasing and translating to the B2B world. As older buying professionals edge towards retirement and younger generations replace them in prominent, decision-making roles, it's safe to assume that the lure of ecommerce will only increase.

Even as the impact of Covid-19 wanes, supply chain issues subside and logistical challenges ease, the overarching benefits of doing business online as a B2B organization will persist and ultimately end the traditional model of deals with long sales cycles.

A woman with blonde hair and glasses is smiling while looking at her smartphone. She is wearing a light-colored, vertically striped button-down shirt and light-colored pants. The background is a blurred office setting. The entire image has a teal overlay.

Efforts to modernize CX are paying off for suppliers and wholesalers

Although B2B ecommerce's adoption has reached its tipping point, the shift towards these digital solutions has been taking place for quite some time.

According to Billtrust data, the average supplier has invested in and activated about three such ecommerce deployments in their lifetime, and most have had their current ecommerce solution in place for an average of four years.

Supplier goals

Supplier respondents were also asked about what they hope to achieve by deploying an ecommerce solution. They identified the following as their top business goals:

1	Speed of order
2	Revenue growth
3	Customer choice
4	Customer satisfaction

Suppliers also believe that their ability to achieve these goals is underpinned by integration requirements with other systems. For example, they understand that back-end payments, a mobile app experience and inventory system integration are key areas that they need to improve upon.

It appears that many organizations are making positive strides towards achieving their ecommerce goals with the vast majority of suppliers across all verticals offering a mobile app ordering experience. Also, in a development that can be described as the antithesis of how B2B sales were done in the past, a majority of their customer orders now originate from the mobile version of their ecommerce platform.

“As our society has become more dependent on our mobile devices, using these platforms on mobile has been a comfortable transition, especially for younger people who are growing into the trades and having an opportunity to take their cultural knowledge into the trades.”

— John K., HVAC

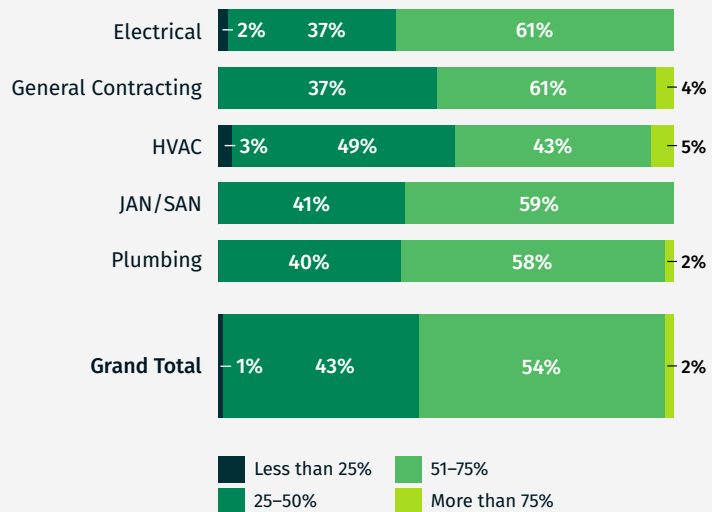


Suppliers report that a majority of customer orders originate on the mobile version of their ecommerce platform.

The role that mobile plays in the B2B customer journey is somewhat new but undeniably crucial. In person relationships that were once critical to success in B2B are becoming less important, as buyers' desire for digital experiences that replicate those they enjoy as consumers have become a priority.

PERCENTAGE OF ECOMMERCE ORDERS FROM MOBILE

"What percentage of ecommerce orders come from mobile users? Your best estimate is fine."



PERCENT OF ORDERS PLACED THROUGH MOBILE BY SEGMENT



Supplier impact

This study highlights the immense opportunity for financial gain that exists for suppliers with an optimized ecommerce solution.

eCommerce deployment has increased wholesale/supplier revenue by an average of

49%

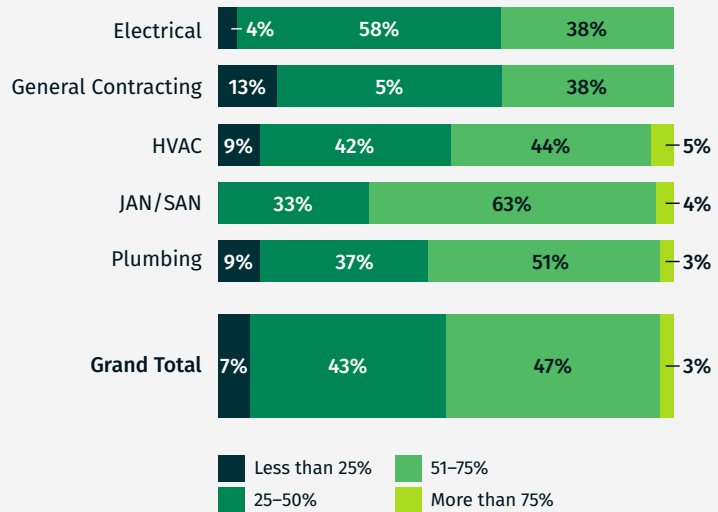
Janitorial/sanitation reports the largest increase of

55%

By transitioning sales online, organizations can grow and scale to meet market demand and customer needs, improve efficiency and productivity and drive brand awareness, all of which has a positive impact on their bottom line.


INCREASE IN SALES DUE TO ECOMMERCE

"How has the use of ecommerce increased sales/revenue for your organization?"



AVERAGE INCREASE IN SALES DUE TO ECOMMERCE BY SEGMENT





eCommerce buy-in boosts B2B buyers' bottom line

Suppliers' success deploying ecommerce solutions has certainly been validated by the buy-in they're seeing from buyers.

Across verticals, more than 80% of buyers now frequently purchase supplies online. In fact, 7-in-10 say that they order products frequently from ecommerce sites, and 30% assert that they order products exclusively from ecommerce sites.

Buyers' goals

When organizations were asked what they look for when purchasing through an ecommerce experience, they identified the following as their most-critical needs:

1	Shipping speed
2	Product availability data
3	Price

For suppliers doing significant business with SMB firms, they will be interested to learn that they ranked price as their highest consideration when selecting a supplier. Meanwhile, mid-market organizations cited shipping as their top criteria.

Among service providers, *shipping speed, availability and price* are the top-ranked performance factors in selecting a supplier. SMB firms rank *price* as highest consideration, while mid-market cites *shipping*.

MOST IMPORTANT CRITERIA IN SUPPLIER SELECTION

"What are the most important criteria in selecting a supplier? Please select all that apply."

Criterion	SMB (1-125)	MM (126-500)	Large MM (501-1,000)	ENT (1,000+)	Grand Total
Shipping speeds	53%	57%	60%	45%	49%
Product availability data (in stock)	51%	61%	48%	46%	43%
Price	50%	66%	38%	42%	49%
Ease of ordering	45%	45%	38%	42%	55%
Ease of payment	42%	43%	41%	44%	37%
Product assortment	41%	40%	35%	41%	47%
Ease of re-ordering	35%	30%	40%	38%	33%
Post-purchase support (tracking, returns, etc.)	34%	36%	41%	31%	27%
Loyalty/returns program	33%	35%	35%	31%	33%

What's also interesting to note, given its rising popularity in the consumer world, is that B2B buyers rank financing options like "buy now, pay later" (BNPL) as a system feature that they say will be most important for future ecommerce optimization. Although BNPL is essentially an iteration of something that B2B brands have been offering their customers for years, its more flexible payment terms could actually solve some fairly significant issues that have plagued organizations. For instance, it could force card providers to deliver better rates to their buyers and even pair credit lines with other settlement forms to drive working capital benefits, which in turn could drastically reduce the cost of interchange in B2B.

A more simple analysis of this future demand, however, is that it's yet another example of the consumerization of B2B sales and further evidence of the space's rapid digital transformation.

Buyer impact

Every B2B buyer surveyed by Billtrust saw an increase in profit from using ecommerce.

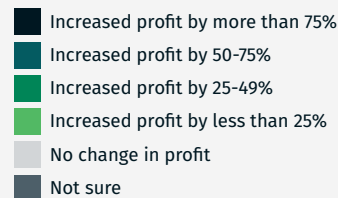
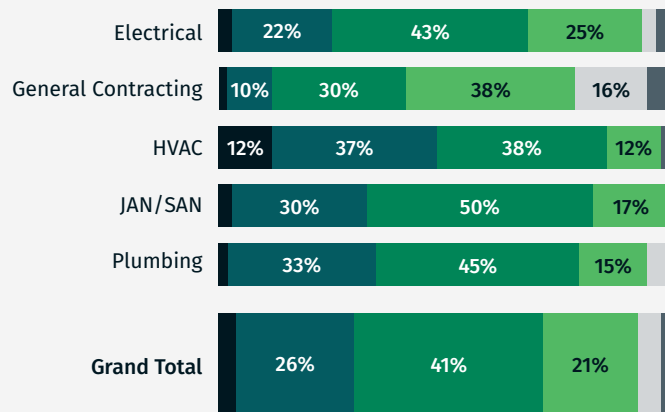
41%
of B2B buyers said their profits increased by 25-49% from using ecommerce.

26%
said their profits increased by 50-75% from using ecommerce.

Interestingly, general contractors said ecommerce had the least impact on their profits. Once again, janitorial/sanitation companies reported the greatest increase in profit from using ecommerce. This clearly illustrates that ecommerce platforms do not just impact wholesalers, but their customers as well, by allowing them to get what they need, faster.

IMPACT OF ECOMMERCE ON PROFITABILITY

"How has the use of ecommerce for supplies affected the profitability for your organization?"



The window of opportunity with B2B ecommerce

While this report highlights the real-time rewards of ecommerce adoption, it also spotlights potential opportunities for suppliers and service providers to pull the best ROI from the ecommerce solutions they use to buy and sell products.

While price will always be a differentiator for suppliers, and therefore something they must always leverage to be competitive, Billtrust's research revealed a more complex collection of opportunities for suppliers selling online.



Meeting the needs of today's buyer

While they may seem obvious to some, the truth is that many ecommerce sellers don't have the features and processes in place that their buyers expect. Here's what you need to offer today, if you're not already:



FAST DELIVERY

With "the Amazon effect" driving demand for speedy delivery, there's an expectation that uncommon parts or supplies should be available the same or next day.



INVENTORY TRANSPARENCY

Beyond "availability," the ability to understand the quantity or depth of supply is an emerging requirement. This presents an opportunity for ecommerce providers to offer useful integrations with inventory management, logistics or ERP systems.



PRICING, SEARCH AND DESCRIPTIONS

Buyers also highlighted three additional features that they say are key for determining a great ecommerce experience. These are clear pricing, simple product search capabilities and accurate product descriptions.

Future needs of a modern buyer

The ecommerce space is accelerating at a rapid pace. Here's what organizations and their teams need to plan for and turn into key differentiators for their digital storefronts:



SHORT-TERM FINANCING

Buy now, pay later and punchout (access to full vendor catalogs) are the system features ranked as most important for buyers for future ecommerce optimization.



REPEAT ORDERS

Shining a light on their expectation for convenient shopping experiences, the ability to easily place a repeat order will be a critical need for B2B buyers in the future.



PRODUCT VISUALS

As the lure of ecommerce increases, so too is the role of the B2B digital marketer, as illustrated by B2B buyers' expectations for more product videos, demos and tools in the future.

"We've found our 360 image view to be a differentiator. It's similar to if someone has a product in their hand and wants to make sure it's the right one... We'd like to do more Q&A videos. I think it's a really big deal for customers who have a question to be able to instantly have access to that product information."

— Joshua A., Electrical

The key to success going forward

Strengthening relationships by meeting digital needs

The emergence of ecommerce as a primary driver of business for B2B brands has undoubtedly changed the nature of B2B sales. As we already touched on, those personal relationships that every salesperson strived to obtain are less important today than crafting seamless, digital experiences for customers. But this doesn't mean the power of the supplier-buyer relationship is obsolete. What it does mean, however, is that it looks a lot different today than they did even five years ago.

What might have dictated how close a supplier-buyer relationship was in the past has also changed. When in-person sales were still part and parcel of doing business in B2B prior to the pandemic, long car journeys and tedious

marketing calls were key to how salespeople nurtured relationships with clients. Now, a good relationship is highly dependent on how well a supplier meets their buyers' digital needs and expectations, including their ability to deliver upon those aforementioned performance factors (shipping speed, product availability and price) that help them choose who to do business with.

60% of service providers say that the supplier's ecommerce experience is "very important" to their relationship with the supplier.

Staving off competition with consumer-like experiences

While every B2B organization has the right to conceal what they consider to be the secret sauce of their success, one thing that can't be suppressed is the necessity of ecommerce in B2B today and the incredible market potential it holds. Suppliers who have yet to optimize their ecommerce strategy risk losing significant revenue to competitors and behemoths like Amazon, with platforms like Amazon Business that are capitalizing on an opportunity to snap up considerable market share. Not only this, but suppliers without an ecommerce offering are also sacrificing their financial health by burning more resources, time and money by relying on antiquated sales processes.

The reality is, the consumerization of B2B is here, and the acceleration of ecommerce adoption is perhaps the most telling sign. Already, 67% of B2B buyers report switching to vendors that offer a "more consumer-like" experience.⁴ With Billtrust's study indicating that these decision-makers' expectations for B2B ecommerce experiences that closely resemble those they enjoy in their personal lives is rising, it's clear there's a massive opportunity for suppliers to win business and boost ROI by tailoring their offerings accordingly.



Getting buyers and suppliers on the same page

There are slight discrepancies, however, between what buyers consider to be the most critical features of an ecommerce platform and what suppliers label as key features. For example, suppliers told Billtrust that they think clear pricing, a simple search function and accurate product descriptions have the greatest influence on business.

While these are certainly important factors, buyers seem to consider features that prioritize speed and convenience (like fast shipping, better integrations, and more flexible financing options) more favorably. This is a crucial insight for B2B suppliers looking to fine-tune their ecommerce strategies for the rest of 2022 and beyond and reap the greatest rewards from their investments.

*“It’s about **being prepared for the future**, and understanding that a new generation of younger buyers, **the Amazon generation**, will be looking for a solution. If we’re not in that space, we won’t be a consideration.”*

— Robb L., HVAC



Appendix: methodology and participants

Targeted participants were wholesalers/distributors (58% of respondents) and ecommerce end users/service providers (42% of respondents) that were recruited from U.S. organizations operating within the HVAC, electrical, JAN/SAN, plumbing, and general contracting industries.

In February 2022, a 10-12 minute survey was fielded. A majority of respondents' organizations had average revenues of \$15M for wholesalers and \$24M for service providers. A vast majority came from organizations with between 126 and 1,000 employees, with the average being 652 employees. Respondents also overwhelmingly came from established organizations with 5 or more years in operation. At least 80% of wholesaler respondents reported that they were the final decision maker when it came to selecting an ecommerce solution. Slightly fewer service provider respondents (78%) reported that they held the same decision-making responsibilities.

The survey was conducted with professionals with the following firmographic and role characteristics:

Metrics	Electrical Contractors	General Contractors	HVAC	JAN/SAN	Plumbing	Grand Total
Age of firm (years)	12.9	14.0	13.3	14.3	13.9	14.2
Revenue (\$ thousands)	10,614	16,076	15,606	17,718	16,058	15,232
eCommerce solutions deployed	2.50	2.03	2.60	2.59	2.49	2.45
Age of current solution (yrs)	3.30	3.64	3.64	3.65	3.36	3.5
Satisfaction (TB%/"very" satisfied)	58%	65%	53%	53%	52%	67%
Customer adoption of ecommerce platform	51%	55%	51%	54%	51%	51%
Portion of ecommerce order via mobile version	52%	52%	51%	52%	53%	52%

Respondents in the plumbing segment make up the largest portion of service providers in the enterprise size bracket:

ORGANIZATION'S INDUSTRY

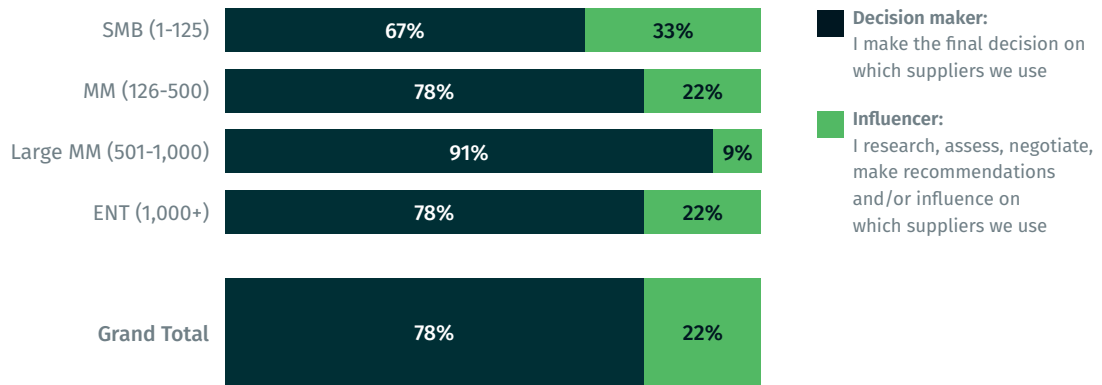
"What is your organization's principal business or industry?"



Most respondents across organization sizes are the final decision maker when it comes to sourcing supplies:

INVOLVEMENT IN SELECTING SUPPLIERS

"Which best describes your role regarding selecting suppliers (e.g. wholesalers/distributors, ecommerce sites) from whom you purchase suppliers/products for your company and your company's projects?"



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