The Definitive Guide to B2B Ecommerce

How to Start Selling B2B Online

Contents

Shifting buyer dynamics are rewriting the rulebook for B2B commerce. A process that once relied on in-person events and considerable face time with salespeople has shifted online—markedly so in the past three years. In fact, the global B2B ecommerce market is even outpacing the DTC ecommerce market—five times over—with a $17.9 trillion valuation.

As business customers increasingly seek the convenience and efficiency that ecommerce promises, business-to-business (B2B) online selling is a key strategic growth lever for offline wholesalers and direct-to-consumer (DTC) businesses alike.

If you're considering expanding into B2B ecommerce, there's no better time to act. In this guide, we'll look at:

- **What today's buyers expect from B2B ecommerce websites**

- **Key operational decisions to consider when planning your expansion**

- **Ecommerce platform considerations**

What shifting buying behavior means for B2B sellers

Whether you're an established offline wholesaler or just considering B2B for the first time, shifting buying behavior will have meaningful implications for your business strategy. Below are the three key B2B buyer trends and their implications for B2B sellers:

TREND 1

Success no longer hinges on in-person sales

Gone are the days of relying on salespeople to manage the entire wholesale process. Forty-three percent of B2B buyers express a strong preference for a purchase experience free of sales rep interactions altogether. And for the conversations they do have, they prefer speaking to vendors and sales reps via chat rather than on the phone.

If you're an established wholesaler and you're worried about moving your transactions online and the impact it will have on your sales cycle—don't be. Modern buyers are willing to spend a lot of money through online sales channels, with 35% of B2B buyers saying they're willing to spend $500,000 or more in a single transaction, and 77% of B2B customers willing to spend $50,000 or more. There's just one caveat: With such high-volume transactions, buyers need to trust your ecommerce checkout.

Modern B2B buyers are willing to spend more online

77%

B2B buyers willing to spend

$50,000

or more in a single transaction

35%

B2B buyers willing to spend

$500,000

or more in a single transaction
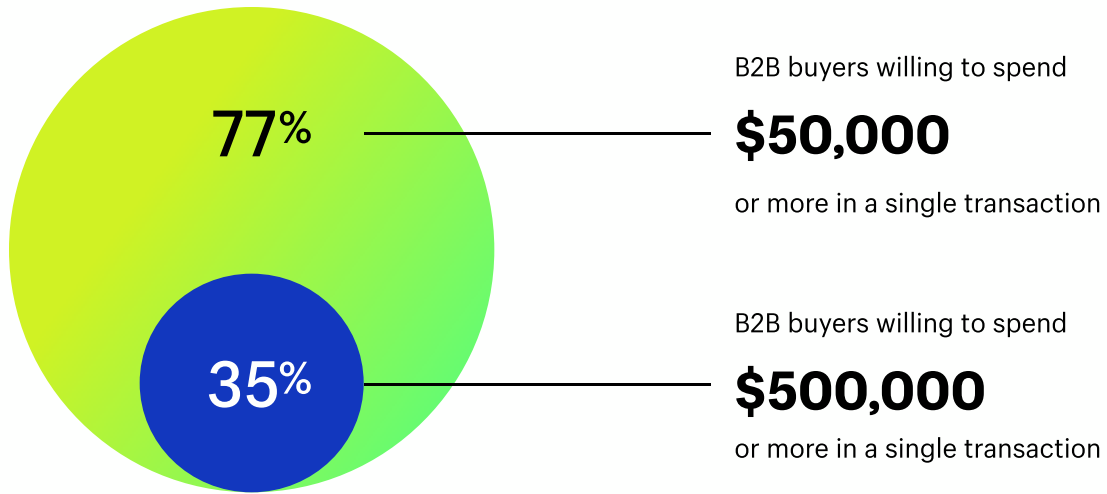
Source: McKinsey, 2021

IMPLICATION

When it comes to your checkout, familiarity is key. More than that, buyers also need to trust that your store is securely handling their payment information and that there's an information security policy in place.

What shifting buying behavior means for B2B sellers

TREND 2

Business buyers expect an end-to-end personalized experience

Your B2B and DTC shoppers have one key thing in common: they both crave shopping experiences that feel tailored to them.

But where we've seen significant advancements in DTC shopping experiences, B2B ecommerce is lagging. Indeed, 67% of online business buyers say they've switched suppliers in pursuit of a more "consumer-like" experience.

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IMPLICATION

Delivering a DTC-like experience for your wholesale customers will require a new set of commerce capabilities. Some key features and functionalities that B2B buyers expect from their digital vendors today include: curated product selections, customer-specific pricing and discounts, easy access to previous products and reordering capabilities, and pre-negotiated payment methods and terms.

What shifting buying behavior means for B2B sellers

TREND 3

Omnichannel commerce is make or break

In today's B2B buying journey, there is no single "handoff" from digital to in-person or from one channel to another. In fact, B2B customers now regularly use <u>10 or more channels</u> to interact with suppliers, up from just five in 2016. Enter: omnichannel retail.

Omnichannel retailing is a fully integrated approach to commerce, providing shoppers a unified experience across all channels or touchpoints.

72% of B2B companies that sell via seven or more channels grew their market share

What shifting buying behavior means for B2B sellers

DTC 1.O brands—the brands that said they would never sell in retail—I think they've had to course correct. The way that you build a modern brand, in our opinion, is that you have to be in as many touch points as possible, especially because there's more dropshipping brands than ever. There are more brands that pop up every day. And there's validity to being in stores."

Jon Shanahan, Co-founder and Chief Marketing Officer at Stryx

IMPLICATION

B2B suppliers can no longer solve the needs of an entire segment of customers through one channel, nor can they ignore ecommerce as a channel. The option to engage via face-to-face, remote, and self-service should be available to all customers, from small to medium-size enterprises, and up to the largest organizations.

What shifting buying behavior means for B2B sellers
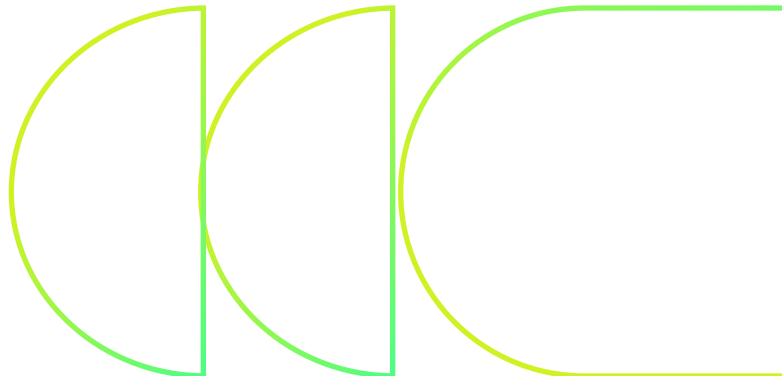
7 tips from B2B ecommerce brands to set you up for success

These trends have reframed the B2B landscape and have implications for both established offline wholesalers and DTC companies looking to expand into B2B ecommerce. In both cases, the transition requires a fundamental shift in how your business operates.

But done right, adding a digital B2B channel to your business can lead to transformational growth. To help get you started, we spoke to seven successful Shopify brands to get their first-hand advice on what to prioritize when planning an expansion into B2B ecommerce.

1. Rethink your operations strategy

What does adding an online B2B channel to your business have to do with your operation strategy? Everything.

Your first step should be aligning with marketing, sales, and warehouse teams on what your B2B sales process should look like—from discovery to delivery. That includes documentation on how you'll handle:

- **Pricing structure.** What discount will you give to B2B buyers? Will you offer different discounts to different customers or groups of customers? What criteria needs to be met? How does this discounted pricing model impact profitability? Get your team on the same page to avoid delivering mixed messages to buyers.

- **Stock and product information.** Refreshing your product information? From new imagery to technical documentation, make sure you have the right systems in place to deliver accurate and consistent information to both your DTC and B2B customers.

- **Delivery structure.** Unlike shipping packages directly to a customer's home, B2B buyers often request special delivery terms. Brief your warehousing team on how these B2B orders need to be picked, packed, and shipped.

2. Identify your key channels

Omnichannel retail doesn't require you to be everywhere—just everywhere your customers are.

If you're new to B2B, start by developing your buyer personas and understanding what their buying journey looks like, both online and offline. Where do they search for product information? What retailers do they frequent?

Razavi credits ELAVI's B2B and wholesale channels as the driving force behind its revenue growth and brand awareness, likening it to a marketing channel.

"Our collagen protein bars are sold at the Lululemon café at Mall of America and the Equinox cafés throughout California via Earthbar—aligned strategic partners for us sharing the same target consumer," says Michelle Razavi, founder of ELAVI. "Those alternate channels can drive brand discovery, trial, and convenience as customers buy individual units at a lower cost and make impulse decisions with the product right in front of them."

B2B/wholesale also allows us to move larger volumes, interact with our customers in a more experiential way, and build into their routines—for example, picking up a collagen protein bar at the café gym where they work out at."

Michelle Razavi, Founder of ELAVI

3. Start small, then scale

Stojo founder and CEO Jurrien Swarts recommends resisting the temptation to scale fast. "Start small. Independent retailers are best," Jurrien says. "They usually have lower margin requirements and are amenable to ordering a few cases to test things out. You also see shorter buying lead times—one to three months in advance, as opposed to national retailers who sometimes make buying decisions 12 to 18 months in advance.

"You often get the benefit of being able to talk to the owner who is the decision maker," says Jurrien. "Feedback is crucial. You'll get an honest look at what works and what doesn't with independent retailers."

4. Build trust with brand consistency

If you're already selling DTC online, your B2B ecommerce storefront should feel like an extension of your DTC brand.

Many business owners think they have to overhaul their entire website or strategy (or set up a separate storefront altogether) to address the different buyer personas. But this isn't true. The same online store can—and should—power both channels with minimal disruption to either. In fact, consistent branding helps you build brand awareness and customer loyalty.

Brand loyalty is built on cost, experience, quality, and consistency. Ninety percent of B2B customers expect to have a similar experience with a brand across all marketing platforms and channels.

"One of the biggest priorities for us was to make sure both parts of the business (DTC and B2B) felt unified. Same brand, same website, same quality, and most importantly, same service," says Colin Barceloux, CEO of Lively Root. "The biggest mistake I think companies make is trying to separate the two. The more a company can integrate both types of offerings, the better off they will be in the long term."

90% of B2B customers expect to have a similar experience with a brand across all marketing platforms and channels.

7 tips from B2B Shopify brands to set you up for success

5. Price for profit, not excessive discounts

Business customers expect discounts on the products you sell to the general public. But be careful to not cannibalize your profit margins with excessive discounts.

REECH's Bernie Schott says the right wholesale discount is typically between 30% and 50% off the manufacturer suggested retail price (MSRP).

"Determining a discount that is appealing to the business and leaves your brand with enough margin to make it worthwhile can be challenging," Bernie says. "If the discount is too low, the purchaser might not be interested, as it doesn't provide them with enough profit. And if the discount is too high, the brand itself may be in a position where the economics of the B2B don't make sense."

Dr. Justine Ward, co-founder and CMO of Thirdzy, says this is the reason behind her company's decision to start small and work with other small businesses, instead of going after massive multinational retail chains.

"When we set our prices originally for our website, we built in a margin that would allow us to create wholesale discounts without losing money," she says. "We then put together our retail information/sell sheet and wholesale pricing and began the good ol' fashioned process of cold outreach."

6. Develop a supply chain contingency strategy

If COVID-19 taught business owners anything it's that supply chains are fragile, and any disruption—big or small—can hurt businesses. Often, irrevocably.

According to a commissioned [study conducted by Forrester Consulting on behalf of Shopify](#), shipping delays, shipping costs, and manufacturing delays are the top supply chain concerns brands expect to encounter in the next 12 months.

7 tips from B2B Shopify brands to set you up for success

How the supply chain crisis is impacting businesses

68%
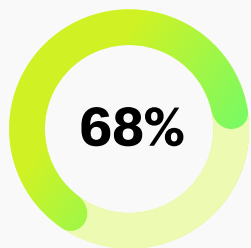
Say the current supply chain crisis is negatively impacting their ability to fulfill customer demand

66%
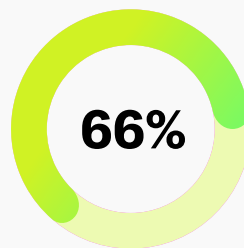
Expect supply chain issues to get even worse in 2023

Shopify/Ipsos Commerce Trends Study, 2022

Avoiding any kind of disruption in the supply chain is essential to B2B customer satisfaction, which is why there are a few supply chain resilience strategies that you can adopt to ensure your business sales stay steady. Two popular ones are:

- **Nearshoring**: Using distributors that are nearby or within the same region to have more control over the supply chain.

- **Multisourcing**: Having a wide range of distributors as a backup plan in case some are unable to deliver.

These contingency plans help to build resilience and ensure your company always has access to new trade inventory.

What's more, both strategies can save 50% of transport-related greenhouse gas emissions, and reduce the overall footprint per package by an average of 10%—two factors that modern B2B buyers consider important when supporting brands.

7 tips from B2B Shopify brands to set you up for success

7. Choose the right digital commerce platform

Despite where you are in your B2B journey, ecommerce is a linchpin for continued revenue growth. And you can reach more customers and drive more sales from an ecommerce platform that combines both strong B2B and DTC capabilities.

A flexible, all-in-one platform means you can deliver on the omnichannel demands of today's customers—while streamlining your internal processes and guaranteeing a single source of truth for your team and your customers.

It's no surprise then that B2B companies are pulling out the stops for ecommerce, with 44% of B2B ecommerce brands planning to make significant investments in their ecommerce platform this year.

7 tips from B2B Shopify brands to set you up for success
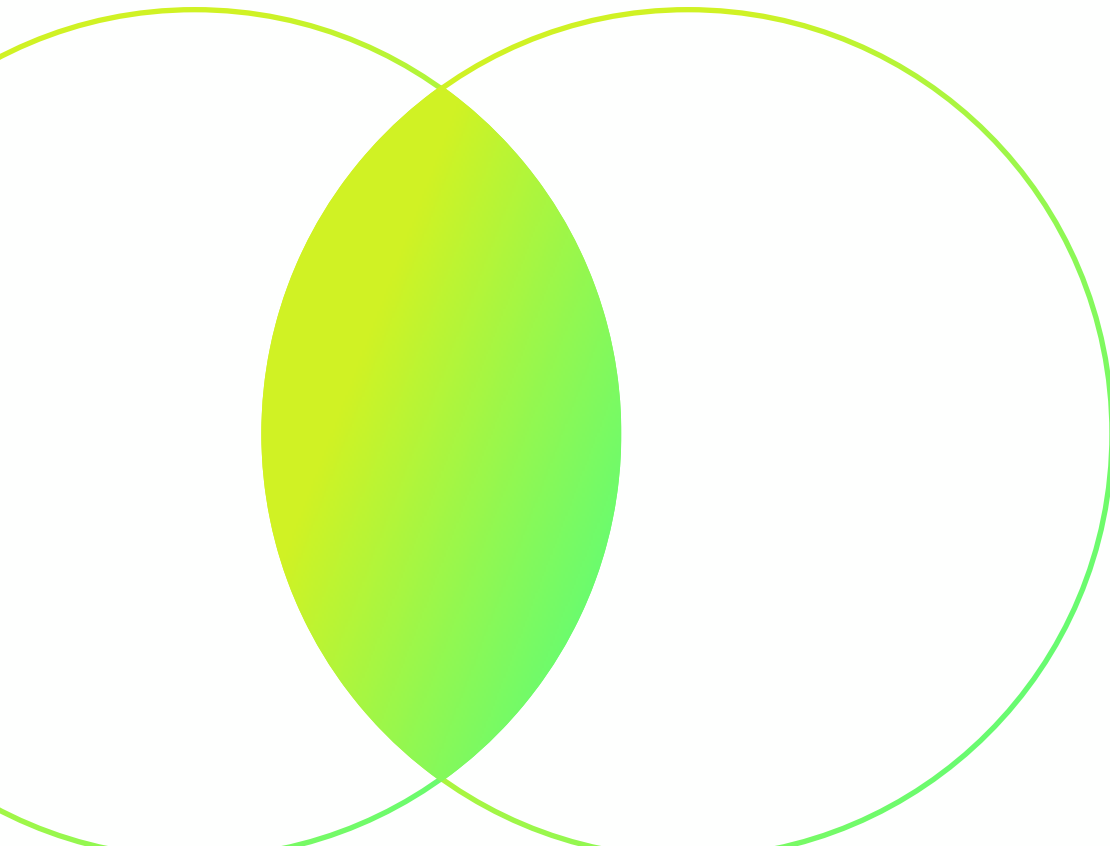
How to evaluate a B2B ecommerce platform

Those who get their B2B commerce-tech strategy right can unlock significant revenue growth. But a good tech strategy is not just "more tech." When evaluating any technology for your business, start with the outcomes you want, not the features you think you need.

In addition to finding a platform that makes running a hybrid DTC and B2B store exceedingly easy, you'll also want to opt for a commerce platform that enables the following key outcomes:

- **Centralized and actionable customer data**
- **Self-serve ordering**
- **Easy product discoverability**
- **Customizable, flexible, and secure payments**
- **Reliable shipping and delivery promises**

Centralized and actionable customer data

The right platform will make it easy to track all of your customer information in one central place, with business customer profiles that surface:

- **Company locations**
- **User permissions**
- **Payment terms**
- **Price lists**
- **Product catalogs and catalog assignment**
- **Tax ID and exemptions**
- **Secondary contacts with the same company**

More than that, you should be able to action that customer data for a 1:1 buying experience. For example, assigning customer catalogs to specific customer segments is a great way to start personalizing the buying journey for your users. This allows logged-in customers to see only what is relevant to them and show them the prices specifically negotiated for their account.

CASE STUDY:

Brooklinen scales its wholesale with Shopify B2B

The ability to provide customizable buying experiences for both B2B and DTC customers was one of the main reasons Brooklinen brought its wholesale business to Shopify. Previously, its team had a highly manual wholesale sales process that relied on phone and email orders—a sharp contrast to the highly personalized DTC website the brand was known for.

With B2B on Shopify, Brooklinen added a second store exclusively for B2B buyers within the same admin the team already uses for the rest of the business. The B2B store inherited all of the same branding as its DTC counterpart, but with additional functionalities like wholesale pricing and products needed for its B2B operation.

On Shopify, our team has the liberty and the space to build relationships with customers, instead of just transacting with them. We spend more time understanding our customers and less on manual inputs. This allows us to provide exceptional experiences for our DTC, B2B customers, and retail customers alike."

Nicolas Lukac, Director of Emerging Channels at Brooklinen

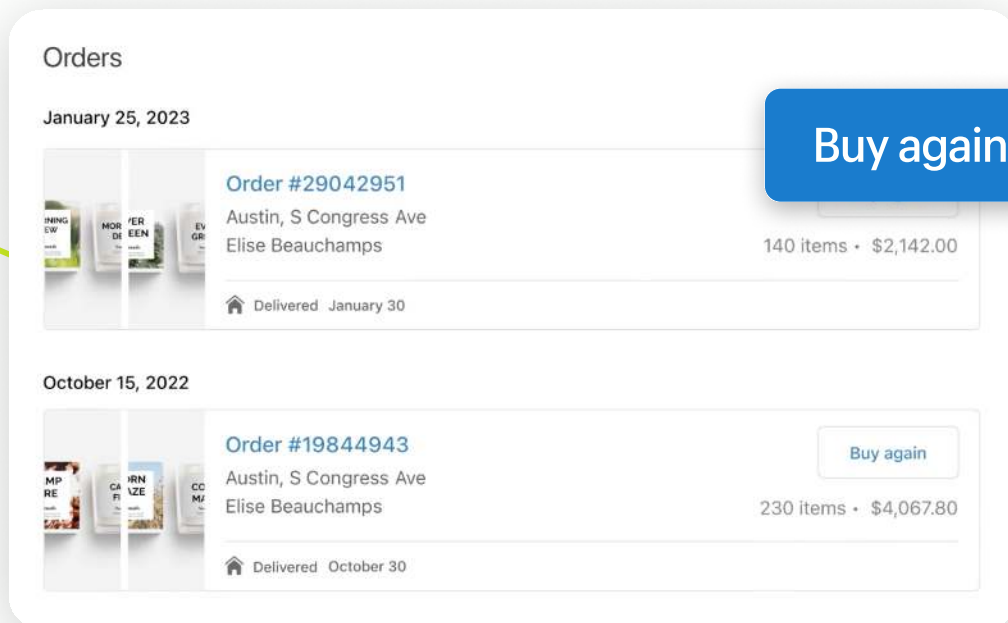How to evaluate a B2B ecommerce platform

Self-serve ordering

While the most successful B2B businesses offer an omnichannel sales approach, it's important to still allow customers to self-serve their own account, 24/7. Self-serve B2B should feel like a comfortable DTC-like online shopping experience.

If you're worried self-service tools will deter potential customers, consider this: as much as 86% of customers prefer this way of shopping over contacting a sales rep.

A robust platform can help you deliver a convenient, customized, and high-conversion experience—one that takes into account who your customer is, what they'll be ordering, and at what pre-negotiated price.

86% of customers prefer self-serve shopping over contacting a sales rep

Orders

January 25, 2023

Order #29042951
Austin, S Congress Ave
Elise Beauchamps

140 items · $2,142.00

🏠 Delivered January 30

Buy again

October 15, 2022

Order #19844943
Austin, S Congress Ave
Elise Beauchamps

230 items · $4,067.80

🏠 Delivered October 30

Buy again

> ❝
>
> **Converting a business sale is very different from the average [DTC] consumer sale. There's far less browsing and comparison. Our B2B customers know what they want, know the price they're willing to pay, and want the entire process to be as quick and easy as possible."**

John Helwig, Marketing Manager at <u>Fresh Roasted Coffee</u>

Easy product discoverability and access to information

Helping today's B2B buyers buy isn't a sales challenge so much as an information challenge. The companies that best provide customers the product information they seek, through the channels they prefer, are better positioned to succeed.

Traditionally, B2B buyers sought information about a supplier and their products by talking to sales reps. But sales reps are no longer the channel to customers—they're a channel to customers. In fact, <u>68%</u> of B2B buyers prefer accessing product information online, specifically from the supplier's own website.

Ultimately, how easily suppliers enable their customers to access and purchase their products is a competitive differentiator—and a key reason why many B2B buyers choose to return to a specific supplier or not.

✕ **SOLUTION:**

Product Information Management (PIM)

PIM software manages complex product data and digital assets in a central platform. This enables brands, manufacturers, distributors, and retailers to work from a single source of truth. You and your team can edit and manage all your product information from the PIM interface, including:

- **Item numbers**
- **SKU data**
- **Images and videos**

- **Translations**
- **Localizations**
- **Documentation**

"

Most of the time, [data] is messed up. It's complex, it's all over the place, and it's inconsistent."

Jon Marsella, Founder and CEO of Jasper Studios

How to evaluate a B2B ecommerce platform

Customizable, flexible, and secure payments

With complex pricing agreements and much-larger average order values (AOVs), offering the right payment methods and checkout features is critical for online B2B sellers.

Consider the following data from Gartner: 30% of B2B buyers found that websites don't support the necessary payment methods for wholesale purchases, and another 45% of B2B buyers believe that customized pricing is a critical part of the B2B buying experience.

To ensure a high-conversion experience, your ecommerce platform should enable the following:

- **Alternative payment methods**. Your website should be able to accept all key payment methods, including ACH/wire transfer, account credit, split payments, and more.

- **Smart and customizable checkout.** You want your customers to speed through their checkout, with all the relevant information pre-filled for them. Whether that's their preferred payment method or the specific wholesale discounts they've negotiated, your checkout is where it all needs to happen.

- **Secure checkout**. Ensure your checkout adheres to global compliance standards, including PCI, GDPR, ISO 27001, SOC 2, and so on.

- **Easy reordering of favorite products**. This allows customers to self-serve their own account, encourages repeat ordering, and saves customers valuable time.

- **Vaulted credit cards**. Allow buyers to vault their credit card at checkout or within their self-serve account hub, and charge their card on file as payments are due.

- **Payment reminders**. Deferred payments are common in B2B, so to ensure you get paid on time, you need to be proactive. Look for solutions that enable payment reminders and a Pay Now feature on recently placed orders to remind customers of their payments as they become due.

This responsibility shouldn't fall to you—it should be your digital commerce platform's default. Checkout is not a single function, it's a platform in its own right. This is a massive maintenance cost that no retailer should have to face on their own.

How to evaluate a B2B ecommerce platform

CASE STUDY:

Thirdzy.com streamlines its wholesale orders and payments with Shopify

Dr. Justine Ward, co-founder and CMO of Thirdzy, says all of her company's B2B sales pass through Shopify, a move that allows the brand "to keep track of our stock effectively, keep our accounting clean, and to have a seamless, electronic payment gateway for our B2B purchases."

"It's pretty simple to preload an invoice with the quantities of each SKU and the wholesales discount, and once the client submits payment, it automatically triggers fulfillment through our 3PL."

Shopify provides the world's highest-converting checkout. For buyers, the reliability and familiarity of Shopify's checkout are key. For businesses, its customization capabilities are critical. With Shopify Functions, sellers can add custom logic, like custom discounts, discount combinations, shipping rules, and payment methods, to their checkout. And these rules can even be customized to only apply to B2B or DTC customers if you're operating a blended store on Shopify Plus.

66

The nice part about using Shopify to run our wholesale store is we don't have to use the antiquated systems of purchase orders and PDFs of our product catalog. We process all of our orders through our Shopify wholesale store with net terms and send invoices separately."

Kelly Van Arsdale, Co-Founder of <u>Spinnaker Chocolate</u>

How to evaluate a B2B ecommerce platform

Reliable and accurate inventory information

Inventory management is one of the hardest aspects of running any business, but it's particularly complex for B2B brands.

B2B businesses often buy in bulk, at a discounted rate, at various stages throughout the year. And with extra-long sales cycles, sellers can easily find themselves either overstocking or understocking.

"Once you miss a delivery, oversell stock you don't have, or otherwise make a client mad, you aren't just losing the business one time, you're losing the continuity of the potential re-orders as well. There is no room for mistakes here," says Chad Rubin, founder of Think Crucial and Skubana.

This challenge is exacerbated for businesses running a DTC and B2B operation concurrently.

"

Don't run out of inventory and don't overextend yourself financially until you get the hang of things. We've run out of inventory a lot. It happens especially to small brands that are running DTC and wholesale concurrently. One channel will outperform the other and then you're always low on inventory."

Jurrien Swarts, Co-founder and CEO of Stojo

The best way to avoid inventory woes is to opt for a platform that allows you to manage both your DTC and B2B business from one back end, for a single view of your inventory.

How to evaluate a B2B ecommerce platform

✕ SOLUTION:

Robust inventory management and ERP integrations

On Shopify Plus, inventory is centralized across all storefronts and sales channels. As a business owner, you can track and manage inventory levels for any number of warehouses, and stock levels are updated automatically for your customers.

If your business needs an even more robust solution, consider an enterprise resource planning (ERP) software. ERP software connects all business processes (finance, manufacturing, supply chain, sales, procurement, and so on) into one system. Shopify is partnering with some of the leading ERP platforms—including NetSuite, Acumatica, and BrightPearl—to offer out-of-the-box integrations for merchants.

Reliable shipping and delivery promises

The challenges of the pandemic both revealed and accelerated opportunities in supply chain technology. In fact, 38% of business owners say they plan to integrate technology to help their company anticipate disruptions and demand.

But fulfillment challenges in B2B extend beyond potential supply chain threats. B2B businesses often have shipping (or pickup) arrangements specific to individual customers. Even with significantly higher average order values (AOVs), custom shipping freights can attack profit margins if you're shipping orders less than truckload (LTL).

Put simply, the more products you can move in a single transaction, the more efficient (and profitable) you can be. Leveraging a custom shipping solution or 3PL integration can help you optimize for this.

"Selling B2B is really powerful, especially if you have good margins, since it saves on picking and packing costs, shipping, and returns.There's efficiency of scale there," says Jon Shanahan, co-founder and chief marketing officer at Stryx.

✕ **SOLUTION:**

Digitize your supply chain with Shopify APIs or outsource with a 3PL

With B2B on Shopify, you can solve your unique business needs and see meaningful economies of scale by creating a custom shipping solution using Shopify's B2B APIs.

Alternatively, you can opt for an out-of-the-box 3PL solution and outsource your order fulfillment, warehousing, shipping, and other logistics needs to a third-party provider. And you can do this easily by tapping Shopify's robust network of more than 20,000 app developers and agency partners, who've built more than 8,000 public applications specifically for Shopify's platform.

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The back-end logistics are very different for wholesale compared to DTC, but you have to be good at both, and you have to have a 3PL that can do both. I don't know a single person that could handle a wholesale channel if they were fulfilling orders themselves."

Jon Shanahan, Co-founder and Chief Marketing Officer at Stryx

How to evaluate a B2B ecommerce platform

Ready to launch your B2B ecommerce store?

Higher average order values. Economies of scale. Increased brand awareness and market expansion. The advantages of expanding into B2B or wholesale are clear. Still, that doesn't mean it's an easy transition.

But with a clear strategy for getting your organization ready, a flexible and robust commerce platform, and a plan for back-office logistics, you'll be able to navigate the B2B ecommerce space with confidence.

If you need more insight before selling B2B, talk to one of our experts.

Let's talk