

Whitepaper

Why omnichannel is indispensable for B2B trading

Digital transformation for trading companies



Introduction

One of the most remarkable things about the digital revolution is how quickly consumers are adopting the new technologies, and how their expectations rise with each change. Delivery times is just one example. Whereas a waiting time of 5 or 6 days was acceptable in the early days of B2C, we now expect same-day delivery of our order, with real-time updates on the delivery status of our shipment.

The new normal changes every year. For shoppers, “digital” above all means speed and convenience which we now expect in every context. We don’t want to queue at a supermarket checkout – long waits are what you might call a “negative brand experience”. We’re even too lazy to type in our PIN number and want to simply tap and go – and have what you might call a “more frictionless experience”.

Amazon is pioneering a virtually frictionless in-store shopping experience in one of its grocery stores in Seattle. Customers tap their cellphones on a turnstile as they walk into the store. This connects them to the store’s network and their Amazon account through an app. The service is called Amazon Go. It uses machine learning, sensors and artificial intelligence to track the items customers pick up. These are added to the virtual cart on their app. If they pick up an item they later decide they don’t want, putting it back on the shelf removes it from their cart. *Amazing!*

Note that we didn’t mention online. And note that Amazon – that pioneer of e-commerce – is now investing heavily in bricks-and-mortar. Welcome to the world of omnichannel.

In this white paper we shall explore the technological and marketing logic that led to omnichannel. This strategy has different implications for B2C and B2B, but we shall argue that omnichannel is uniquely suited to B2B. Our overview of the benefits of an omnichannel approach leads to a discussion of how you would begin to plan for it, and what technical and organizational difficulties have to be overcome.

The main takeaway is that the articulation of an omnichannel blueprint is a priority for B2B.

Multi, cross and omnichannel: the journey explained

When Amazon launched in 1994, it only sold books and it only sold them online. The second wave of the digital revolution created new ways of interacting and e-commerce companies started pushing out their message on these different digital channels. In retrospect, the e-commerce strategies underpinning what became known as multichannel marketing seem quite naïve: yes, channels were up and running, B2C and B2B companies were “active in the digital space”, but the channels themselves did not connect. A B2B buyer might ring a sales rep to put in an order for 500 machine parts – all in stock, he’s told. Erroneously, as it turns out, because another buyer had already ordered 350 machine parts online, and a few days earlier, a fax order had come in for another 100 at a different office. Not cool.

Cross-channel connected the dots. B2C or B2B customers were presented with a consistent brand experience – and the same real-time price and stock availability information – across every channels. The physical shop is no longer regarded as hopelessly old-fashioned and destined for extinction, but as another channel and a perfect fit with all the others. Apple is a prime example here. In the early years of Apple’s

resurgence, Macs weren’t sold in dedicated shops, but randomly it seemed in outlets that also promoted rival brands. The result was a fragmented customer journey. The Apple stores were an overnight success: the look of the stores, their airiness, the relaxed way the staff addressed you, the absence of hard sell, the brilliantly named “Genius Bar” – all these details dovetailed perfectly with what had made Apple resonate with consumers in the first place, and inspired such extraordinary loyalty. Such a vision is not limited to B2C, incidentally. Apple has a B2B outlet, while Amazon’s marketplace AmazonBusiness is hugely influential for US and European B2B enterprises.

Omnichannel is the next phase. The name is a misnomer, because omnichannel is a marketing *culture* (not technique or method or hype) that puts the customer at the heart of everything it does. Omnichannel transcends channels. The digital natives who are now in increasing numbers becoming B2B decision-makers are *intuitively* omnichannel; they were brought up on a natural mix of online, social media, apps, real shops – seeing them as separate is foreign to their way of thinking. For this reason alone, omnichannel is already a reality for many B2B enterprises.



Omnichannel B2C versus B2B: a brief word

But e-commerce retail is completely different from B2B, I hear you say. Of course it is: you are not likely to order those 500 machine parts on Facebook or via Instagram. B2B has channels that are unique to its own way of transacting business such as back office sales people, agents and account managers. B2B organizations are said to be wary of multichannel because they do not want to run the risk of saying different things on different channels with the result that Sales fails to deliver what Marketing or PR has promised. But this is where the transparency (and hence the authenticity) of omnichannel comes in.

Say that those 500 machine parts were ordered with an agent. Omnichannel requires that purchasing experience to be no different than

if the buyer had placed the order on your webshop himself. But it must also follow that, having purchased through one of your agents, the buyer is able to check the details of his consignment by logging on to your site.

Such a smooth and natural customer experience reinforces trust in your brand. It is not uncommon for B2B companies to make 80% of their turnover with just 20 customers, so it is absolutely vital to retain these customers, and to nurture their loyalty. This is what omnichannel does, as we shall see in our next section.

Why omnichannel is indispensable for B2B

We just saw that a well-executed omnichannel strategy builds confidence in your business. This leads to higher customer retention. Recent research shows that B2B businesses with a solid omnichannel strategy hang on to 89% of their customers, compared with a B2B average of 39%. A survey from Accenture backed up this finding: of the B2B buyers surveyed by the management consultants, 75% responded that they would re-purchase from the same supplier if (and only if) it had provided the buyer with a satisfying shopping experience, backed up by an omnichannel strategy.

Effective omnichannel shows that you handle your customer data with skill – an important factor in creating trust. And nothing destroys trust faster than a clumsy and disorganized way with data. Who wants to give out the same information time and again, from channel to channel? Nothing annoys customers more.

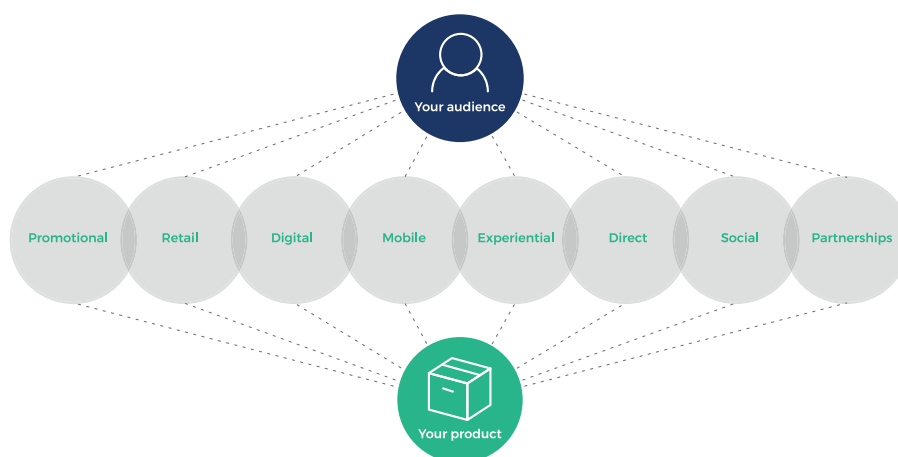
Of course loyalty is important for e-commerce retail. But if you sell lipstick you have a potential pool of millions of customers, and so a low(ish) retention rate will not destroy your business model. But the success of a B2B enterprise depends to a very large extent on loyalty.

The fragmentation of the purchasing process, and of course the price transparency of e-commerce, is sorely testing loyalty. Customers can easily contact you for specifications of a product they then go on to order somewhere

else. Such decisions are not always based on price. Every customer – on B2B as much as B2C – has emotional, rather unpredictable, reasons for committing to a purchase. So how do you get customers to commit? How do you drive conversion? Answer: by being omni-present.

An omnichannel marketing strategy allows you to orchestrate and vary your campaigns almost at will. To intrigue the customer, you need to be nuanced and light on your feet; an endless repetition of the same offer on the same channel will grow stale very quickly. The B2B buy cycle is no longer linear, so you need an omni-present, omnichannel marketing approach to catch him at any moment of his unpredictable customer journey.

Before e-commerce, you had to buy what you wanted from a local store – even if the staff were rude and unhelpful. Today, customers will not tolerate anything less than exceptional customer service – not even if the product is (somewhat) cheaper. The price democracy of e-commerce has tended to remove cost as the overriding differentiator. Great customer service and support, and a brand identity that speaks to the customers – these are the drivers of success. If you can demonstrate time and again that you understand your customers and know what they want, you will strengthen the bond with your brand. With omnichannel, you can offer the kind of very personalized products and offers that enhance your brand identity.



How to implement your omnichannel strategy

Most B2B companies do not need convincing about the importance of moving their marketing culture and operations to an omnichannel platform. In an extensive Forrester report, 86% of B2B organizations agreed with the statement: "Being an effective omnichannel company will be critical to our long-term success." More or less the same number, 85%, recognized this would have to be backed up with technological investment. They concurred with the statement: "In the future our omnichannel strategy will be a key factor in how we invest in technology to support our channels."

Know Your Customer

To scope what technology you might need, it is important to look at some of the building blocks of omnichannel. We defined omnichannel earlier as a cross-channel marketing approach



which puts the customer at the heart of every touchpoint. So the first consideration of your omnichannel strategy is to know your customer. Use data analytics and reach out to your existing customers to build what are called "buyer persona", portraits of B2B customer types based on real data. An effective omnichannel strategy is modelled on an understanding of the needs and preferences of these customer segments.



For more details on buyer persona, download our white paper "Why the shopping experience is leading for B2B e-commerce"

Develop the Customer Journey

The customer journey is the trajectory from product need to product purchase and the post-purchase after-service. This trajectory is not linear but skips from channel to channel, where some stages of the journey are more or less likely to take place on a particular channel. The skill is to catch the customer at the moment of need or inspiration and to structure the customer journey in such a way that you have something relevant and personal to communicate at every touch-point. You have to take the customer by the hand and guide him from channel to channel – and never let him go! A carefully structured customer journey ensures that you are omni-present, and that the customer is less likely to jump ship and go to a competitor.



For more details on the customer journey, download our white paper, "How to create a great shopping experience"

Have the Basics in Place

B2B enterprises are increasingly going on marketplaces to engage with their target audience. But this is only one channel. For your own web portal, you have to make sure customers can find the right products by optimizing your on-site search engine. It is amazing how many B2B e-commerce organization pay insufficient attention to this.

Another essential ingredient of an effective e-commerce strategy is that the experience online is the same as what customer experience on their mobile phones. A further refinement of omnichannel is that even physical stores reflect a similar mood and experience, or that the stores have touchscreens where customers can get real-life updates on stock availability.

B2B organizations of a certain size should consider having their own app to add to the marketing mix. Social media adds light and shade to your B2B brand identify, and marketers are very confident navigating these channels.

However, what inhibits B2B organizations from embracing omnichannel are what the Forrester report groups as technical, process



Technical and Organizational Challenges

When asked what was preventing B2B organizations from fully implementing an omnichannel approach, 44% of respondents named the following as the main obstacle: "Difficulty integrating back-office technology across channels." This perceived problem was followed closely (42%) by the difficulty of "sharing customer data and analytics between channels, countries, or locations". Finally, 40% of B2B organizations surveyed by Forrester felt that omnichannel was "limited by distribution partners, franchises, or wholesale customers".

This technological and organizational fragmentation runs counter to omnichannel which requires a single source of truth for all channels. Is this problem insurmountable? Not at all – because B2B organizations already have that single source of truth, their ERP system. And as the saying goes: "If it ain't broke, don't fix it." ERP systems are so deeply embedded in the everyday business processes of a B2B enterprise, re-tooling it to mesh with your omnichannel platform is a messy and expensive undertaking. Much simpler to use a

connector or Enterprise Bus (ESB) to integrate your existing ERP system with your e-commerce platform. The "distribution partners, franchises, or wholesale customers" who were seen to frustrate a fully-fledged omnichannel strategy can also be coupled with your ERP system – so any order placed with a third party integrates automatically with your pricing structures and fulfillment schedule.

The organizational concerns voiced in the Forrester report are perfectly understandable. How can you hope to connect "seamlessly" with customers and potential customers if your departments do not communicate effectively with each other? This is what we meant earlier when we referred to omnichannel as a cultural shift within your B2B enterprise. Everybody has to be part and feel part of the strategy. In B2C, this is leading to some drastic organizational changes. Fashion retailer Neiman Marcus recently merged its online and offline divisions so that the same team oversees merchandising, planning, and marketing for its brick-and-mortar and online stores. And some companies, like Macy's, have even hired chief omnichannel officers.



For more details on how to integrate your ERP system with your e-commerce platform, see our white paper, "The future of e-commerce for wholesalers"

Conclusion

A fascinating piece of [research](#) has recently emerged from B2C. It turns out that the more channels a customer uses, the more he or she spends. 46,000 shoppers were surveyed for this study, so the following very specific finding is worth analyzing. The study found that “customers who used 4+ channels spent 9% more in the store, on average, compared with those who used just one channel”.

But why? Customers who use multiple channels do not set out to spend more. They are researching, comparing, chasing the best price and so on. The findings of this survey shows that omnichannel works by amplifying the dialogue you have with your customers. If you can speak to them relevantly at every touchpoint, you increase your conversion rate, and create opportunities to cross and upsell. Most of all, omnichannel gives you more control over the customer journey, and on the way your customers perceive you.

The cornerstone of your e-commerce strategy

CloudSuite is an e-commerce platform for B2B and B2C. It was built from the ground up by a group of digital obsessives who had set themselves the task of reinventing B2B, and make it fit for the digital era. We did not make a single decision – nor write a snippet of code – that did not get us closer to an e-commerce platform that drove innovation, rivalled B2C for customer experience, and had a smart back-end.

Our work is never done, but the CloudSuite platform is ready to support and implement any e-commerce strategy – ground-breaking for B2B, broad and flexible enough for B2C and B2B2C

CloudSuite has three core competences. It is agile. It creates great shopping experiences. It is smart.



Business agility

CloudSuite changes the way you work – not only with your customers, but also with each other as a team, where everyone has ownership of your e-commerce strategy. CloudSuite drives innovation – whether you want to take your products global, sell through marketplaces or acquire a rival B2B or B2C business. Agility means nothing more or less than to be open to change, and make change happen fast. And if you aren't agile, you will soon be overtaken by the competition.



Shopping experience

B2B has been 'digital' for a long time, but its mindset has been stuck in analogue. For a long time, e-commerce sites were little more than a long, detailed product catalogue that you could access on your PC. The thinking was: 'We are B2B. We don't need these frills'. But design is never merely window dressing, it is a way of communicating your brand identity. With CloudSuite you create shopping experiences that are as elegant and frictionless as the best of B2C. You can personalize your product catalogue, capture complex pricing structures, increase spend per basket and speed up payment. If you don't deliver these, you make yourself irrelevant.



Smart performance

An e-commerce platform is only as smart as the IT behind it. For both back- and front-end, CloudSuite delivers complexity that is transparent and simple to manage. Through our API Connect module, our e-commerce platform integrates seamlessly with your existing ERP system, payment providers, shopping feeds, accounting tools and email marketing software. CloudSuite lets you set up and run multiple webshops from a single server. The platform is stable and secure, but has the virtuosity to put you in control. The CloudSuite e-commerce platform is there for just one reason: to showcase your brand and to make your vision of it come alive in e-commerce.

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