# SUPPLY CHAIN AND E-COMMERCE

## THE ESSENTIALS GUIDE FOR MANUFACTURERS, DISTRIBUTORS, AND WHOLESALERS

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With a notable shift toward digital happening worldwide, B2B e-commerce is critical to reaching and engaging with all the buyers currently flocking to online channels.

But many manufacturers, distributors, and wholesalers are still selling offline-only and are now battling to stay afloat. This guide will walk you through the goals, challenges, and opportunities in e-commerce — with regard to how it can help streamline supply chain operations and mitigate complex logistics challenges.

Selling offline but looking to go digital? Download our Beginner's Handbook: Launching an Online Sales and Revenue Channel.

## HOW ARE BUSINESSES THINKING ABOUT SUPPLY CHAIN OPTIMIZATION AND E-COMMERCE?

Supply chain challenges, especially ongoing ones, make it tough for businesses to split their focus between addressing those issues and implementing or optimizing their e-commerce experiences. As a result, those who do already serve buyers online are worried about keeping their customers happy, aware that buyers' opinion of their suppliers is impacted by the quality and reliability of service and fulfillment.

At Sana Commerce, we want to help you maneuver these hurdles by offering an overview of what issues organizations across the supply chain are facing, and insight into how some are mitigating them. Here's a roundup of all the (published and unpublished) research data we've collected over the last three years:
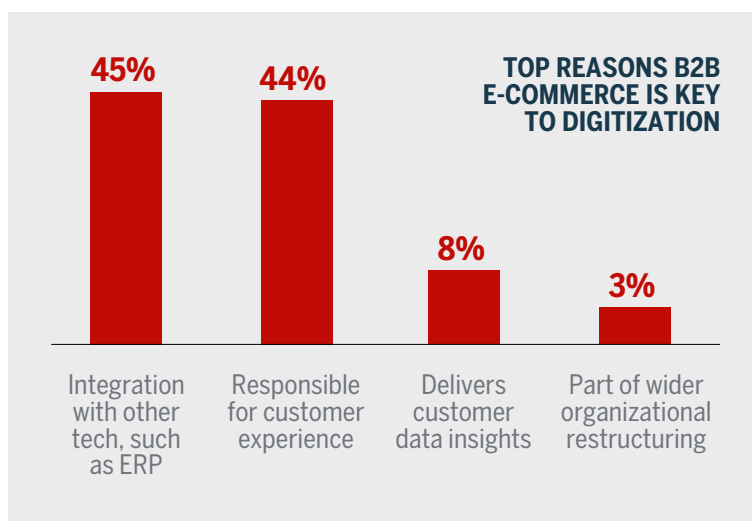
## A COMPREHENSIVE LOOK AT THE BUSINESS GOALS OF MANUFACTURERS, DISTRIBUTORS AND WHOLESALERS

Within the supply chain, manufacturers, distributors and wholesalers align on many common business and e-commerce challenges and goals, but don't always agree on how best to get where they want to be:

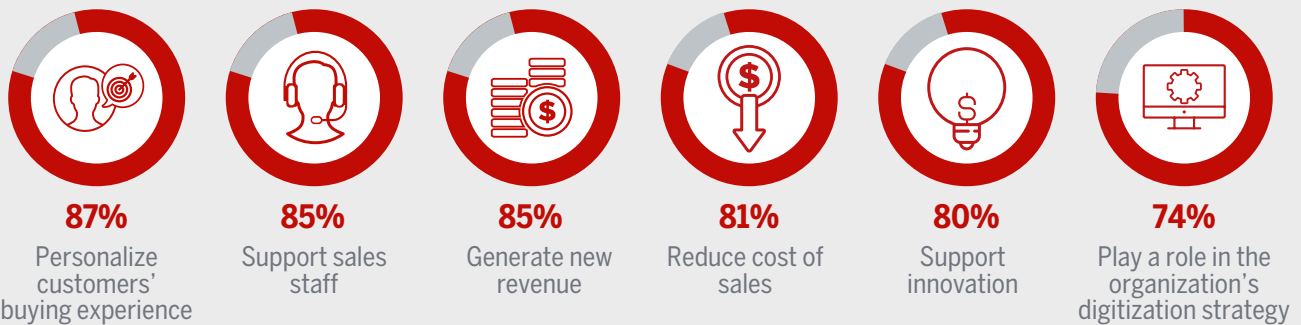## SUPPLY CHAIN PARTNERS: MEETING BUSINESS GOALS WITH AN ONLINE SALES CHANNEL

We would be remiss not to start with a look at, quite simply, why e-commerce is so important to B2B organizations' digitization.

Nearly half of B2B organizations, according to our data, believe that the appeal of online sales channels is that, if done right, e-commerce can simplify integration with existing tech stacks and improve the overall customer experience.

**TOP REASONS B2B E-COMMERCE IS KEY TO DIGITIZATION**

| | |
|---|---|
| 45% | Integration with other tech, such as ERP |
| 44% | Responsible for customer experience |
| 8% | Delivers customer data insights |
| 3% | Part of wider organizational restructuring |

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But we all already know B2B e-commerce is important for both buyers and suppliers. The more impactful data, on the other hand, dives a bit deeper: offering insight into which specific business goals and objectives e-commerce is key in supporting:

**B2B E-COMMERCE HELPS ORGANIZATIONS MEET BUSINESS GOALS**

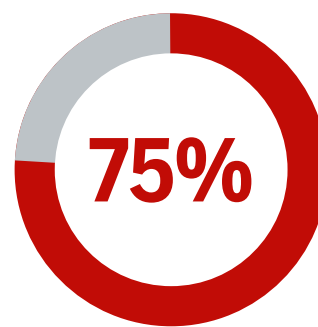| | | | | | |
|---|---|---|---|---|---|
| **87%** | **85%** | **85%** | **81%** | **80%** | **74%** |
| Personalize customers' buying experience | Support sales staff | Generate new revenue | Reduce cost of sales | Support innovation | Play a role in the organization's digitization strategy |

The percentages indicate the number of respondents who found it **very or somewhat important** for their e-commerce solution to support each goal.

Now that we have a view of B2B organizations' digitally-driven goals, let's dive into them further...

Customer experience (CX), trust, and relationships are, unsurprisingly, among the top focus areas for manufacturers, distributors and wholesalers. And it makes sense.

Supply chain channel partners that rely on each other and on the stability of their long-term customer relationships for their business success would, naturally, have a laser focus on keeping those relationships strong and intact.

**75%** OF BUYERS HAVE ASKED VENDORS TO OFFER AN ONLINE SALES PORTAL

Solely based on how much more convenient e-commerce is compared to offline sales.
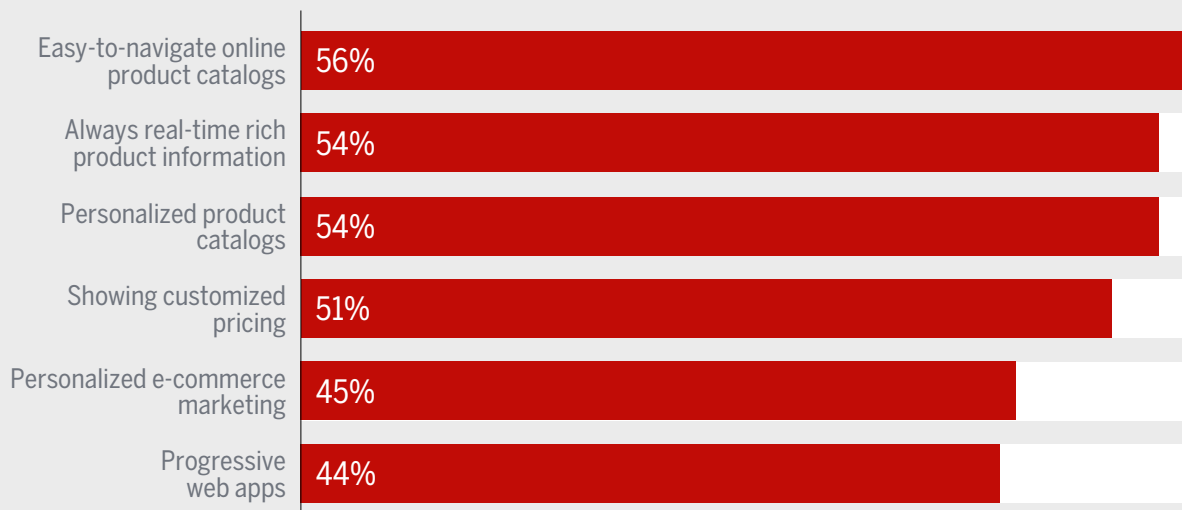
**But from the B2B buyers' side of things...**

What are they looking for, and where? Why are they so demanding of e-commerce? Why now?

If we break down the current online, offline and omnichannel behavior of B2B buyers by business type. Here's how your B2B customers want to shop, according to our latest B2B Buying Process Report. To understand how to capture this revenue, no matter the channel, it's not enough to just get your business online. You have to master the kind of e-commerce experiences your customers want. But if you're facing hurdles, this may be more of a challenge.

| | Buyers want to purchase mostly online | Buyers want to purchase 50% online and 50% offline | Buyers only want to make purchases offline |
|---|---|---|---|
| **MANUFACTURERS** | 53% | 25% | 1% |
| **WHOLESALERS** | 53% | 26% | 2% |
| **DISTRIBUTORS** | 63% | 18% | 3% |

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So, how are organizations responding? <u>The data tells us</u> that most B2B organizations who are prioritizing CX are introducing things like custom pricing and personalized product catalogs to their web store. But it's not always simple.

## WHICH OF THE FOLLOWING FEATURES ARE YOU LOOKING TO INTRODUCE TO HELP ADDRESS YOUR CUSTOMERS' DEMANDS FOR GREATER FUNCTIONALITY?

| Feature | Percentage |
|---|---|
| Easy-to-navigate online product catalogs | 56% |
| Always real-time rich product information | 54% |
| Personalized product catalogs | 54% |
| Showing customized pricing | 51% |
| Personalized e-commerce marketing | 45% |
| Progressive web apps | 44% |

# SUPPLY CHAIN AND E-COMMERCE: KEY DIFFICULTIES

### CHALLENGE #1: ORDER ERRORS AND DATA INACCURACY

Despite largely wanting to engage and buy online, B2B buyers are often being hindered by inaccuracies in data and online order errors with their vendors. And here's how it impacts results, broken down by business type:

## KEY BUSINESS METRICS **NEGATIVELY** IMPACTED BY ONLINE ORDER ERRORS

| | Efficiency | Productivity | Sales |
|---|---|---|---|
| **MANUFACTURERS** | 74% | 71% | 69% |
| **WHOLESALERS** | 83% | 82% | 84% |
| **DISTRIBUTORS** | 81% | 74% | 66% |

*These numbers reflect only the percentage of B2B buyers who experience a 25% reduction or more in efficiency, productivity, or sales due to the frequency of online order errors their buyers experience.

This data highlights the importance of data quality and data maintenance, which brings us to our overview of B2B e-commerce challenges that plague manufacturers, distributors and wholesalers today...

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## CHALLENGE #2: LACK OF SYSTEMS INTEGRATION, MULTIPLE DATABASES

Whether it's a lack of sufficiently modern technology (41%) or a reluctance to embrace new ideas and processes (39%), most B2B organizations feel that holdovers from the past are the two main obstacles they face in their journey toward digitization.
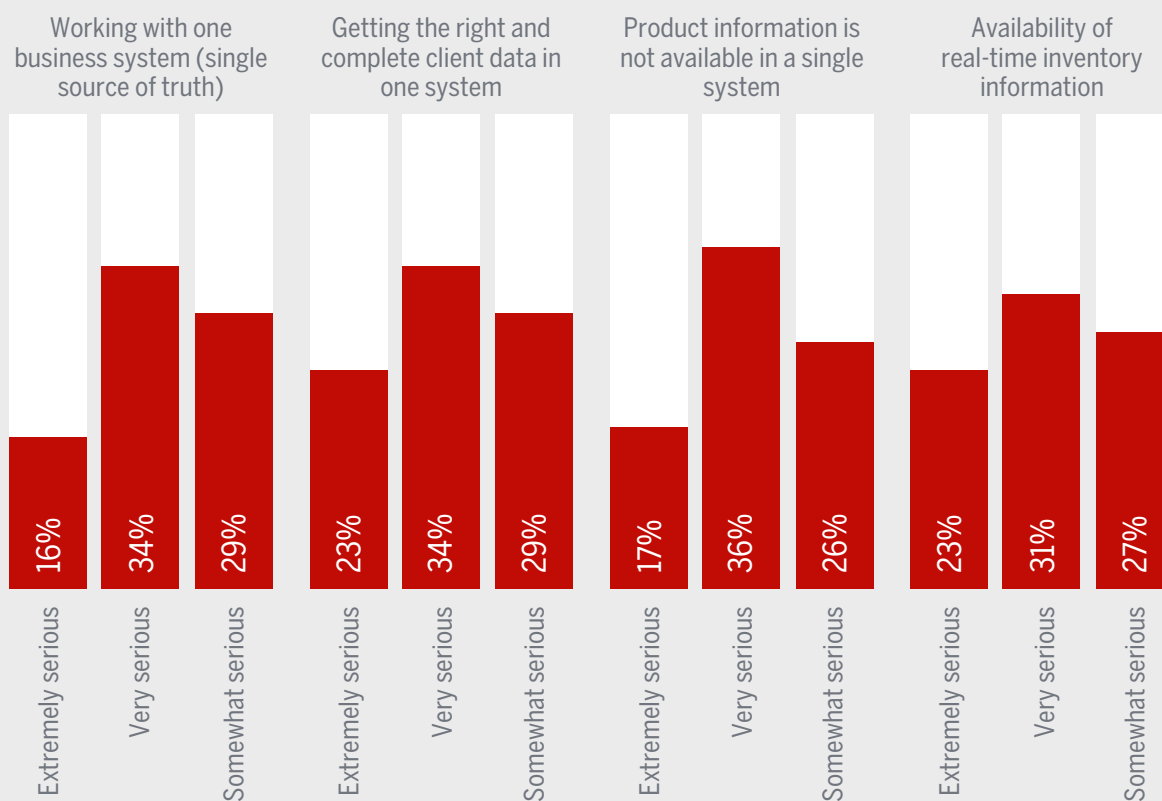
An ERP-integrated solution, like Sana Commerce's, ensures that your web store always populates real-time data, like product and inventory information. It also uses your ERP system as a single, central data hub or "single source of truth" to minimize data maintenance and eliminate data silos entirely.

**TIP:** If you're running a Microsoft Dynamics or SAP ERP system, and are looking to learn more about how you can launch customer-centric, ERP-powered e-commerce, get in touch.

**LET'S TALK**

## B2B BUSINESSES' TOP CHALLENGES IN MASTERING E-COMMERCE AND DIGITIZATION (BY SEVERITY)

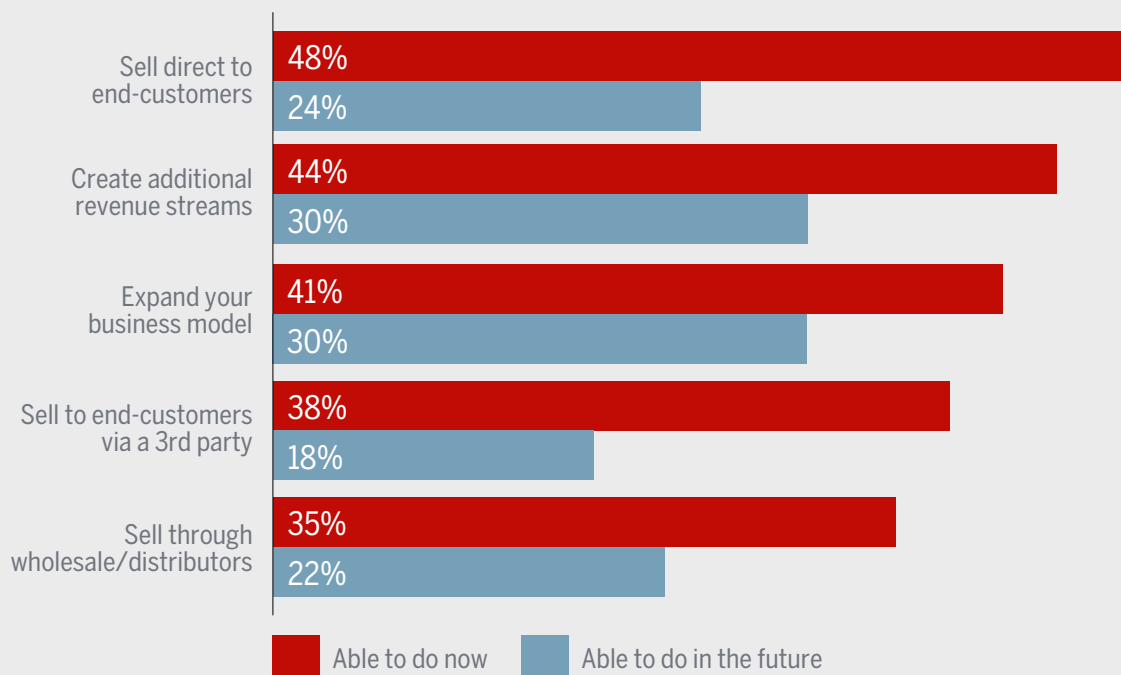| Working with one business system (single source of truth) | | | Getting the right and complete client data in one system | | | Product information is not available in a single system | | | Availability of real-time inventory information | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 16% | 34% | 29% | 23% | 34% | 29% | 17% | 36% | 26% | 23% | 31% | 27% |
| Extremely serious | Very serious | Somewhat serious | Extremely serious | Very serious | Somewhat serious | Extremely serious | Very serious | Somewhat serious | Extremely serious | Very serious | Somewhat serious |

## CHALLENGE #3: DIRECT-TO-CONSUMER SALES

The third and final challenge is in many ways also an opportunity: expansion into direct-to-consumer (D2C) sales. While many manufacturers, distributors, and wholesalers worry that D2C sales are tightening competition amongst them, it also offers a huge advantage to the vendors who can successfully expand into a D2C business model.

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# SUPPLY CHAIN AND THE ONLINE SALES OPPORTUNITY

For B2B organizations, the battle to take the biggest share of D2C profits has begun. B2B e-commerce has enabled this growth in direct-to-consumer sales, which has presented a new revenue opportunity and stream for many B2B organizations.
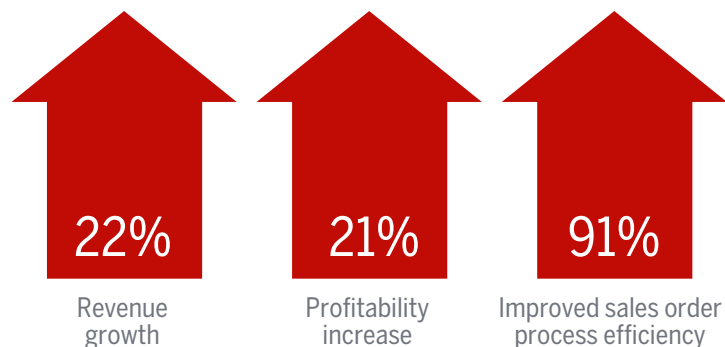
Beyond these new opportunities, however, even without expansion into new business models or revenue streams, B2B businesses can still benefit plenty from investing in an online sales channel:

## AS A RESULT OF INTRODUCING YOUR B2B E-COMMERCE PLATFORM WHICH OF THE FOLLOWING ARE YOU ABLE TO DO THAT YOU HAD NOT BEEN ABLE TO DO PREVIOUSLY?

| | Able to do now | Able to do in the future |
|---|---|---|
| Sell direct to end-customers | 48% | 24% |
| Create additional revenue streams | 44% | 30% |
| Expand your business model | 41% | 30% |
| Sell to end-customers via a 3rd party | 38% | 18% |
| Sell through wholesale/distributors | 35% | 22% |

**In fact, B2B businesses that are already taking advantage of e-commerce systems have experienced major benefits:**

On average — according to our research — they see ROI within the first year, a 22% increase in revenue growth, and a 21% increase in profitability. 91% also say that their e-commerce solution has improved sales order process efficiency.

**22%** Revenue growth

**21%** Profitability increase

**91%** Improved sales order process efficiency

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With Sana Commerce, you can benefit from all these advantages, and more, with an integrated e-commerce solution that aligns with B2B business goals and addresses common difficulties — all while making it simple for your internal teams to change, personalize and manage the web store. Following B2B best practices, a Sana web store also:

**DISPLAYS RELEVANT INFORMATION.** The online platform should provide accurate and real-time information about product and parts, inventory levels, delivery, payment terms, returns and pricing - including information optimized both for prospective buyers looking for potential solutions or suppliers, as well as for current customers looking to place an order.

**OFFERS OPTIMIZED FUNCTIONALITIES.** At the very least, buyers should be able to quickly and easily pay and check out, place a (repeat) order, track their orders, manage their returns and pay invoices online.

**HANDLES THE COMPLEXITIES OF B2B ORDERS.** The e-commerce platform should have the right structure in place to process complex orders, including those based on complex pricing and discount structures.

**PREVENTS ORDER ERRORS.** Product information, pricing and inventory levels should be accurately displayed in the web store 24/7. And the online platform should provide customers with order history and account data to assist them in avoiding entry and selection errors.

If you're a manufacturer, distributor or wholesaler looking to get online quickly, get in touch. We can get your web store up-and-running in as little as 2-4 weeks with our Rapid Deployment track.

**CONTACT US**

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