

Accenture Interactive – Point of View Series

2014 State of B2B Procurement Study:

Uncovering the Shifting Landscape in
B2B Commerce

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Uncovering the Shifting Landscape in B2B Commerce

Acquity Group's annual State of B2B Procurement study explores the purchasing habits of corporate business procurement professionals in organizations across the U.S. The 2014 report uncovers key insights into how B2B buyers are searching, discovering and purchasing on the Web through a survey of 500 procurement officers with annual purchasing budgets in excess of \$100,000.

What follows is a deep dive into business buyers' purchasing habits and preferences to help suppliers, manufacturers and other B2B organizations adapt and stay competitive in a rapidly changing procurement environment.



Engaging the New B2B Buyer

B2B buyers in the United States are more active online than ever before, spending more time and company dollars in the digital space.

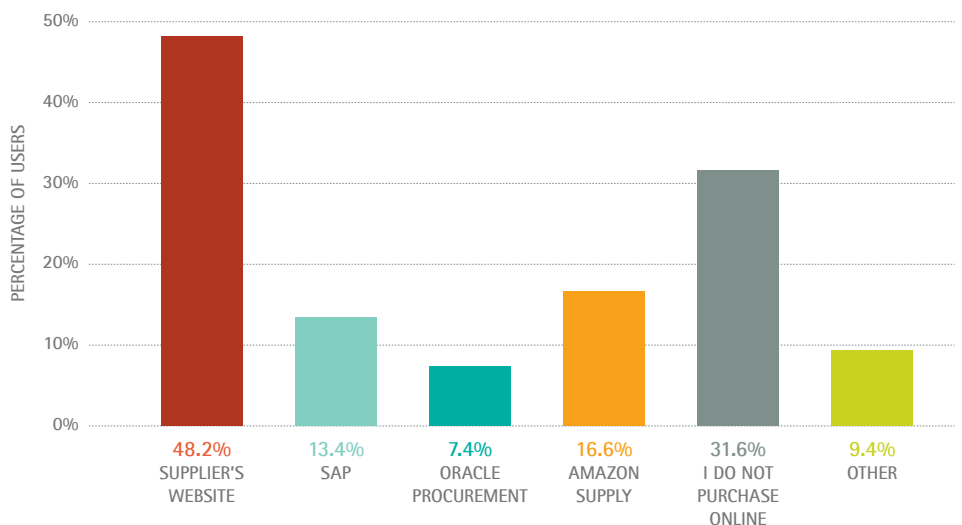
However, few are successfully leveraging their suppliers' websites to find the information and make the purchases they need – representing a significant missed opportunity for B2B organizations. In the face of an increasingly competitive omni-channel environment, the B2B supplier industry must adapt to attract and engage today's savvy B2B buyers, increase revenue and capitalize on ripe digital growth opportunities.

The 2014 Acquity Group State of B2B Procurement study uncovered massive growth in online research and spending by B2B buyers across multiple devices. Study highlights include:

- Sixty-eight percent of B2B buyers now purchase goods online, up from 57 percent in the 2013 State of B2B Procurement study
- The number of respondents who spent 90 percent or more of their budgets online in the last year doubled from 2013, increasing from nine to 18 percent
- Forty-Four percent of respondents have researched company products on a smartphone or tablet in the past year, compared with 41 percent in 2013
- Thirty percent of B2B buyers report they research at least 90 percent of products online before purchasing, up from 22 percent in 2013

Although buyers are researching and spending more online, suppliers are not capturing a large enough share of the market. Fifty-seven percent of business buyers have made an online purchase of \$5,000 or more in the last year, and 66 percent of business buyers say they make a major purchase of \$5,000 or more (online or via print, or telephone) at least once per month. But less than half (48 percent) of respondents purchase goods online directly from suppliers, opting instead for third-party websites and other purchasing channels. Among third-party websites, Amazon Supply is the most popular—nearly one in five (17 percent) of B2B buyers use Amazon Supply to make a business purchase regularly and 38 percent of B2B buyers make a purchase using the service at least once per quarter.

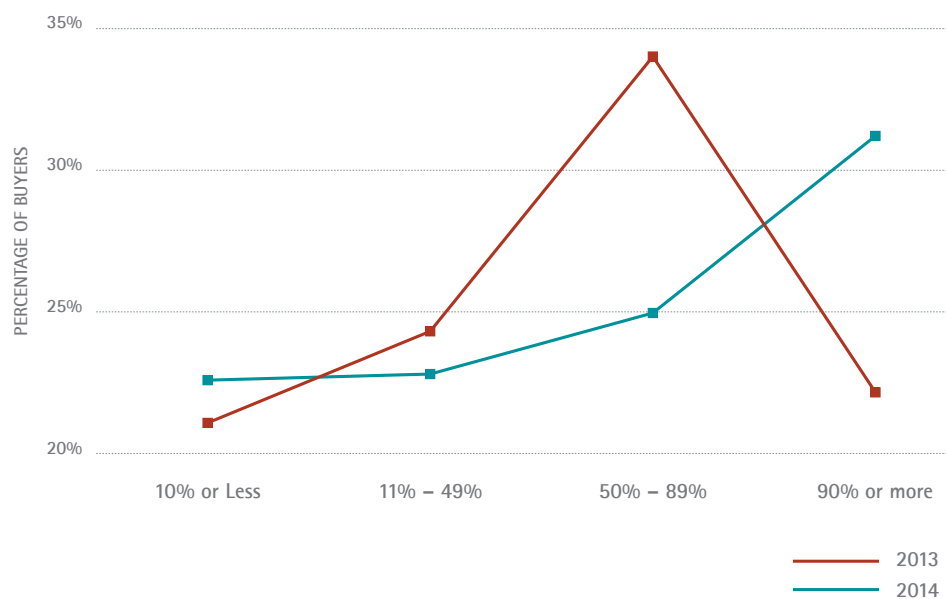
Electronic Purchasing Platforms Users Participated In



Online Product Research and Price Comparison Popular Among B2B Buyers

In a scenario that parallels the consumer retail industry, B2B organizations are undergoing a major shift in customer behavior, marked by a steady increase in online research and browsing across multiple sources before purchasing. Overall, 94 percent of B2B buyers report that they conduct some form of online research before purchasing a business product. Fifty-five percent of B2B buyers conduct online research for at least half of their corporate purchases.

Percentage of Items Researched Prior to Making Company Purchase

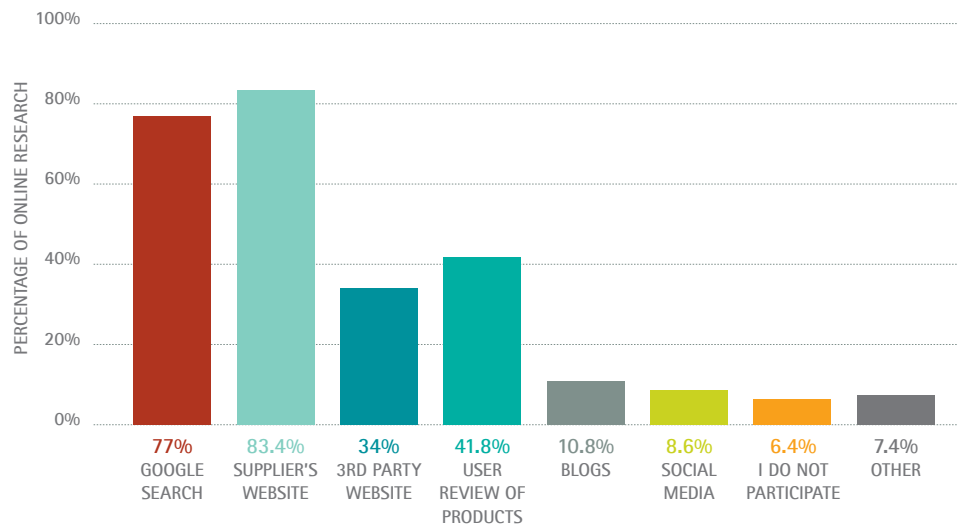


Additionally, procurement teams are spending more time researching products and comparing prices online for goods at all price points. Forty percent of buyers research more than half of goods under \$10,000 online. Thirty-one percent of buyers research more than half of goods costing \$100,000 or more online. For larger corporate purchases of \$5,000 or more, 34 percent spend more than three hours researching products.

When conducting product research and price comparisons, buyers rely on a variety of online sources to make a purchase decision. The most popular sources include supplier websites, Google searches, user product reviews, blogs, social media and third-party websites such as Amazon Supply.

Only 37 percent of B2B buyers who conduct research through a supplier's website feel it's the most helpful tool for research.

Percentage of Online Research Participation By Channel



Although supplier websites are the most popular channels for conducting research online (according to 83 percent of respondents), buyers are not satisfied with the level of information offered—only 37 percent of B2B buyers who conduct research through a supplier's website said it was the most helpful channel for this purpose.

These findings reveal a significant gap between the information procurement officers want and the content that B2B websites currently provide. This is despite the fact that many suppliers appear to be adapting to changing preferences among B2B buyers. Only 3 percent of procurement officers in 2014 reported that their suppliers do not have an online catalog, compared with 11 percent in 2013.

As more B2B buyers, especially younger generations not tied to a particular distributor, turn to the Web to research products, reviews and prices, suppliers must provide more useful product information, tailored content, and seamless browsing experiences to attract customers and keep them engaged. Businesses that bridge this gap quickly will realize an increase in customer engagement and revenue, and a faster return on digital investments.

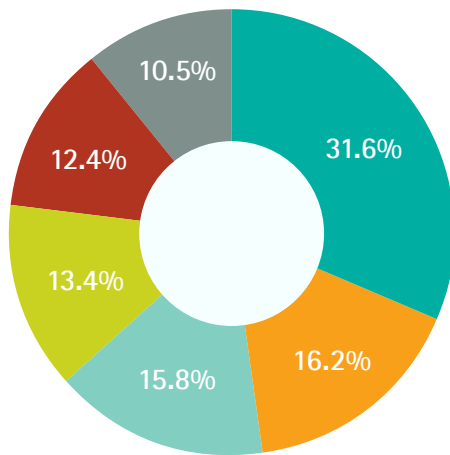
Online Catalogs Lead to Greater Buyer Independence

Only 12 percent of buyers want to meet in person with a sales representative.

Not only are B2B buyers researching more online, they are becoming more independent and partial to self-service purchasing models. Only 12 percent of buyers want to meet in person with a sales representative when determining a purchasing decision and 16 percent want to discuss their purchasing options with a sales representative over the phone.

Most respondents (71 percent) prefer to conduct research and purchase on their own with access to a sales representative via the phone or online chat when needed, demonstrating the importance of a highly integrated, omni-channel eBusiness approach to sales and marketing. B2B organizations must empower their customers to browse, research, and purchase products with ease through any medium, while also finding the support they need through any channel.

Percentage of Preferred Sales Representative Involvement



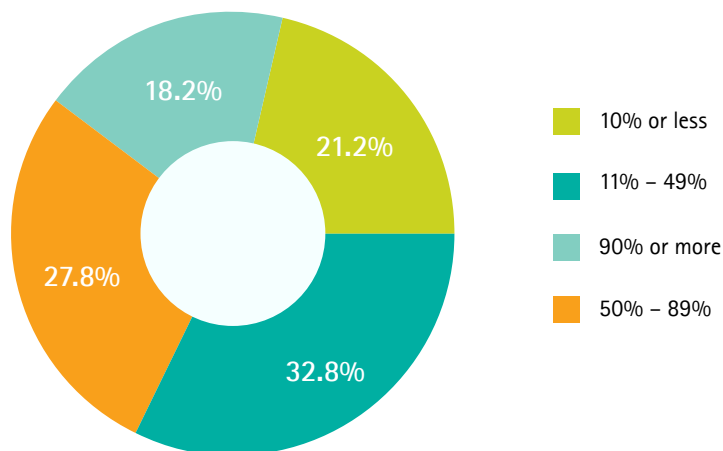
- Research and purchase on my own online, but would like phone support with any issues.
- I'd like to do my own research, but talk through purchasing on the phone.
- Speak to someone directly via telephone to discuss options and walk through the entire process.
- I'd like to speak with someone directly in person to discuss options and walk me through the entire process.
- Research and purchase on my own online, but would like live chat support with any issues.
- Research and purchase on my own online, no sales person necessary.

B2B Online Spending Growth Creates New Opportunities for Suppliers

Forty-six percent of respondents said their companies will increase online purchasing next year.

In addition to online research, online procurement spending is also on the rise, with 68 percent of B2B buyers making online purchases in 2014 versus 57 percent in 2013. Nearly half (46 percent) of buyers spent at least 50 percent of their corporate procurement budgets online in the last year. Eighteen percent of buyers spent 90 percent or more of their corporate procurement budgets online—double the amount in 2013.

Percentage of Company's Procurement Last Year Budget Spent Electronically



We can expect this upward trend to continue, as 46 percent of respondents said their companies will increase online purchasing next year. This growth will transcend all product categories with 41 percent of procurement officers indicating they feel comfortable purchasing any type of B2B product category online.

It is clear that procurement teams are more comfortable researching and purchasing on the Web because they recognize the value and convenience of B2B eCommerce. Of the mere 4 percent of procurement officers who expect their corporate online spending to decrease next year, only 13 percent said it is because they do not see any major advantages to ordering online.

Mobile and Technology Adoption Growing Among Millennials

Procurement officers, especially in the millennial generation, are relying more on mobile and tablet devices to conduct research and purchase business goods. In fact, mobile purchasing and research habits generally diverge among the youngest and oldest generations of workers:

- More than half (55 percent) of millennial workers ages 18-25 use mobile phones for procurement research, compared with 36 percent of respondents over the age of 45
- More than a third (35 percent) of millennials have made a corporate purchase using a mobile device, compared to only 19 percent of buyers over the age of 45
- Half of millennial B2B buyers use tablets to conduct research, while 31 percent of buyers over the age of 45 use tablets for product research

Despite these generational differences, buyers of all ages are using mobile and tablets devices to research and purchase corporate goods:

- 44 percent of respondents have researched an item for their company using a mobile device
- 24 percent have made a purchase for their company using a mobile device
- 37 percent have researched business goods on their tablet devices
- 25 percent have made a corporate purchase using a tablet device



The Digital Experience: Opportunities for Suppliers to Improve

Sixty-nine percent of B2B buyers have abandoned an online shopping cart in the last year.

Acquity Group's 2014 State of B2B Procurement study demonstrates significant year-over-year growth in online spending among procurement professionals. Since most B2B organizations are just embarking on the road to digital transformation, we can expect this growth to continue as more suppliers and manufacturers optimize their digital experiences and continue to add value through their online channels.

However, for suppliers to fully capitalize on this growth, they must address several areas of their online experiences, including poor conversion rates. Sixty-nine percent of B2B buyers have abandoned an online shopping cart in the last year, for a variety of reasons

- 37 percent abandoned their carts because they found a lower priced product from another supplier
- 35 percent abandoned their carts because the website page did not load properly
- 26 percent abandoned their carts because the checkout process took too long
- 22 percent abandoned their carts because the checkout process was too confusing

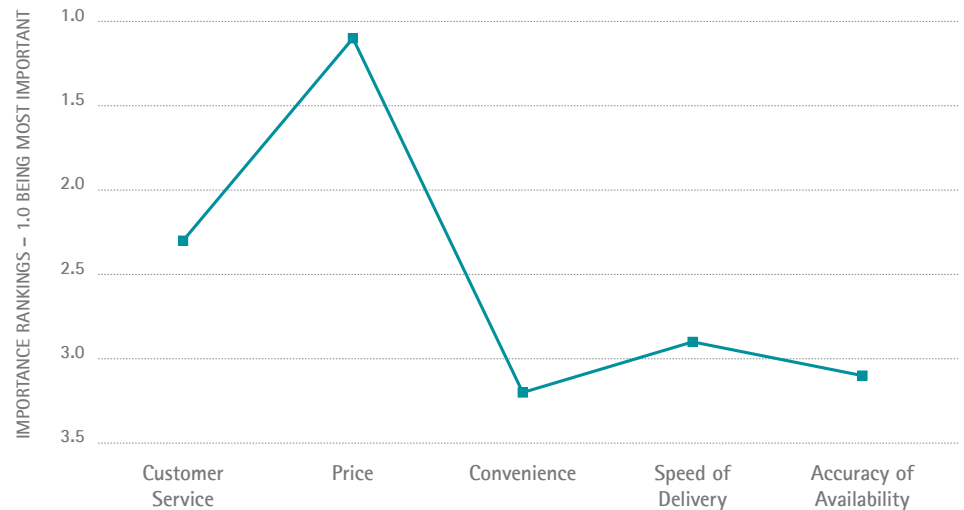
Aside from price, the high rate of cart abandonment is primarily attributed to customer experience problems. The number one reason cited by buyers for purchasing from a third-party site like Amazon Supply was an easier ordering process. The reality is procurement officers at major corporations expect the same level of convenience that they receive from popular B2C websites, which many B2B websites are not currently delivering.

B2B organizations can overcome these issues, encourage growth in online spending and improve customer engagement by incorporating value-add features into their websites and streamlining the online buying experience. Sixty-seven percent of procurement officers said the amount of their budget spent online would increase with value-add features such as warranty tracking, notifications, invoice printing capabilities and the ability to consolidate and record spending. Additionally, 61 percent of buyers would increase their online budget spend if it were easier and more convenient to browse and purchase items from suppliers' websites.

In terms of the most important features in a supplier or manufacturer's online experience, respondents highlighted price as the most critical, followed by customer service.

While B2B organizations can't always compete on price, they can compete on customer experience. There are many features B2B organizations can consider providing in their online experiences to streamline the research and purchasing process, and capture more online sales.

3rd Party Supplier Purchase Offerings Importance – One Being Most Important



When price is not a factor, 71 percent of B2B buyers would switch suppliers if the overall digital experience was better with another organization, while 53 percent of respondents would switch suppliers for easier electronic search processes and 49 percent would switch for better electronic purchasing capabilities.

Perks such as free deliveries and secure transactions also rank high among B2B buyers:

- Nearly three in five business buyers (58 percent) would be more likely to make a major purchase online if free delivery was included
- Nearly half of business buyers (49 percent) would be more likely to purchase online if a site offered enhanced security measures
- Younger consumers are even more worried about security, with 75 percent of millennials indicating improved security would make them more likely to purchase from a supplier

Other popular features include free returns and exchanges, better online customer service, customer-friendly website designs and comprehensive product resources.

The key for B2B organizations is to transform their customer's online journey into an omni-channel experience that emphasizes digital channels, especially since younger, tech-savvy generations will soon make up the majority of corporate procurement departments. By focusing on continually improving the holistic experience for corporate buyers and integrating value-add features, organizations can dramatically increase online sales, profitability and return on digital investments.

To learn more about the shifting landscape
in B2B commerce, contact:

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About the 2014 State of B2B Procurement Study

As a leading provider of digital marketing, interactive design, and eCommerce solutions, Acquity Group, part of Accenture Interactive, works with many global B2B companies to extend and refine their eCommerce capabilities to increase profits, efficiency and customer loyalty. Acquity Group completed this study to help chief marketing and IT officers in B2B companies gain a better understanding of how buyers research and purchase goods for their organizations.

The study surveyed 500 buyers with annual procurement budgets of \$100,000 or more across a wide range of industries. The survey analyzed buyer behavior and preferences across a variety of areas, including research habits, loyalty trends, purchasing frequency and channel, and customer service needs, as well as feature and offering preferences. Respondents were further broken down based on demographic qualifiers, including age, budget and industry. Response percentages were evaluated on a quantitative scale to assess actionable metrics for B2B companies.

About Accenture Interactive

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