

THE B2B ECOMMERCE OPPORTUNITY FOR **SMBs**

How B2B eCommerce is helping small & medium sized businesses expand into new territories, improve cashflow and increase efficiency.



Introduction

It's no secret that today, B2B eCommerce platforms are rapidly becoming a critical channel for many manufacturers and wholesale distributors. According to a recent Accenture survey of some of the top B2B organizations in the world, a whopping 86% are already offering their customers a way to order online.¹ Indeed, while the B2B purchase process was once limited to in-person sales interactions, more buyers are demanding the convenience of 24/7 online ordering.

Among small and medium businesses (SMBs), B2B eCommerce presents a huge opportunity to scale growth, and off-the-shelf B2B eCommerce solutions--easily implemented by businesses large and small alike--are lowering barriers to entry. Faced with leaner operations and demands for greater efficiency, many small business leaders are beginning to realize how B2B eCommerce can help them get more done with fewer resources and fast-track business growth.

In this white paper, we will cover key B2B eCommerce opportunities in the areas of efficiency, expansion, marketing, cashflow management, and branding. We will also include several examples of SMB manufacturers and distributors who have successfully leveraged B2B eCommerce to take their businesses to the next level.

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¹ Accenture, “Channel Shift: Measuring B2B Efforts to Shift Customers Online,” <https://www.accenture.com/dk-en/insight-channel-shift-measuring-b2b-efforts>.

SMBS: KEY CHALLENGES & CHARACTERISTICS

While exact definitions vary, Gartner defines an SMB as a company with fewer than 100 employees.² These companies outnumber larger companies by a wide margin, and remain the backbone of the American economy, serving as a primary source of jobs, as well as the largest group of U.S. exporters.³

Companies with less than 20 employees account for 89.6% of U.S. businesses. Among all U.S. manufacturers, 96.5% of exporters were small and medium-sized companies, contributing 19% of the sector's \$839 billion in exports. Among wholesalers, 99.2% are SMBs, accounting for 65% of the sector's \$303 billion in exports.⁴

Whether they have 5 or 50 employees, these companies share several things in common:



Resource constraints: SMBs tend to have leaner operations and smaller teams than their mid-market or enterprise counterparts, with managers and employees alike wearing several different “hats.” These resource constraints can make it difficult to scale.



Reliance on outside salespeople: To get feet on the ground quickly without incurring the cost of establishing a salaried sales team, many SMB manufacturers and distributors rely heavily on independent sales reps, independent contractors working on commission only. This can present challenges when it comes to getting enough air time during sales appointments, maintaining control over the brand experience, and dealing with fragmented order submission processes.



Cash flow challenges: Having enough cash to cover the bills is a must for any business, but it is especially critical for SMBs. Cash flow is the lifeblood of a small business, and poor cash flow not only hinders growth, it can also put a profitable company out of business.



Limited in-house IT expertise: IT resources (i.e. budget and personnel) are often limited among SMBs. IT decision-making will often fall to business owners or senior managers, who may have little experience or knowledge about IT.



Greater Agility: Perhaps the most important commonality among SMBs, business agility is at the core of any small to medium-sized business. While larger companies are often hampered by their size, small businesses can be quicker to innovate and make decisions. Of course, this mindset must be tempered by a focus on driving revenue, so as not to sacrifice near-term profitability in the name of expansion.

² Gartner, “Small and Midsize Business,” <http://www.gartner.com/it-glossary/smbs-small-and-midsize-businesses/>.

³ Office of the United States Trade Representative, “Small Business,” <https://ustr.gov/issue-areas/small-business>.

⁴ Small Business & Entrepreneurship Council, “Small Business Facts,” <http://sbecouncil.org/about-us/facts-and-data/>.

**5 KEY
B2B ECOMMERCE
OPPORTUNITIES FOR
SMALL BUSINESSES**

#1

Expanding Reach with a More Direct Approach to Selling

As mentioned in the “Challenges & Characteristics” section, many SMBs are reliant upon independent sales representatives to present their products and lines to customers. These independent reps may also be a company’s only way of expanding into new territories. The challenge is, SMBs must compete with other brands for a rep’s time, sometimes not getting enough exposure during sales appointments.

Take Honolulu-based footwear brand Scott Hawaii, for example. According to President Michael Scott, working with independent reps in different time zones on the mainland proved difficult. “You’re sending out samples, but you’re not getting the attention you need. The next thing you know, that relationship is gone, and you have to look for another rep,” says Scott.

Fitsok, a manufacturer of technical running socks, experienced similar issues. As one of many brands that their independent salespeople were representing, Fitsok was not always satisfied with the amount of air time their brand received during sales appointments. Additionally, because their products are sold to relatively small Main Street retailers across the United States, they had difficulty reaching customers in locations farther from major cities. “It’s a lot of windshield time for reps,” says Fitsok’s Brand Director Jeff Bull. “In denser urban areas, it makes more sense. But having to cover five states is difficult. In the end, we just weren’t getting enough exposure to retailers.”

B2B eCommerce allows growing companies like Scott Hawaii and Fitsok to expand their reach to new customers with less risk and a much more direct approach to the sales process. With customer-specific login access, SMB brands can give customers a personalized experience, including:

- Customer-specific catalogs that only show products that each customer is eligible to purchase.
- Customized discount pricing, promotions, and payment terms for each account.
- Access to order history and favorite items.

By interacting with retailers online, they can profitably serve customers that may have been difficult to work with previously. Brands can also rely less on independent reps in their expansion efforts and divert in-person sales resources to more strategic activities, like visiting key accounts.

#2

Less Wasted Time On Manual & Administrative Tasks

For SMBs with lean operations, efficiency is key. The process of accepting incoming orders, however, is often hugely inefficient. Customers may order by phone, fax, or email, requiring customer service teams to spend a lot of their time on the phone, not to mention perform manual data entry tasks that can cause errors and delays in processing. Customer service teams may even be fielding simple questions about pricing and product availability, wasting both their and your customers' time. Cases of phone tag and communication delays are also common.

These kinds of inefficiencies can be extremely damaging to a small business, who may have fewer customer service personnel and/or capacity to deal with order inaccuracies, backorders, and problems arising from miscommunication.

By giving retailers the ability to place orders independently, 24/7, these customers no longer have to wait for your normal business hours in order to seek out pricing and product information. They can browse your catalog as they please, and place orders online that can be immediately synced with your back office systems for processing--no data entry needed. Ultimately, B2B eCommerce allows resource-constrained SMBs to spend less time on manual and administrative tasks and more time on revenue-driving activities.

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#3

Better Marketing with Fewer Resources



Targeted email marketing: With a B2B eCommerce portal as a destination point for email marketing efforts, brands can run promotions that immediately convert into orders. Take Childsmart, for example. A toy manufacturer and distributor in Australia, Childsmart saw a huge increase in click-through rates on their email blasts after adopting B2B eCommerce. The company was also able to encourage previously inactive customers to begin placing orders once again. “Now, when we want to do any sort of marketing or highlighting any sort of new product the customer, the burden is not on the customer to get in touch with the sales rep. They have control to...place the order themselves,” says Inventory Manager Mary Licandro.



Maintaining a permanent brand showcase: Without B2B eCommerce, a full visual of your product line may exist only in paper catalogs or--a little better--on your reps' mobile devices (if they are currently using mobile order writing software). The problem with this approach is that it requires someone else to be in the presence of your retailers for them to interact with your brand and buy your products. Having your entire catalog easily located at a URL that you can share with your customers means they always know where to go to find exactly what they need. It means you can build a more positive and engaging brand experience, and interact with retailers outside of the occasional face-to-face meeting.



Offering brand collateral: A B2B eCommerce portal can also be a place to direct your customers to all the complementary marketing assets that will help them sell your line. Whether it's training materials to clarify any product questions, merchandising guidelines to steer your retailers in the right direction, or promotional videos that highlight your products in their best light, these assets complement the buying experience by addressing questions and concerns right when the buyer needs it most.



Communicating new releases and early previews: Many brands are limited to trade shows or rep visits as their only means of showing off their latest collection. With B2B eCommerce, you are able to communicate product news to your retailers when the information is hot off the presses. You can even treat early access to your line as a perk for your favorite customers.

#4 Steadier Cash Flow

Many small businesses can be dependent on trade shows as a key revenue source, seeing spikes in revenue during trade show season, with an ebb in cash flow at other times of the year.

This can prove difficult when it comes to cash flow and a business's ability to grow. By offering a way for customers to respond to promotions and place orders year-round, B2B eCommerce can help SMBs build steadier cash flow.

B2B eCommerce can also improve cash flow simply by helping brands process orders more quickly and efficiently. When an order is placed online, it is synced directly to back office systems for processing, and a detailed order confirmation can be automatically emailed to the customer. Customers may also have access to inventory information on the online ordering portal, allowing them to find alternative products if something is out of stock. Orders can be immediately picked, packed, and shipped, with fewer mistakes, backorders, and delays.



#5

Faster Route to an Improved Brand Perception

Small businesses can have an uphill battle when it comes to differentiating their brands in the market and winning business. B2B eCommerce can help SMBs do just that, however, by creating a modern, polished brand experience online that even larger manufacturers and distributors have yet to achieve.

While it may seem cost prohibitive to set up an online ordering platform like this, off-the-shelf Software-as-a-Service solutions are allowing SMBs to quickly and easily adopt B2B eCommerce without having to make large upfront investments in on-premise software implementation, IT resources, and ongoing maintenance.

These off-the-shelf solutions allow SMBs to simply upload their product images, descriptions, and customer data. They can customize the look and feel of their B2B portal and maintain control over the overall brand experience.

It's also the case that larger mid-market companies are taking an off-the-shelf approach to B2B eCommerce, and SaaS providers are able to serve businesses of all sizes--making it easy for B2B eCommerce solutions to scale along with the growth of your business.



Conclusion

With leaner operations, resource constraints, reliance on outside salespeople, and above all, a focus on scalability, growing a small manufacturing or wholesale distribution business can be incredibly challenging. B2B eCommerce presents unique opportunities for these key players in the global economy, and countless companies are already reaping the rewards.

In sum, B2B eCommerce is enabling small businesses to:

- Receive and process orders with less manual work and divert resources to more revenue-driving activities.
- Take a more direct approach to selling to retailers, expanding geographical reach without as heavy of a reliance on independent contractors to sell their lines.
- Run more effective marketing campaigns by providing an online destination point for retailers to immediately take action on promotional offers.
- Improve cash flow with faster order processing, fewer backorders, and a steady source of orders outside of trade show season.
- Create a modern brand perception that can compete with larger brands.

Want to learn more about how B2B eCommerce can help your small business grow? Contact us today.

About Handshake

Handshake provides the B2B Commerce platform for manufacturers and distributors that powers standout ordering experiences both in-person and online. Companies using Handshake transform their sales effectiveness and drive operational efficiency, delighting customers and growing lasting relationships.

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