

SURVEY REPORT

The State of International E-Commerce in Manufacturing



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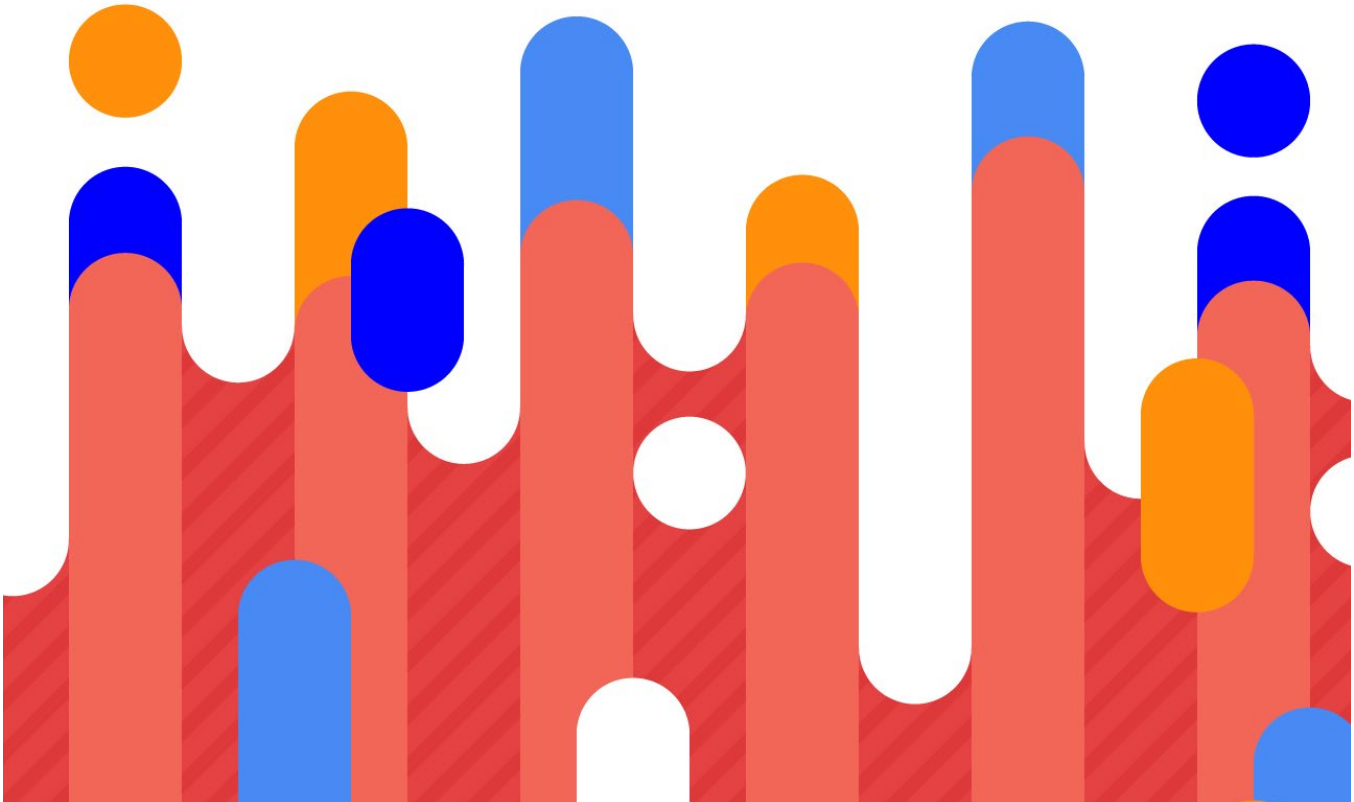
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Introduction



Executive Summary

A year ago, the world was engulfed in a state of VUCA (volatility, uncertainty, complexity, and ambiguity). The manufacturing sector was especially challenged by workplace changes and digital acceleration. Now, a year later, manufacturers feel ambitious and eager to polish their competitive edge—on an international scale.

How will manufacturers accomplish their new commerce objectives?

How will they boost their online revenue and execute a global strategy that yields successful results in an increasingly digital and competitive environment? And where do they currently stand on their journey to achieving their international goals?

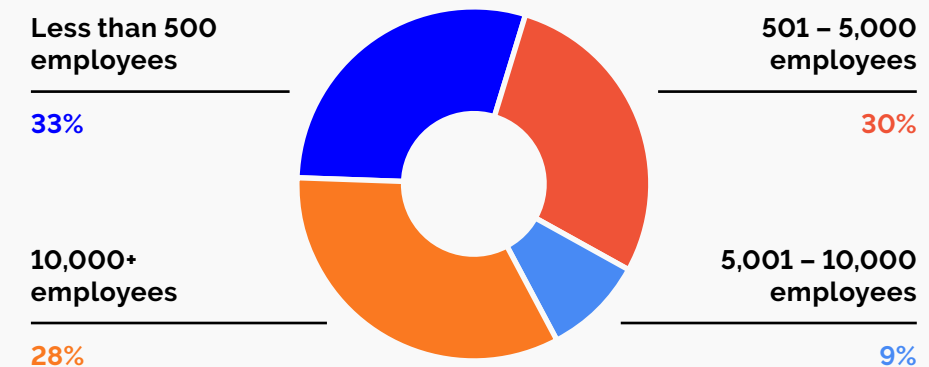
This report answers these key questions and more. By analyzing the current state of international commerce in manufacturing and looking at where companies stand in terms

of local effectiveness, product complexity, commerce platforms, and future investments, we've gathered actionable insights that will enable manufacturers to evaluate their positioning and readjust accordingly.

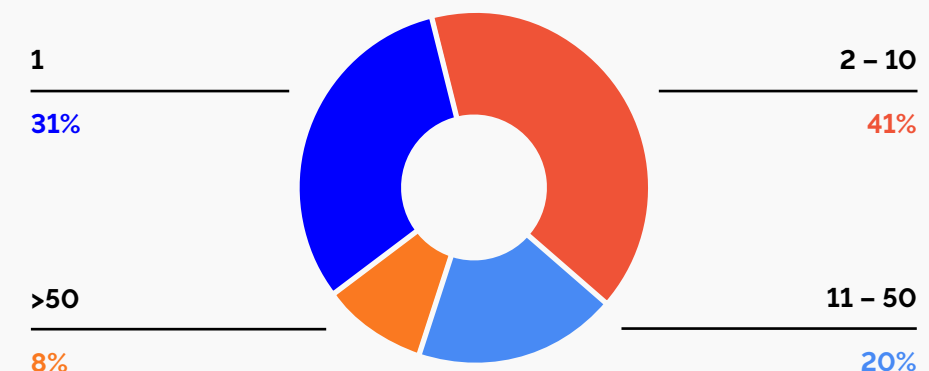
By benchmarking against their peers, manufacturers can see exactly the key areas they need to address in order to get ahead of the curve and innovate their commerce framework before they fall behind. This 5-chapter report shines a light on the responsibilities that come with global expansion as well as the differences between central efficiency and local effectiveness. It also explores the relationship between online revenue and the types of products that manufacturers sell online and the importance of a commerce platform that supports global growth and provides flexibility for local responsiveness.

As manufacturers are looking toward the future, they understand they need to change the way they approach online sales and global ex-

Size of legal entity (globally)



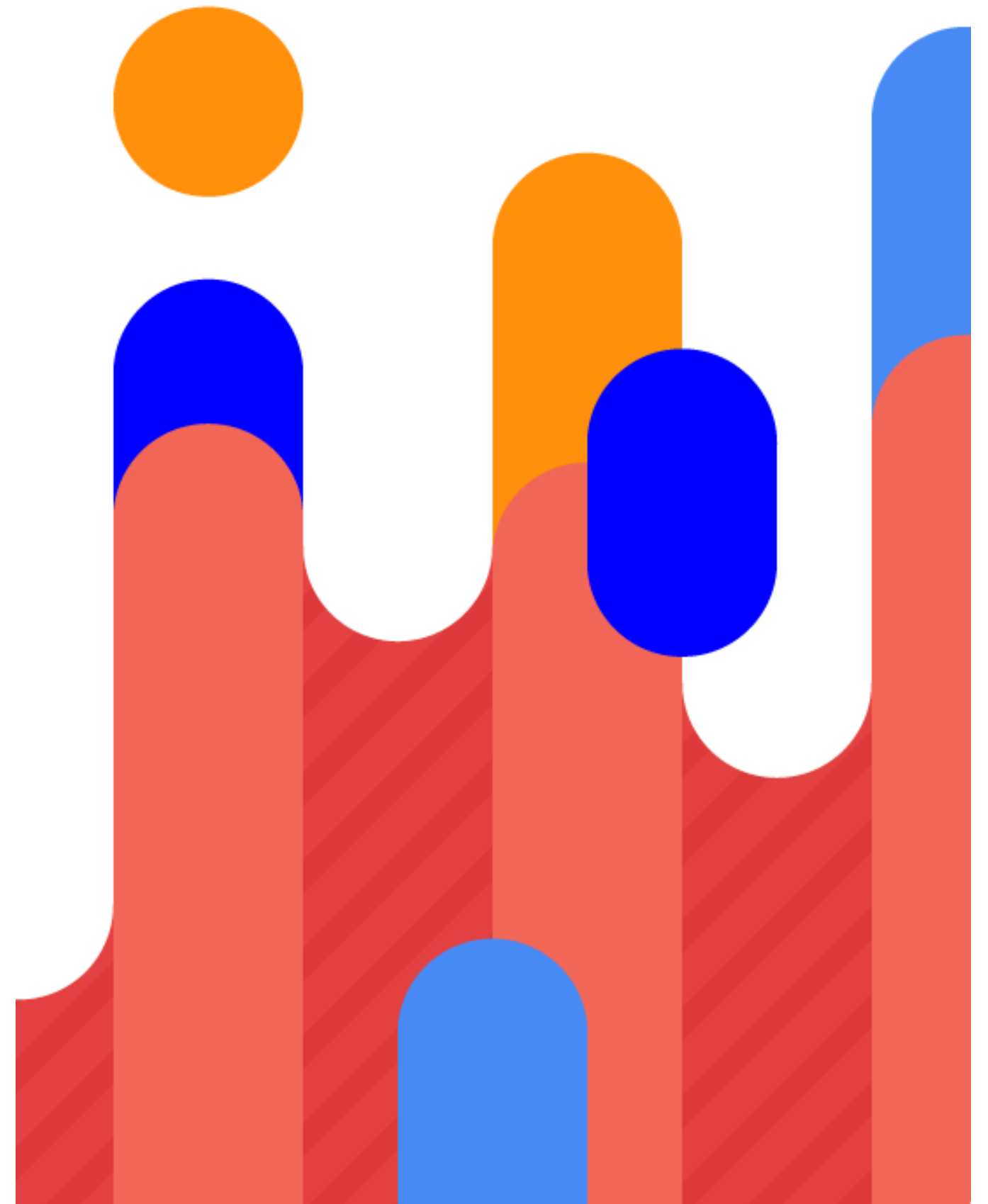
Number of local (country-specific) webshops



pansion. This means setting out new objectives for global and regional sales, deciding whether to replatform or not, what type of commerce platform to choose, what technologies to invest in to support their expansion initiatives, and more.

To help you make more informed decisions regarding the aforementioned matters, we've dedicated the last chapter of this report to key recommendations and best practices that will enable you to grow and boost your online sales. —

The Battle between Ambitions and Challenges



COVID-19 has fueled a strong impetus for digitalized commerce activities (2.18), marking a remarkable turnaround across the manufacturing industry. An even stronger driver for growth appears to be the change in online buying behavior within B2B (2.46), which is actively impacting products—small and large, as well as regular and complex—across the world.

B2B buyers, similar to their B2C counterparts, have advanced digital-first expectations. Now, with global sales interactions increasingly occurring through digital channels, customers are having part of their demands fulfilled—but they are doomed to navigate the traditionally often complex B2B buying process. Customer-facing employees face a similar challenge, and have to cope with time-consuming processes to support B2B buyers remotely during their buyer journey.

Almost two-thirds of all B2B purchasing decisions are made on digital channels.

Not all merchants are fully habituated to selling digitally to compete effectively. The COVID-19 outbreak

has compounded this problem for manufacturers, forcing them to nimbly adapt to and improve the digital commerce business in a short space of time. This process of adaptation to online commerce is still ongoing for many, and there are prospective roadblocks that need to be addressed.

Key challenges to achieve e-Commerce ambitions and how to overcome them

The most telling example of a potential drawback is the existence of siloed sales- and service channels. Managing digital, direct, and indirect sales separately will negatively impact buyer-seller interactions—and this works against the interests of today's customers. B2B buyers expect firms to take the necessary steps to unify a seamless buying experience across all touchpoints. Manufacturers can, therefore, break down sales channel silos to meet changing customer needs (which may vary from country to country!), or they can face the risk of disastrous consequences: losing ground to rival firms who successfully adhere to buyer demands.

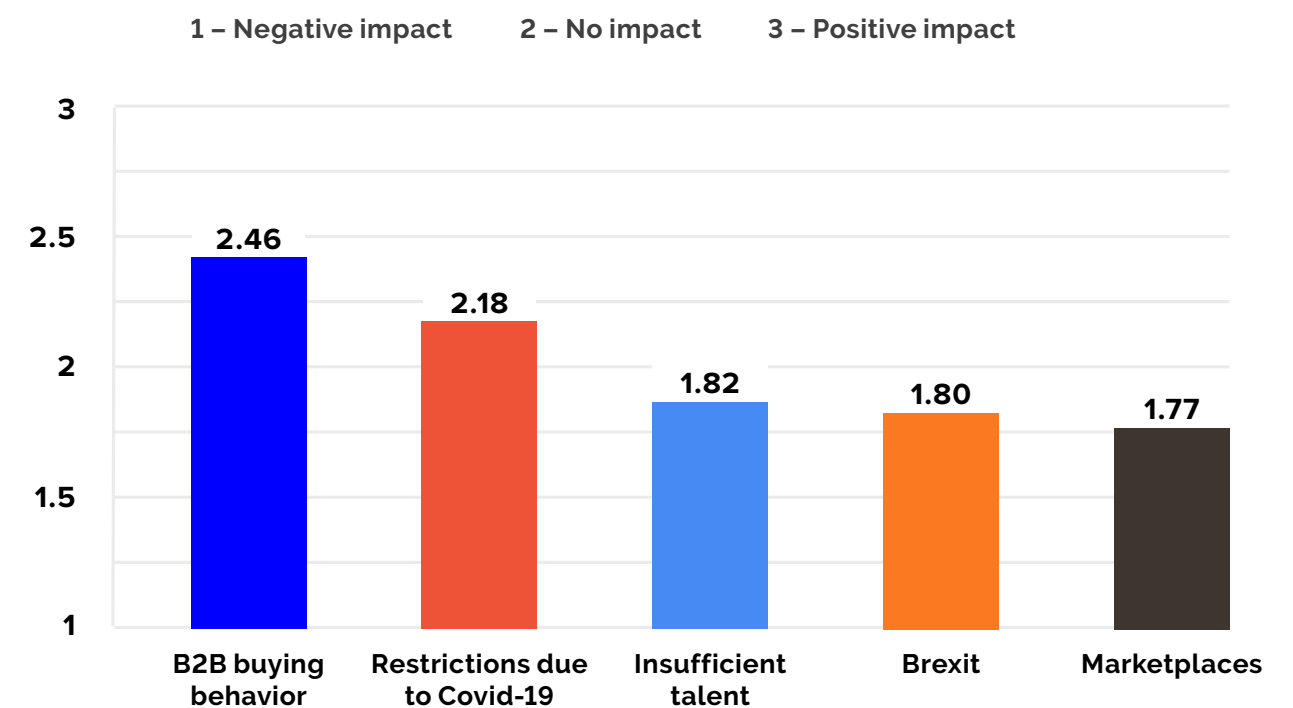
As industry players begin combining digital, direct, and indirect sales- and services channels, they build

value-added services for all their buyers—an effort that underscores a firm's ambition for enhancing customer experience. This effort, however, should not be limited strictly to buyers. Organizations also need to be mindful of customer-facing employees; consequently, all the changes and digital investments planned should focus on the needs of workers, too—and in all the regions a firm operates in.

This is one of the hurdles that come up with selling into multiple coun-

tries: developing an all-inclusive mindset. Other difficulties are often imposed by regional requirements; to expand into new areas, firms have to establish regional online shops, and sometimes even offices in conformity with certain regulations and procedures—all while serving a diverse population. It is seemingly difficult to meet every buyer's demands in different regions, but investing in the right technical innovations can help firms in adapting to the needs of each location.

What impacts the growth of online sales most in 2021?



How Do International Manufacturers Cope with this Vexing Challenge?

A year ago, organizations began tightening up plans for making the transition to e-Commerce in a bid to roar back to profit and prosper amid the pandemic.

In a pre-pandemic survey report—*e-Commerce Report 2019: “Speed Beats Perfection”*—**8 out of 10** of the 400 B2B decision-makers surveyed commonly agreed that “if [their] organization doesn’t start to digitalize their sales- and services processes now, they will be going out of business in five year’s time.” In reality, not much has changed since 2018, for our research in 2020—**The State of Digital Innovation within Manufacturing**—proved that most manufacturers are not willing or ready (yet!) to tap into the full potential of the digital after-sales business.

Smoothing the B2B buying process

In the months following the COVID-19 outbreak, a new B2B sales imperative was heralded: making buying easier within global B2B environ-

ments. Numerous industrial players solved the unease of expanding internationally under such circumstances by stepping up their digital investments to primarily support the firm’s sales function.

Although **17%** of professionals have yet to expand into the new frontier of commerce, the bulk of survey respondents already have a global e-Commerce strategy in place—be it partially (**35%**) or entirely implemented (**31%**).

Technology investment priorities

Now, while still in the midst of the pandemic, firms are continuously stepping into long-time commerce investments, further advancing the trend of digitalization—which is likely to cement itself as a permanent prerequisite for success in commerce. The proclivity to digitalize sales runs rampant among the surveyed professionals. Manufacturers are largely focused on investing in technology within the next 12 months, citing e-Commerce

solutions (**67%**), tools for back-end integrations (**54%**), digital marketing tools (**51%**), digital self-services (**49%**), AI/machine learning (**44%**) and customer portals (**43%**) as the route to achieving their digital objectives.

Creating a unique B2B buying experience

Merchants investing in technical innovations are predominantly better equipped to routinely adjust to the massive changes in buying behavior and meet heightened customer expectations. COVID-19 fundamentally shaped consumer behavior while concurrently amplifying the worldwide trend of creating a bet-

COVID-19 fundamentally shaped consumer behavior.

ter and differentiating B2B buying experience. The pandemic triggered a profound—and visibly growing!—change in online buying behavior, with customers not only being persistently cautious about making a purchase, but also doing their buying almost exclusively online.

Investing in a future-proof business

Spending intentions have also been immensely impacted. In times of economic hardship, most industry players seek to invest to ensure a stable future for their business, and rightly so. To avoid any dangers to financial stability, most firms are diligently evaluating risk by thoroughly researching suppliers as their source for goods or services.

The B2B buyer is now highly informed and in favor of digital interactions—and the changes are likely to prove permanent. Manufacturers who ramp up investments in e-Commerce can possibly adapt quickly to this shifting environment.



Aiming for a Leading Position while Bracing for Budget Changes

A lot of focus has turned towards digitalizing and improving the customer journey. The aim is twofold: to consistently improve retention and increase sales across the globe.

Quick and efficient buying journeys—as provided by Amazon Busi-

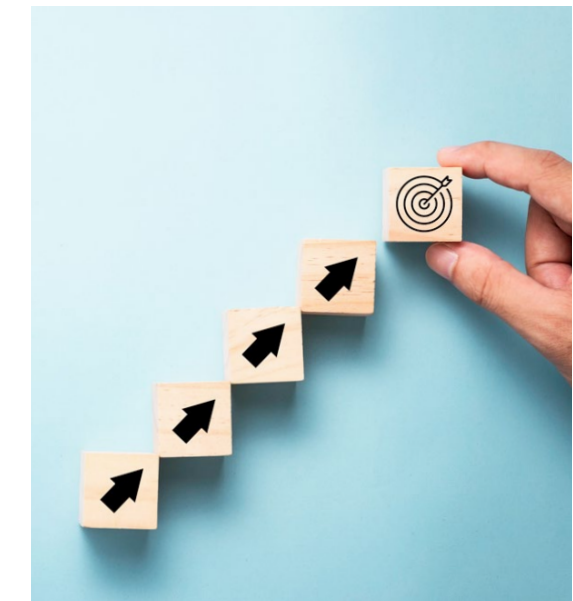
ness, for example—have reshaped the expectations of B2B buyers while shortening the distance between customers and suppliers. But particularly in times of ongoing crisis, there is a hurdle that keeps some organizations from optimizing today's digitally-driven buyer

journey: firms often find themselves under severe budget pressure—which may prompt investors to question whether to drive technology spending or not.

find talent, as well as competition by third-party marketplaces and Brexit, are mainly perceived as having no impact on the potential boom in digital sales.

How do international manufacturers handle this issue?

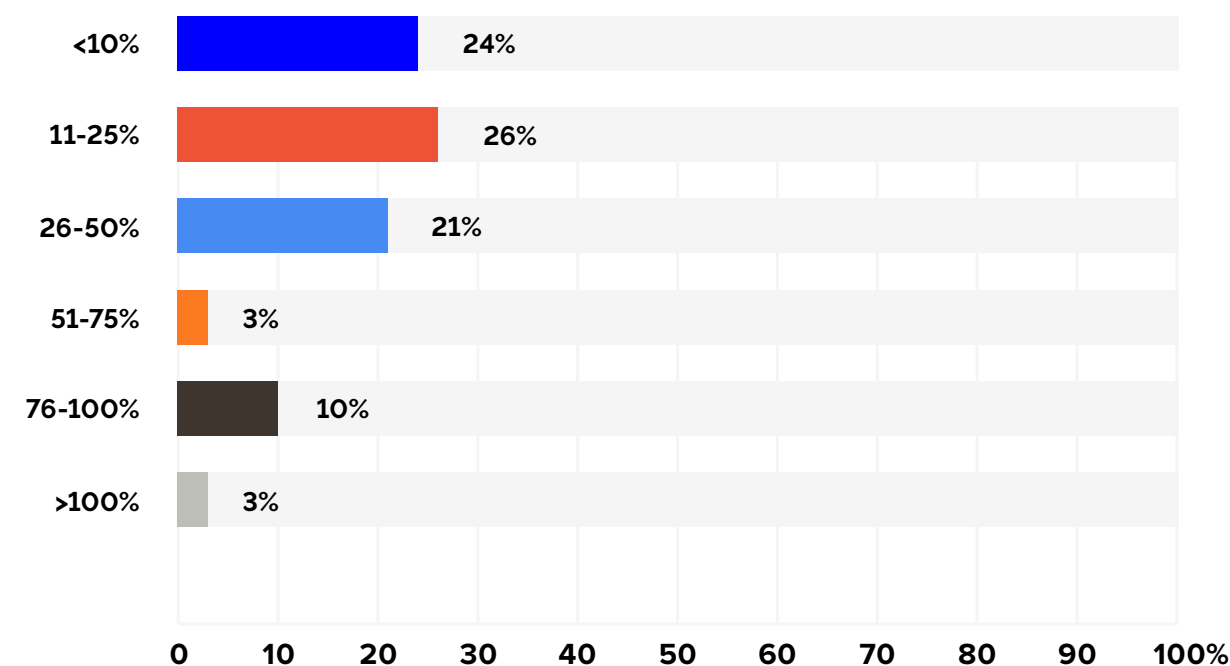
The plan is, for **49%** of respondents, not just to invest but even to increase the firm's budget for digital investments in 2021 by **10% or more**. A similar perspective is supported by **16%** of industry players, who aim to reach their digital objectives with a **1-9%** increase in budget investments. Many others (**30%**) report that they will allocate the same amount of resources to digital investments, deeming this investment necessary.



Leading the pack

Still, many are guarded in their optimism, generally predicting a **25%** increase in online sales for their firm in the next two years. A change in perspective, with the goal of paving the way for the industry, may prove to aid firms in performing better than the forecast. Many industry players are, in fact, driven by a newfound interest in leading the path to innovation—not merely following it. Over **60%** of organizations have a strong digital ambition to take over e-Commerce leadership in their respective markets, making this intention a key target of interest across the manufacturing industry at large.

Expected online sales growth in two years*



*13% – don't know

What impacts the growth of online sales most in 2021?

Investing in e-Commerce is a major step in efforts to achieve profitable sales growth internationally, with manufacturers directly reaping the benefits of changing B2B buying behavior. Digital sales are expected to grow in the coming months—and this growth will be, according to survey respondents, positively impacted by COVID-19 restrictions (**41%**) and changing online buying behavior within B2B (**61%**). The struggle to

Considering the Dangers that Impede Progress and Explode Costs

Industrial e-Commerce leaders are in a great position to notice the warning signs of an eventual shortcoming. Major challenges may tenaciously stand in the way of international e-Commerce growth, unbalancing any firm's progress and adversely affecting sales growth in all the countries they are active in.

The surveyed manufacturers do not turn a blind eye to the struggle of integrating with back-end systems—seeing this issue as particularly challenging (59%).

Industry players also show ample concern with the complexity of supporting multiple business models (51%), but aren't fazed by the difficulty that comes with having multiple brands; 34% of professionals describe this issue as not necessarily problematic.

It is useful to recognize limits in resources. But for many companies, it is similarly useful to restrict the need for IT scarcity and commerce resources. A firm should rely on a

platform that offers standard commerce capabilities to scale across the globe, supports multiple business models, and enables easy central and regional integrations—all while underpinning local pricing, marketing, and other essential functions.



Conversely, the immaturity of customers (40%)—as well as the lack of digital skills and knowledge (33%)—are generally viewed as somewhat challenging obstacles to realizing a firm's e-Commerce ambitions.

Organizations struggle due to the absence of a fully-integrated IT architecture or, as survey respondents

additionally explain, the insufficiency of quality data. There are, however, apparent stumbling blocks that don't pose a heavy threat to industrial e-Commerce growth. Professionals are generally not discouraged by the lack of budget (30%), of regional market knowledge (30%), and of C-level support (34%); by and large, they also view logistic limitations (40%) as moderately challenging.

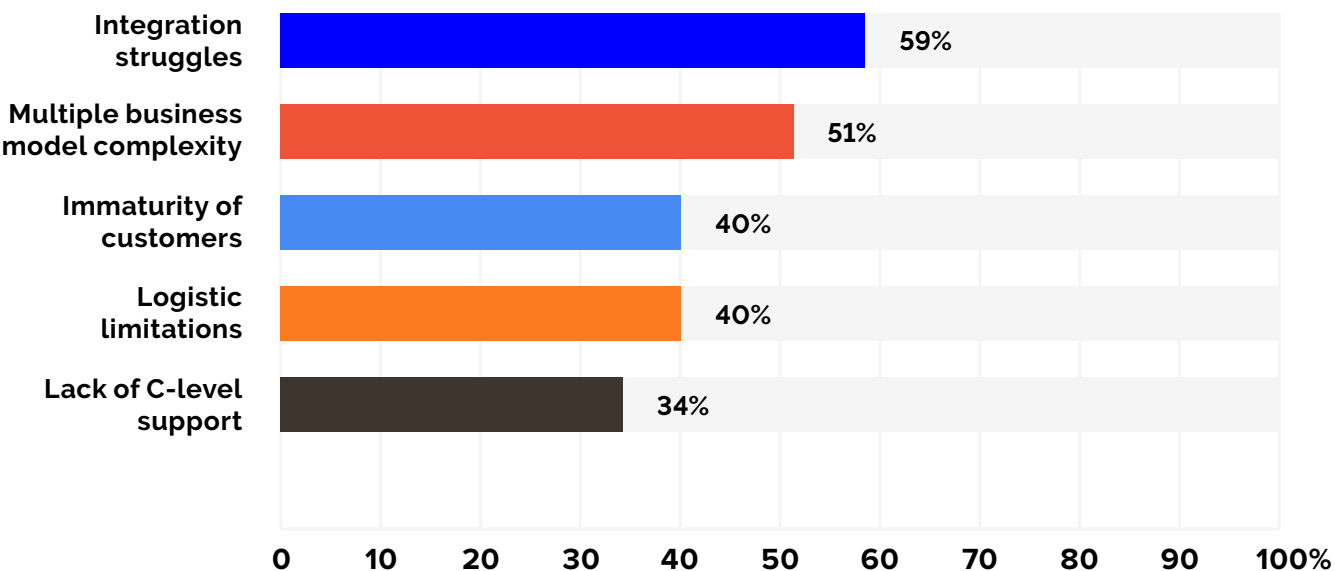
Expanding to international e-Commerce seems a natural choice for many, but it is important to acknowledge that this move comes with

colossal responsibilities to the company, its regions, and perhaps more importantly—its customers, business partners, and customer-facing employees.

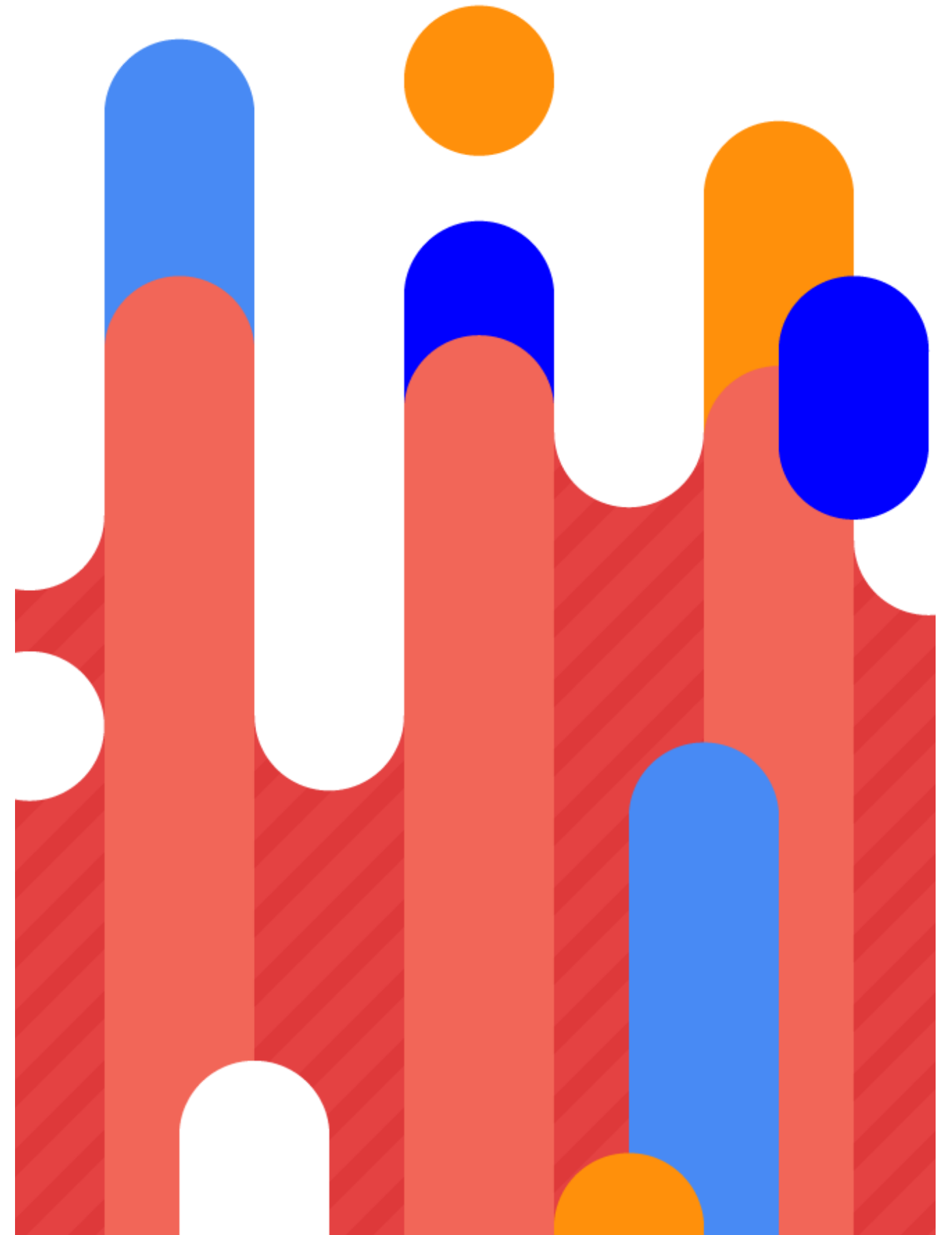
Immature customers prevent rapid adoption of digital services.

A lot of thought should be given to the dangers that can potentially impede progress and the strategies to minimize risk, reduce costs, and increase flexibility. —

The 5 biggest challenges to achieve e-Commerce ambitions



Central Efficiency versus Local Effectiveness



For years, the persisting quandary over business structure has polarized the world of manufacturing into two extremes: those who move towards the decentralizing trend and those who are in favor of centralizing their activities.

Where does that leave today's industrial organization? The possibilities are multiple and typically vary between organizations. **49%** of companies, for example, run their (online) marketing locally in a bid to maximize digital sales effectiveness, but only **14%** operate the commerce platform in the region.

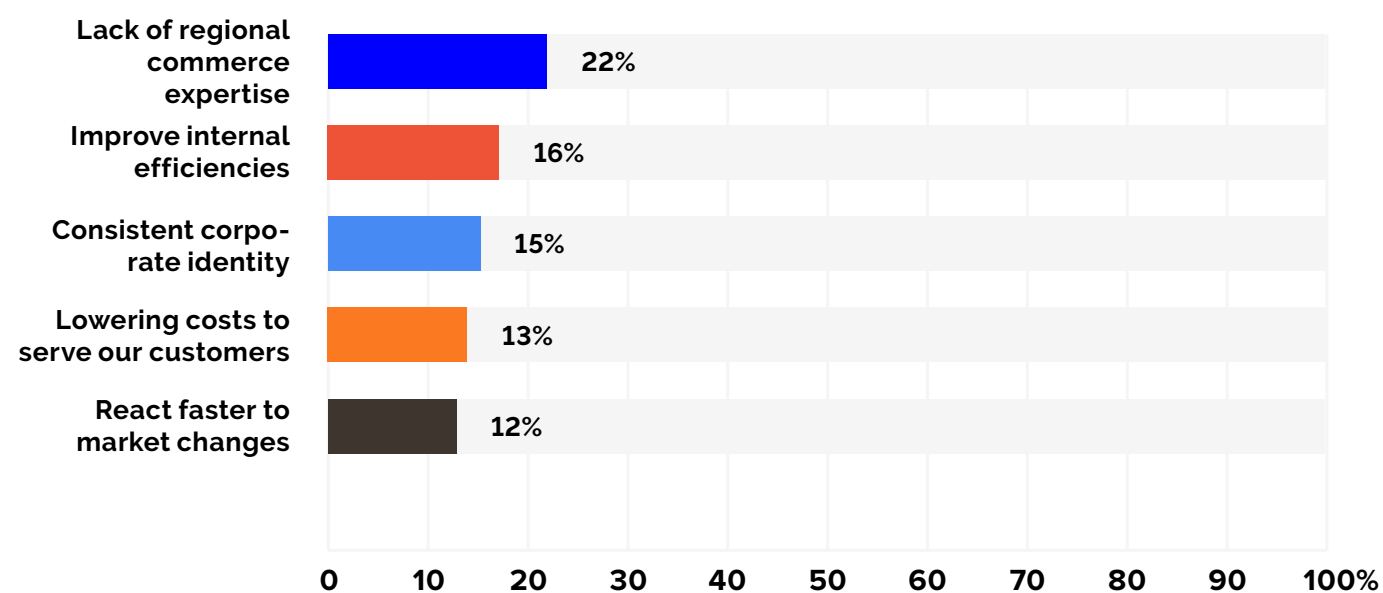
With industry players visibly caught somewhere in the middle between central efficiency and local effec-

tiveness, one thing becomes abundantly clear: now the question is not whether to centralize or decentralize, but which option is turning revenue profit.

A large majority of survey participants (**39%**) manage their global commerce activities using a central platform and marketing approach—which allows them to reach up to **25%** in online revenue.

The **36%** that use a central platform combined with local marketing, alongside the **14%** that use a local platform and marketing approach, can reach anywhere between **25%** and more than **90%** in online revenue.

Main reasons for centralization of e-Commerce



Centralized E-Commerce Is the Most Common

Manufacturers are picking up on the growing trend of centralizing, perhaps acknowledging that even a slight increase in revenue can prove beneficial to a firm's profitability.

Stability, be it financial or otherwise, is preferred amid global economic uncertainties—and so, many firms will presumably not withdraw from their mission to centralize commerce in the coming years.

Out of all companies surveyed, **74%** currently run their commerce platform centrally; as anticipated, not much is set to change in the foreseeable future. The bulk of respondents convincingly predict that two years from now, there will either be no changes to the way they currently organize e-Commerce activities (**40%**), or they will have centralized (**36%**).

With few others planning to decentralize (**15%**) or diversify between structures, it becomes more apparent that firms are predominantly on a pressing quest to go centralized—the main reason being a lack of commerce expertise in the regions (**22%**).

74% of all manufacturers operate a centralized commerce platform.

For other companies, centralizing is key to guard the corporate identity (**15%**) and better increase internal efficiencies (**16%**). The latter could unexpectedly bring a long-sought benefit, as it strengthens the aim of many industrial players to lower the costs of serving customers (**13%**).

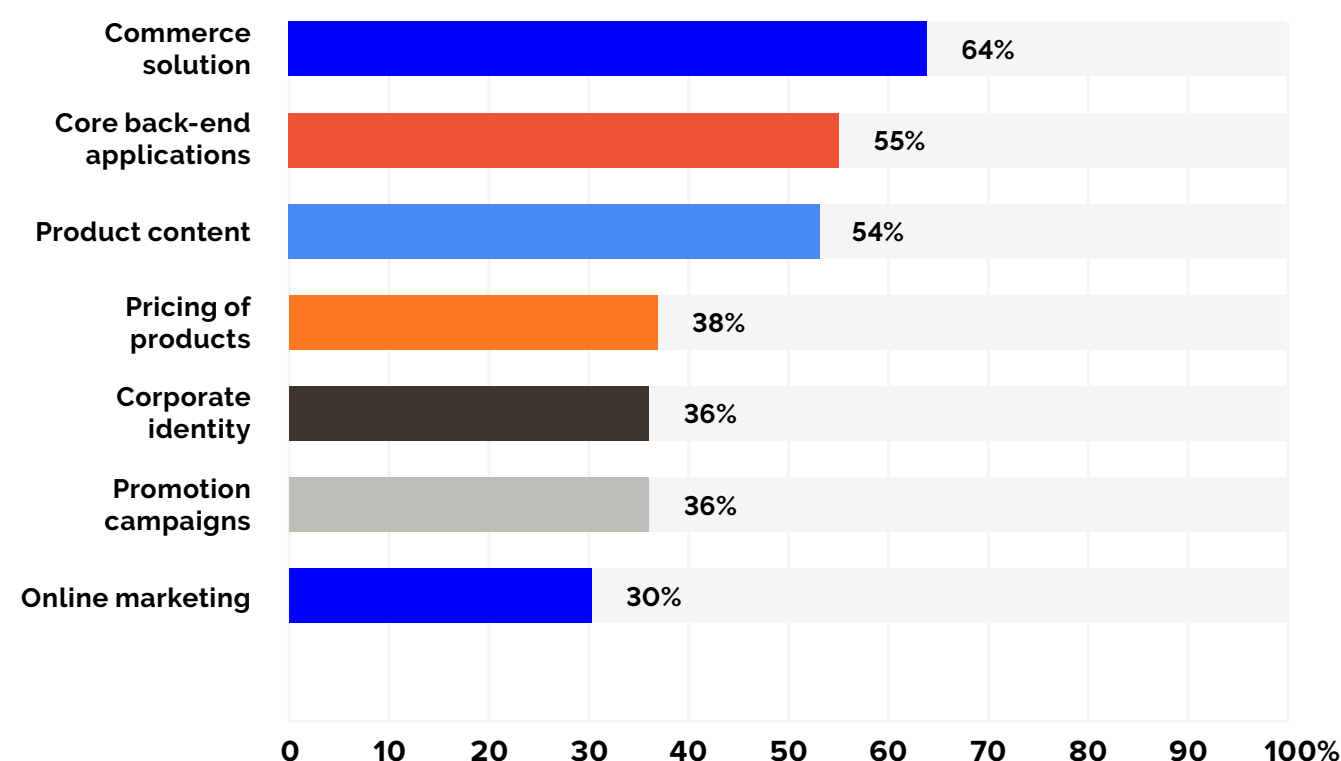


The transition is not very easy. Yet, whether they have centralized or not, the majority of corporate organizations that step into digital commerce adapt from global to local e-Commerce contexts, claiming that regional teams respond to local needs (38%) with ease. For all the remaining firms, corporate adapts to local markets when needed (32%) or, as the case may be, only the local

commerce teams (6%) go through the process of adjusting to regional requirements.

Adapting to this new reality comes by way of digital transformation. The demand for commerce technology is proving to be high, raising questions about the type of platform that should be preferred in manufacturing environments.

Support provided by HQ to subsidiaries



A modern commerce platform should provide at least 80% of the global requirements. In addition, there are the business processes that are specific to your company but are mapped in all national organizations. That's about 15%. The remaining 5% is what makes each online shop special in each country—functions, user journey, or 3rd-party applications. One example here is translations. To successfully run e-Commerce in a new country, the web content needs to be in the local language—this improves conversion and search engine ranking.



Nils Breitmann, Principal Enterprise Architect, Intershop

Putting the Spotlight on Local Subsidiaries

Industry players have doubled down on local subsidiaries, but there are still questions about the kind of support such entities need.

While corporate headquarters prepare to actively pour resources into a local subsidiary, it is crucial to acknowledge which elements are essential for regional success. The flexibility to localize a given shop and online marketing are, for example, essential for thriving locally—but at the moment, only **30%** of firms help regional teams in getting to grips with online marketing.

Headquarter support for local success

The parent firm should nevertheless focus its investments and expertise strictly where it makes a difference: from providing technological assistance, to running the e-Commerce solution, and offering product infor-



mation. This undertaking is a reality in many B2B settings. **64%** of local subsidiaries benefit from technological assistance, as corporate delivers and maintains the e-Commerce solution used by the firms. The platform run by each regional team needs to be flexible enough to briskly adapt to the diverse needs of every region.

In **55%** of cases, corporate supports regional subsidiaries by providing core back-end applications. For **54%** of industry players, however, sup-

port takes the form of product content—more precisely, product information or prices in local currencies.

This type of support will not only reduce costs, but also establish a sound basis for local prosperity.

What has the most impact on local results?

Each region has the opportunity to add value to their local competitive position; it just has to focus on the areas in which it has the great-

est advantage—and, of course, the mechanisms that candidly influence local results. This matter is being underscored by survey respondents, who say product data has the greatest impact (**36%**) on local outcomes.

Some people go for 'good enough' marketing—delivering mass instead of class—but good marketing is about providing quality content and experience for regional audiences.

Search engine optimization and search engine advertising (**41%**), as well as promotions (**39%**) and translation of content (**36%**) have a moderate—but nonetheless significant!—level of impact on local e-Commerce results.

Several others are united in their belief that licensing and regulations affect operation-specific tasks. For that specific reason, such permissions are seen as being particularly impactful on regional outcomes.

A Checklist for Essential Global Commerce Features



The following functions are the minimum needed to scale internationally with an e-Commerce solution. (Of course, a variety of functions is needed, and each company has to

determine the ones that are right for them; so it is an advantage if many functions are already available out-of-the-box):

01.

Flexibility for integrating regional systems to a centralized system.

02.

Support of different currencies, languages, and taxes.

03.

Role assignment for users in an online shop.

04.

Creation of local catalogs that are not centrally administered and extend the offer to the local market (e.g. via external distributors).

05.

Product information functions, so that the products offered can have regionally different attributes.

06.

Easy integration with a variety of different back-end systems and logistics.

07.

Local promotions.

Holding Off on Providing Global Support

Rolling out a global e-Commerce program can spike up profitability but on several occasions, this gambit is seen as a prospective stumble.

Manufacturers are staying accountable to their long-sought e-Commerce goals; the fear of losing autonomy (47%), however, leads to pushback from local subsidiaries when it comes to offering global support.

Lacking local support?

In a general sense, many professionals agree with regional subsidiaries not supporting global e-Commerce programs if:

- The region doesn't have the right resources available (43%);
- There is a lack of flexibility to adapt the centralized solution to local requirements (41%);
- Industry players prioritize other strategic objectives (40%).

It is also possible, of course, that a successful e-Commerce strategy is

already implemented globally (10%), rendering local efforts unnecessary.

Many are wrestling with the difficult aspects of underpinning a global strategy but for some, a wide-ranging e-Commerce initiative may prove to be beneficial. This is why it is useful to reflect on the ups and downs of global e-Commerce support before raising concerns—and perhaps find novel ways to navigate obstacles.

Important Lessons Learned on the Path Towards Global E-Commerce Success

Be on the lookout for the mistakes that should be avoided if you want to get successful in e-Commerce internationally:

- The central organization should not impose something that was not arranged in line with the local team; local teams should be part of the MVP as consultants.
- Don't think that each and every country works the same. Think about content, payment, currencies, and languages.
- Don't underestimate scalability. A business or technical process that is just mildly inefficient for one or two online shops will become unmanageable if you run 15 or 20 online shops! (Take, for example, the search index creation.) —

Think about what you gain, not (only) what you risk.

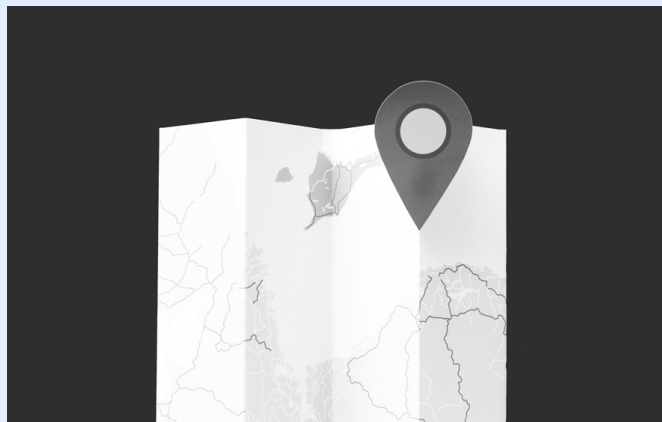


Best Practices for Local Excellence



01.

Local teams should have the rights to adapt the online shop or customer portals, add/modify content, articles, marketing campaigns, etc. to better address local customer needs.



02.

Local flexibility is important. Countries/business units need to take care of improving the online shop and customer portals based on maturity, or the cultural and linguistic characteristics of the market.

03.

Regional assortments are deemed necessary; not every country has demand for the same products/articles. The product information should be regionalized (from assortment to language and information).

04.

Promotions should be managed locally. This in order to address regional events, needs, and/or targets.

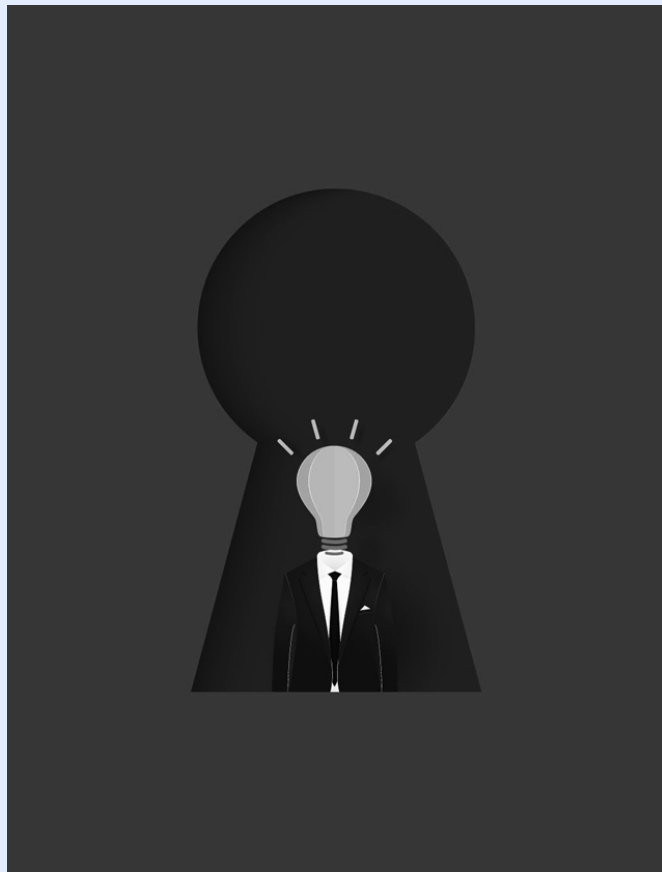


05.

Prices can be different in each market or customer audience, but also adjusted to local market and competition.

06.

The flexible integration of locally preferred payment options is essential.



07.

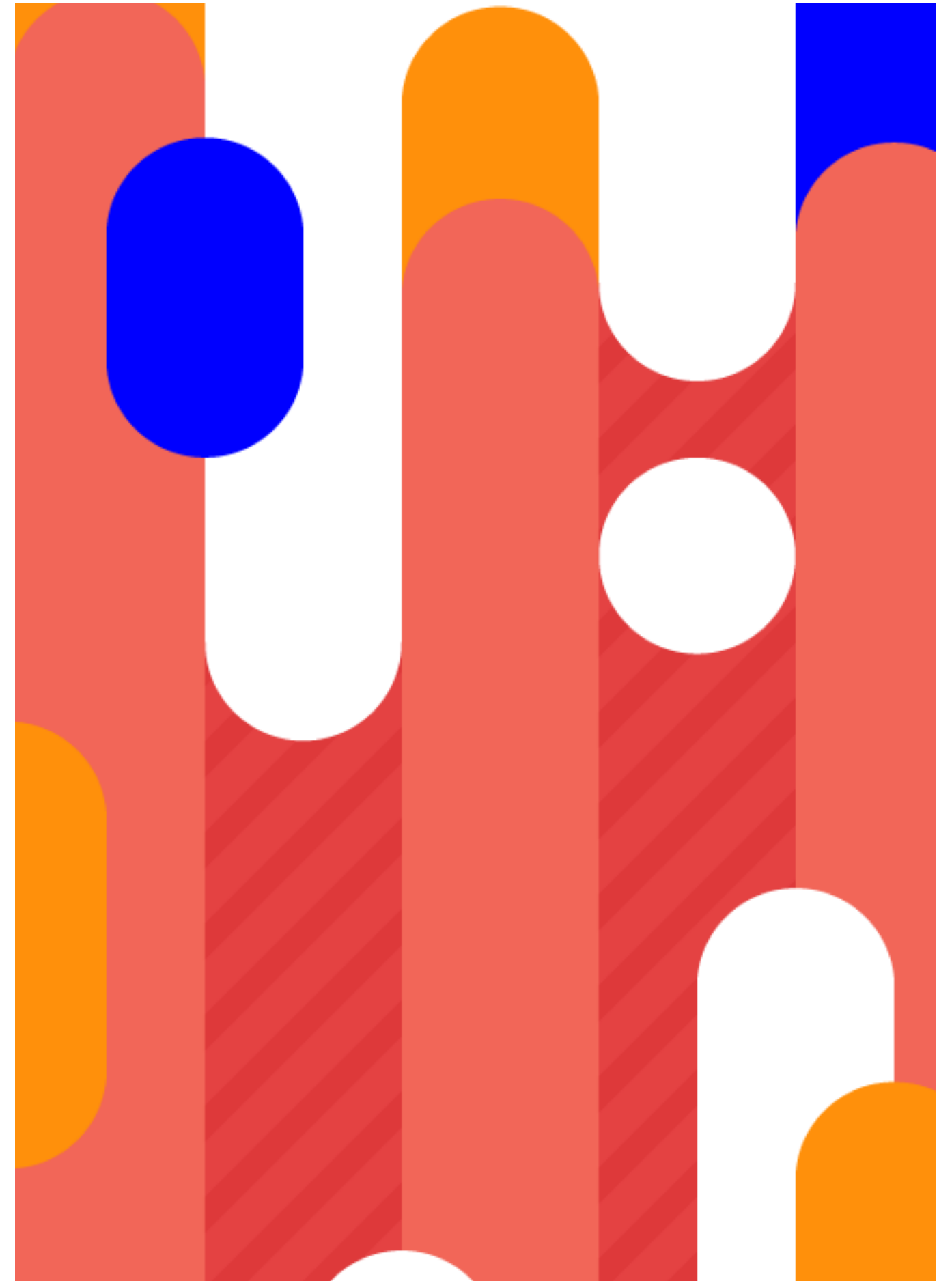
Firms need to integrate local systems. Often, different (local) ERP systems run in the background due to autonomy or resulting from an acquisition. These need to be integrated, too.

08.

It is useful to have a flexible architecture, as it allows the rollout of industry/market-specific functionalities per respective sales channel. In country A, for example, we need a configurator because highly complex products are sold there; in country B, no configurator is required because no complex products are sold.



No Product Too Complex to Be Sold Online



97% of B2B buyers claim they will make a purchase in an end-to-end digital self-service model, with the vast majority very comfortable spending \$50K or more online.

McKinsey

The acceleration of digital transformation in 2020 has created a new era for product sourcing and industrial buying. Before, B2B buyers and customer-facing employees were content with the traditional buying experiences that involved product catalogs, scheduled calls with sales reps, and more.

Today, almost two-thirds of all B2B purchasing decisions are made on

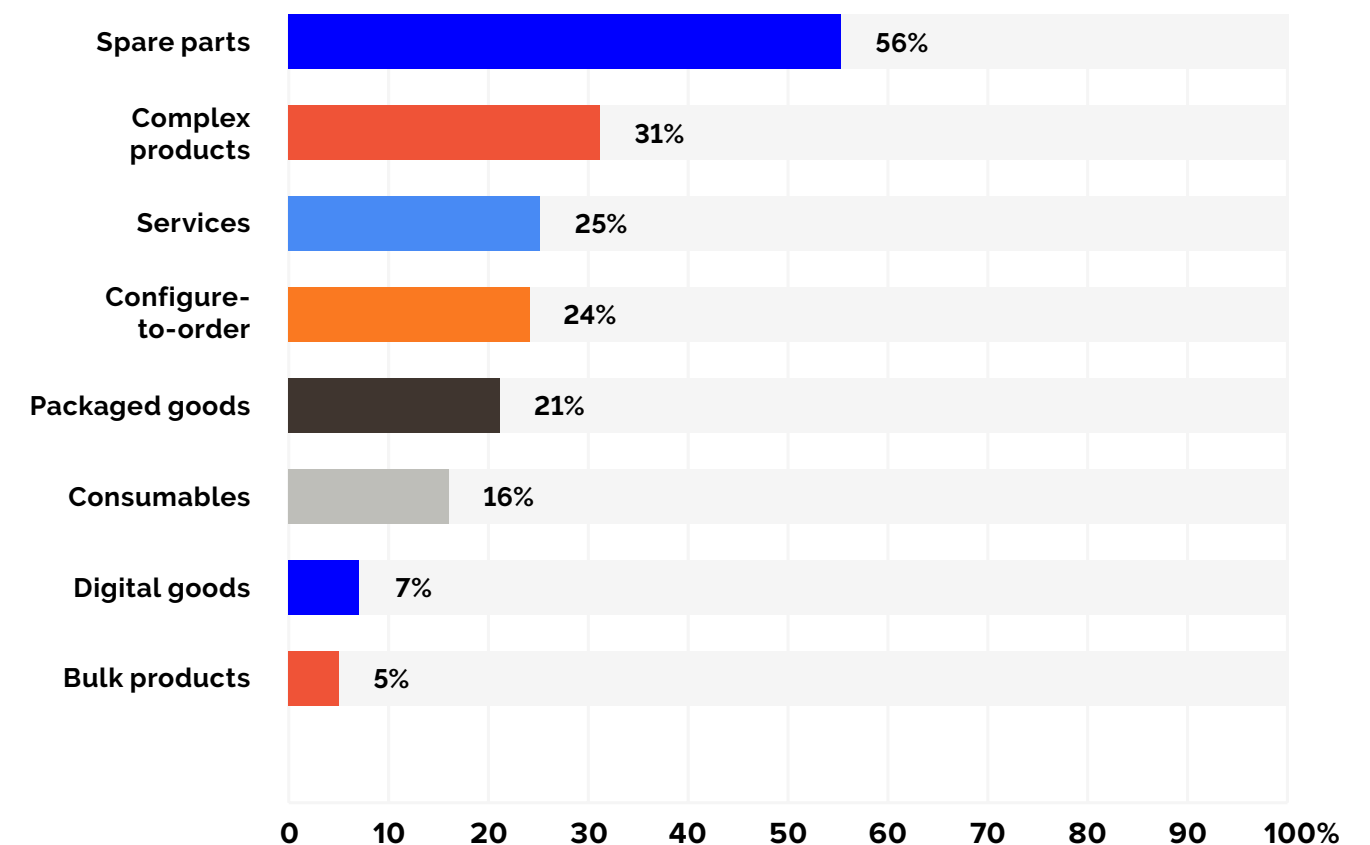
digital channels—without contact to sales or in-person meetings to discuss requirements, specifications, or offers. This applies to buying processes for every type of product as no product seems too complex to be sold online. Many B2B customers now appreciate the new ways in which they can interact with vendors and buy industrial goods.

Types of Products Sold Online Today

Even though all manufacturers face similar market trends, offering specifics as well as market and internal challenges are considerably different for everyone. For example, the common challenge among all manufacturers is maintaining customer centricity when digitalizing the buying process.

But manufacturers that sell complex, high-variety, and configurable industrial goods and services encounter additional challenges. And that is the case for 48% of our survey respondents who also sell products and services that are considered too complex to sell.

Type of products sold online

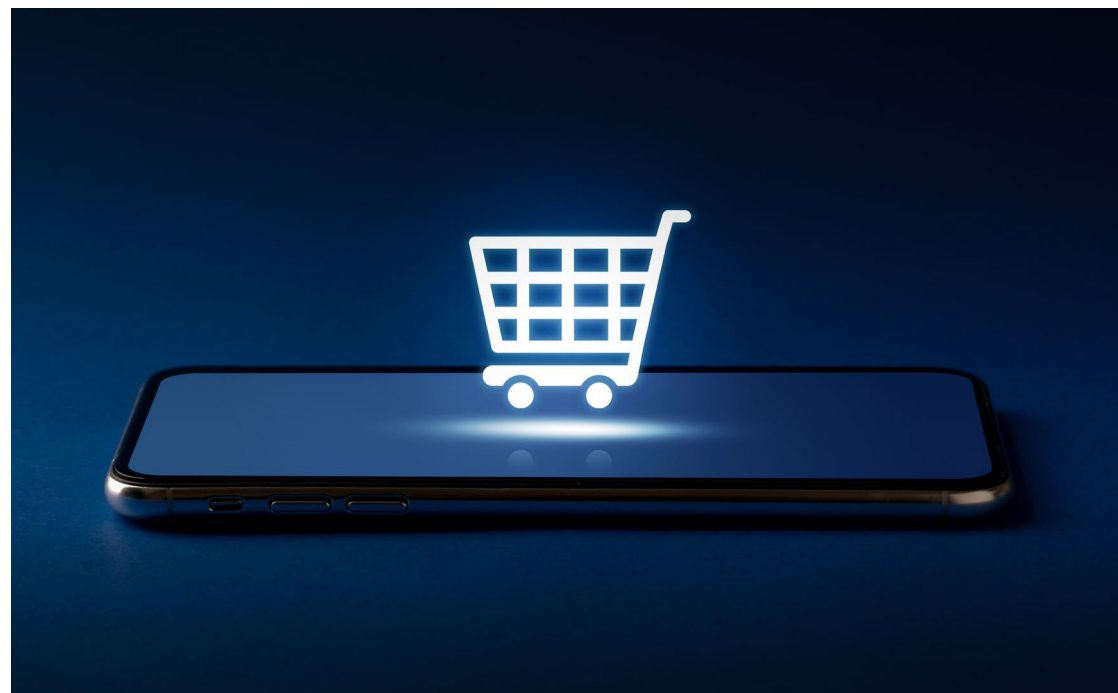


To break it down, the majority is actively selling more straightforward products like spare parts (56%), packaged goods (21%), or consumables (16%)—and these are always more easily sold due to their categorical purpose. But those who sell complex products such as machines and industrial equipment (31%), services (25%), and configure-to-order or customer-specific products (24%) are also experiencing positive sales outcomes. And this is made possible by the implementation of specific solutions that are designed to support B2B customers on their buying journey. Nonetheless, when compared to other product categories, selling such complex items remains an intricate process.

But what makes these products and services more complex for online sales? And what are the dependen-

cies to successfully sell them online?

- Complex internal procurement processes and procedures;
- Advice-intensive and very specific knowledge to address endless lists of possible options, use cases, ambiguous drawings, or dimensions;
- High quality, centralized, and structured product information;
- Intelligent, user-friendly CPQ tools for configure-to-order or complete build-to-order items that sometimes have millions of combinations;
- Large investments vs. account credit/know your customer processes to ensure customer eligibility;
- Documentation and accreditation for specific products that require authorization.



22% of all B2B buyers would like to make use of self-service and just 31% still need the (remote) assistance of a sales rep.

Forrester Research

The Relation between Product Type and Online Revenue

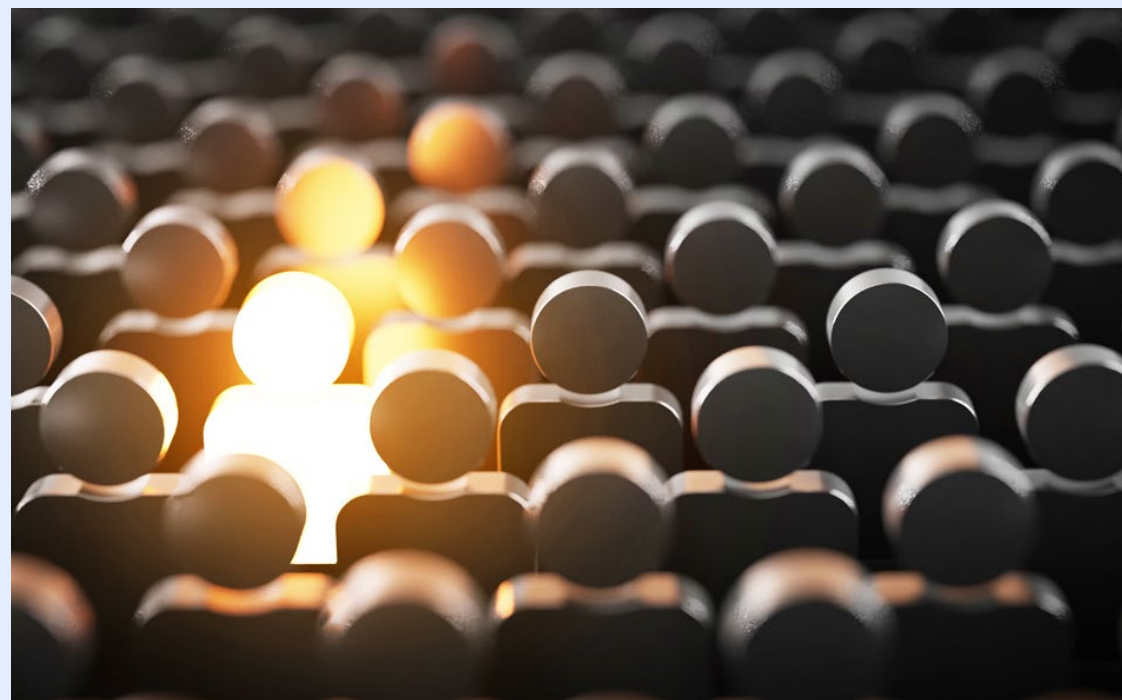
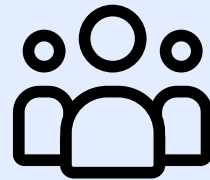
Many companies had started planning for e-Commerce and created an adequate infrastructure before 2020, making some better prepared than others for online revenue and growth in a volatile climate. Almost 48% of our survey respondents have revealed that today, 0-10% of their company's global product revenue results from online sales. This majority is followed by:

- Almost 24% whose online revenue consists of 11-25%;
- 8% whose online revenue consists of 26-50%;
- 7% whose online revenue consists of 51-75%;

- 3% whose online revenue consists of 76-90%;
- Over 10% whose online revenue consists of more than 90%.

As many as 21% of the companies commonly providing digital goods, bulk products, and consumables report online sales of more than 50% of their total product revenue. The average online revenue of companies which generally provide industrial equipment, services, and configure-to-order products—but often additionally sell complementary products like spare parts or consumables—is surprisingly already 33%.

Why Do All Manufacturers Need Customer Centricity?



Customers today have access to unlimited information; they are more resourceful and more in control over their buying journey than ever before. Manufacturers who are unable to respond to these new trends will lose potential customers and fail to retain existing ones. Customer centricity is the best strategy for manufacturers to stay competitive and ensure a sustainable future. Manu-

facturers that are considering how to become truly customer-centric need to look at the entire relationship with their customer (end-to-end customer lifecycle) from their first interaction to where they currently are (from marketing to customer success and everything in between) and ensure they are engaged in responding to their needs every step of the way.

Next Steps When Selling Complex Products

Our study shows that B2B professionals are generally optimistic about the growth of their online sales in the next couple of years. While many companies expect their online revenue to grow by **10-45%**, some look forward to increases of **50%, 70%, and even 100%**. They are working on their sales strategies and embrace a more targeted approach that involves more localized marketing.

Achieving e-Commerce ambitions with strategic investments

Many of those who sell complex and configurable products are currently developing a global B2B commerce strategy, and they have already de-

finied the most important focus areas and/or investment avenues to achieve their ambitions. Their main goals are to further improve customer centricity and competitive differentiation in every region. Regarding main areas of investment, our respondents are focusing on:

- Product information (**68%**)
- E-Commerce solutions (**68%**)
- Backend integrations (**67%**)
- Digital marketing tools (**61%**)
- Customer portals (**59%**)
- Configure-price-quote systems (**49%**)

1 – Provide the right, reliable, and complete product information.

Putting content into context is the main challenge for today's B2B industry, specifically when selling complex products. What does getting your product information in order involve? To answer that question, you need to know for what purpose you will be using the product information (internally/externally) and start with the needs of the customer. These needs might be different in every country you serve.



Additionally, you need to collect and enrich all data with relevant information and break down silos within your organization.

Providing the right, reliable, and complete product information in an easily accessible way makes all the difference when it comes to successfully selling complex and configurable products and services. B2B buyers should be able to quickly find what they are looking for. With good content, you will answer all their questions, boost conversions, and increase savings by offloading customer-facing employees.

2 – Support end-to-end processes with seamless integrations.

A digital sales strategy is only successful if the same database is used by all areas and IT systems involved in sales and distribution. Future-oriented manufacturers and wholesalers should therefore remove data silos and improve company-wide co-operation between sales and engineering.

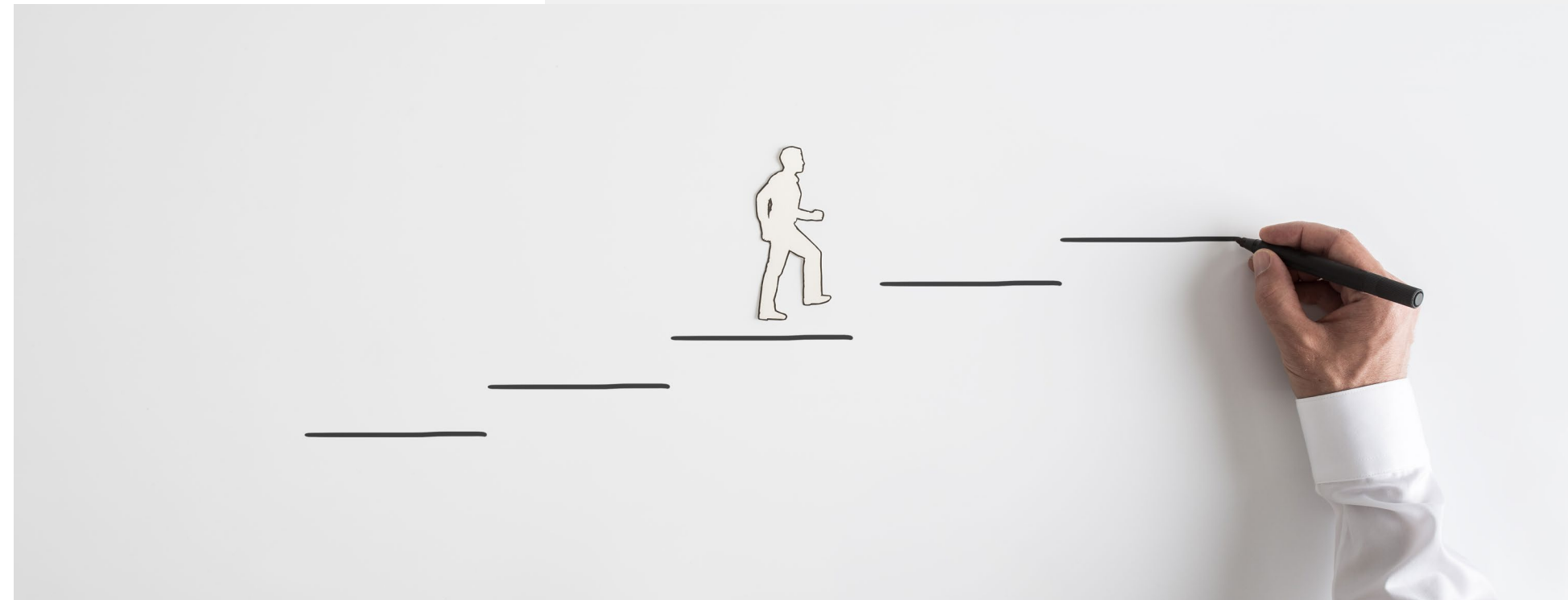
3 – Enhance sales with customer portals and self-services.

Right now, B2B customers expect a shopping experience that is not fundamentally different from what

they are used to privately in the B2C sector. For many, a digital self-service portal is the central component of their B2B commerce strategy.

The goal is clear: the "typical B2B buying processes" should be modernized, just like in B2C. Complex, error-prone, and manual steps should be transformed into a simple, consistently integrated digitalized process. Many manufacturers know that simple procurement processes are the best means for loyal customers. With digital self-services, you can:

- Serve customer needs better.
- Increase your sales by becoming the preferred provider for your customers.
- Develop and digitalize outdated sales models to meet the expectations of B2B buyers.



Adapt to your customer's needs. They expect it.

4 – For selling complex machines online, you need visual configuration and visualization.

Companies with endless lists of possible options, and ambiguous drawings or dimensions cannot impress digitally demanding customers on these channels. Customers want to convince themselves at first hand that the selected product "fits". The

future of industrial sales is therefore visual.

By using visual product configuration, companies show product functions and product options in real time instead of having to explain them clumsily. Due to immersive technologies, you can visualize the entire product portfolio and make it both interactive and available online.

Key Priorities when Selling Complex Products



What do B2B businesses need to focus on within their commerce strategies to boost their sales?

Even for complex and configurable products, there are a few things you can do:

01. Make business processes as easy as possible for every type of product.

Today's B2B buyers expect the same easy, dynamic, and user-friendly experience that they undergo as B2C consumers. And this is the result of a pandemic-driven fusion between the careers and personal lives of Internet users around the world.

Provide accurate product details on every single touchpoint.

In the digital world, product details can make or break a sale, ultimately impacting returns and customer satisfaction. Today's customers need accurate descriptions, measurements, images, and videos. If you want to earn their trust, you have to distribute this data across all touchpoints! By using a comprehensive product information management (PIM) system, you can achieve all that and more while also improving consistency, decreasing time to market, and saving tons of time.

02.

03.

Don't count on returning to a pre-COVID-19 level of in-person sales coverage.

Support remote selling and digital interactions between customers and providers. This type of interaction has become the new normal overnight. So, make internal procedures and processes easier for customers and customer-facing employees, and set up new digital sales technologies and sales tools.

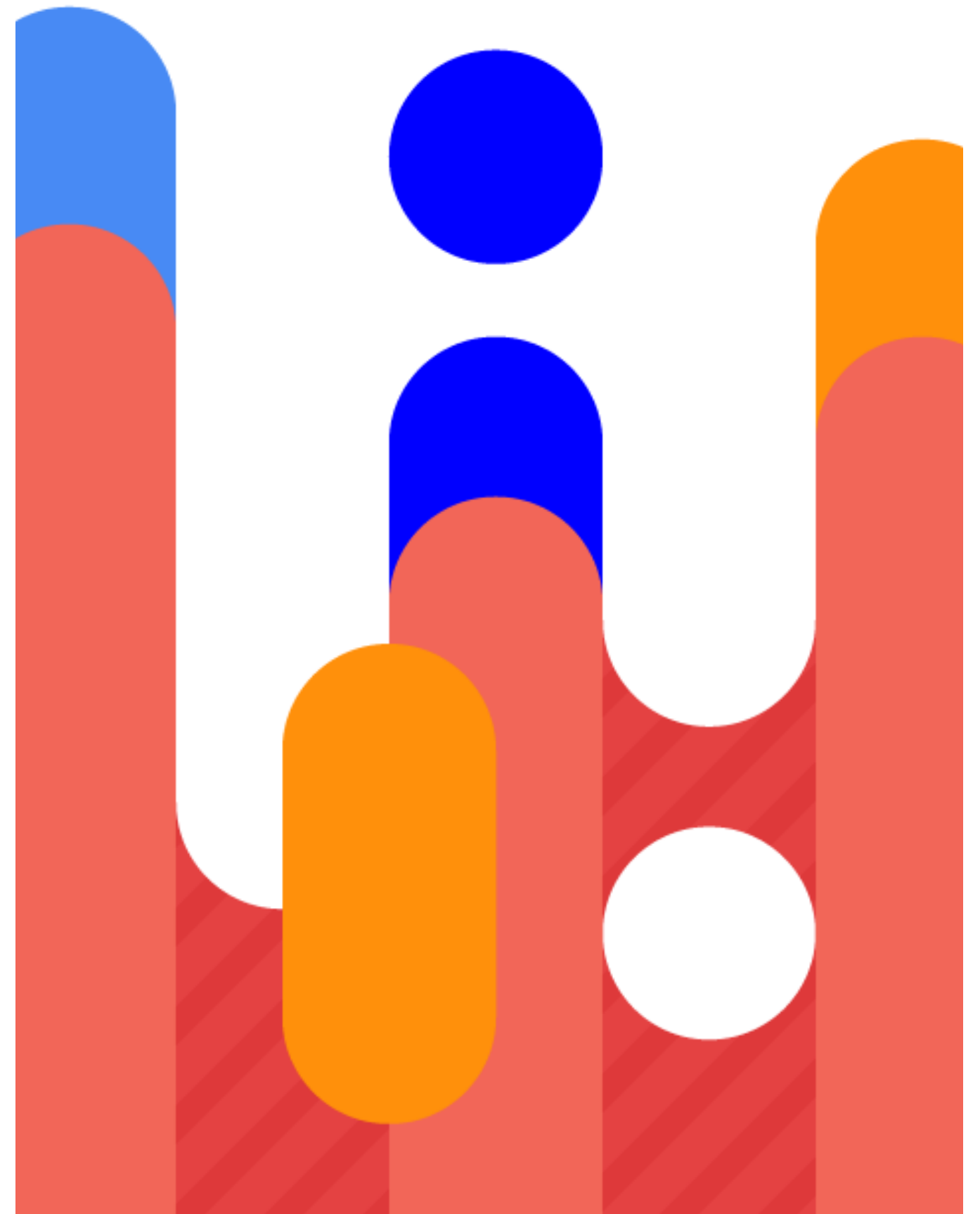
Invest in attracting new customers online.

Even more importantly, protect and expand your customer base. Ensure that you maximize customer lifetime value and provide superior ease of ordering.

04.



Buy, Build, or Buy and Build to Expand?



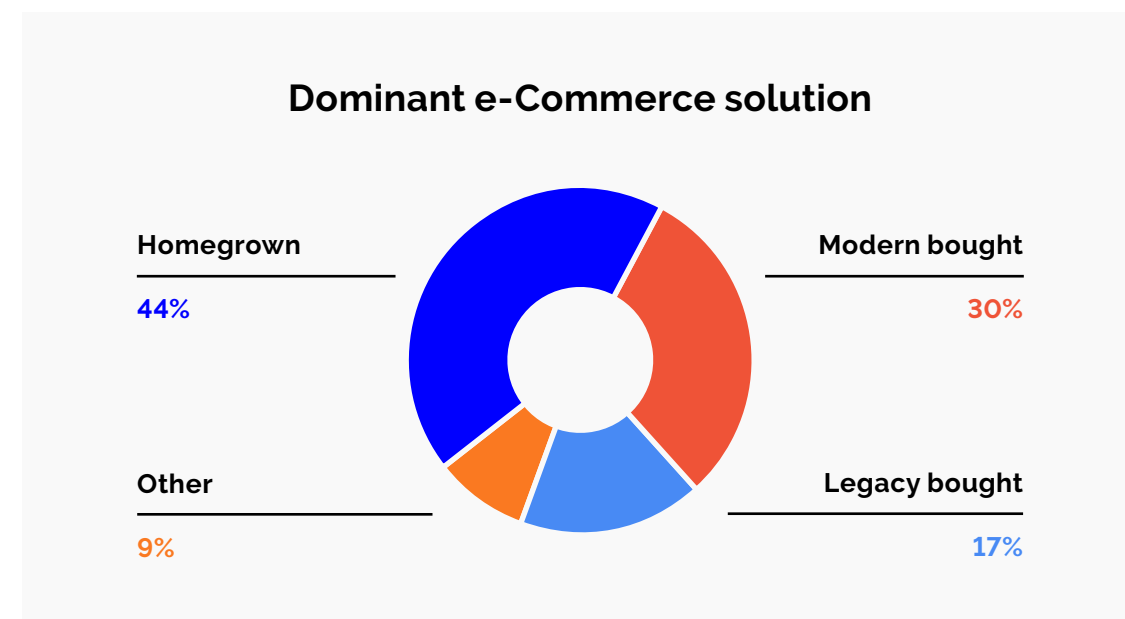
As more sales continue to shift from in-person to online transactions, B2B e-Commerce is forecasted to reach **\$20.9 trillion by 2027**. This massive market growth (18% YOY) is widely generated by manufacturers and wholesalers. And many of them are

still using legacy, homegrown commerce systems or ERP extensions that might hinder innovation, shift the focus away from competitive differentiation, slow down international sales progress, and even add unnecessary costs.

The Heritage of Homegrown Solutions

Over **43%** of our survey respondents still utilize homegrown commerce solutions, using a singular, centralized, dominant e-Commerce platform. Up to **71%** of these companies sell spare parts while others pro-

vide complex products (**38%**), services (**29%**), and configure-to-order products (**19%**). Additionally, some of them are striving to boost their internal efficiencies (**33%**), address more customer/market-focused to-



Your commerce platform should never become a cage that limits your growth!

pics (**20%**), create a consistent corporate identity around the globe (**19%**), and tackle the lack of commerce expertise in specific regions (**5%**).

Since these companies have built a singular, dominant homegrown system, the majority of them (**85%**) have a more centralized commerce solution, with some (**36%**) looking to drive centralization even further.

However, they seem to have a less flexible commerce solution. They are also not nimble enough in their market-orientation and mainly tackle challenges such as IT integrations and supporting multiple business models. Perhaps this is also

why **32%** of them also lack the ability or willingness to adapt to local needs, limiting their growth potential in these regions. Yet, most of them (**71%**), have at least a partial, if not complete, global strategy in mind.

Drawbacks of using homegrown e-Commerce solutions

The right commerce platform can greatly support global initiatives and drive significant growth. But, according to our respondents, maintaining a homegrown system has quite a few challenges that often stand in the way of progress.

The complexity of supporting multiple business models (**85%**) and integrating backend systems (**70%**), both centrally and within regions, limits global expansion. Organizations can experience real growth only by developing a more flexible and scalable solution that is well integrated with all backend systems.

Companies also report they lack digital skills and knowledge (**55%**). By building and extending their homegrown commerce solution,

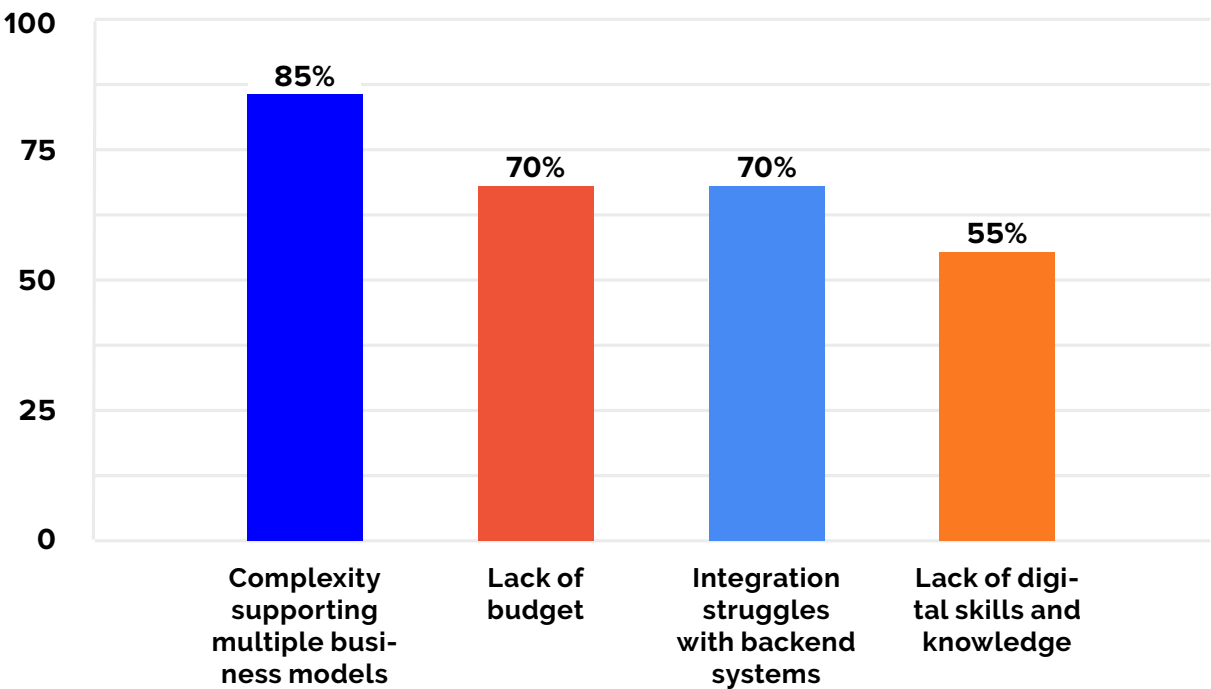
they need to do everything themselves to keep things running. They are forced to invest time and resources into updates and maintenance processes that don't provide competitive advantages.

Because of this, more and more manufacturers opt to focus on solutions that provide a competitive edge. By leveraging the engine of a standard commerce solution, they benefit from continuous updates without draining resources.

Although the homegrown systems make companies feel like they have more control over their internal processes, they're expensive to maintain (**70%**). On top of that, they are not nimble enough for flexible and effective regional marketing. As technology is always up-to-date, location-based innovations don't always fit into outdated systems, thus significantly slowing down progress and, ultimately, sales.



Biggest challenges of homegrown commerce solutions

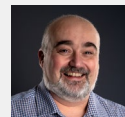


The Appeal of Standard, Future-Proof Commerce Platforms

Companies have started to gradually move away from homegrown systems. Standard commerce platforms are already paving the way to profit for many companies dabbling into online sales and new markets. Our survey participants who use a modern commerce platform (**30%**) have a single dominant system, with **95%** of them leveraging external partners to either entirely or partly develop and customize their unique system to meet the specific needs of their customers and respective regions.

Likewise, **95%** of them operate in 11 or more countries, including **43%** of them that sell in more than 50 countries. On average, these companies own several country-specific online shops and up to **79%** of them sell spare parts, while others provide complex products (**36%**), configure-to-order products (**21%**), and services (**14%**). For **85%** of these companies, the average online revenue is **26%** or more. Additionally, they expect to experience sales increases of **26%** in the next two years.

No country organization is so special that it needs a very special e-Commerce software!



Mauro Boffardi, Customer Success Manager, Intershop

85% of respondents that use modern commerce solutions have the ambition to become leaders within their markets.

Centralization of e-Commerce activities is preferred

Out of all companies using modern commerce solutions, **57%** manage their platform centrally, but market locally, while only **29%** manage and market centrally. Centralization is definitely becoming a more widespread practice, as **50%** of these companies are also looking to centralize operations further in the hope of closing the commerce competency gap that they are currently faced with. Other challenges they are tackling at the present moment include IT integrations, lack of digital skills, and the complexity of managing multiple business models.

From ambition to success

Despite the challenges, it's refreshing to know that **85%** of our survey respondents that use modern commerce solutions have the ambition to become leaders within their respective markets. And the odds seem to



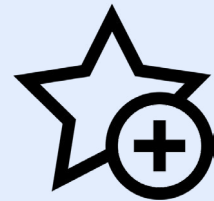
be in their favor since **86%** of them have developed at least a partial, if not total, global e-Commerce strategy. The same optimistic perspective cannot be extended to the **17%** of our survey respondents who don't have a global e-Commerce strategy at all.

Tapping the full potential of e-Commerce

So, what's the appeal behind modern commerce solutions? It enables companies to provide significant support to their local subsidiaries in a highly efficient manner, including maintenance, core backend applications, continuous updates, product content, category management, pricing, best practices, and more while also giving them the freedom to localize.

As such, resources and investments are allocated to everything that can further differentiate them to accomplish their growth ambitions, like becoming the new leader in their market.

The Benefits of a Modern Commerce Platform



01.

A commerce platform takes care of the mundane, allowing you to focus on what makes your customers happy, such as special features that meet their needs and increase their loyalty to you.

Such a platform is stable and scalable across the globe, at the same time. Everything that can be encountered has been solved many times already.

02.

03.

If you opt for a cloud-commerce solution as your basis, it is the vendor who constantly improves the core functions, makes fundamental security and technological upgrades, and even expands in directions that may be overseen by an internal team (i.e. AI, reporting/analytics, new frameworks, integration with CPQ).



04.

Most of the infrastructure and generic business requirements are already coming out of the box and are battle-proof tested by mature platforms.

Let your internal team of DevOps and architects focus on where the unique proposition of your company lies: special processes, specific information, the right and unique features that will set you apart from your competitors.

05.

06.

If you are responsible for developing everything yourself, the competency of your team will start to spread thinner and thinner in many different areas: infrastructure, database, frontend technologies, new standards, tools, and paradigms. You will eventually need to address this issue. Naturally, you could also find new tech specialists regularly to keep your platform up to date or keep your team trained and motivated to understand the value of new technology.

Read more 

Focus on the special features that help you boost your business!



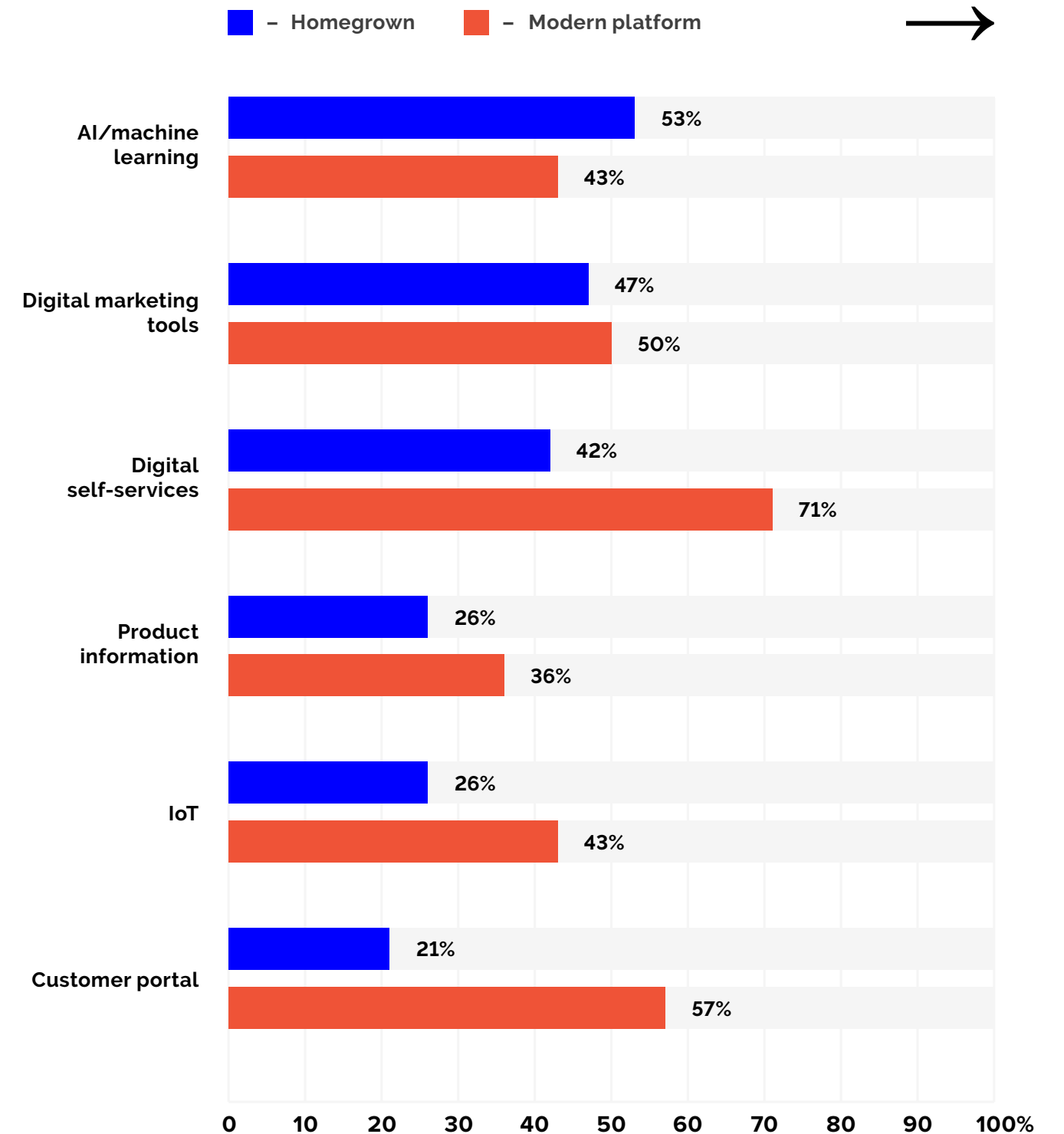
Herbert Pesch, Founder,
Evident

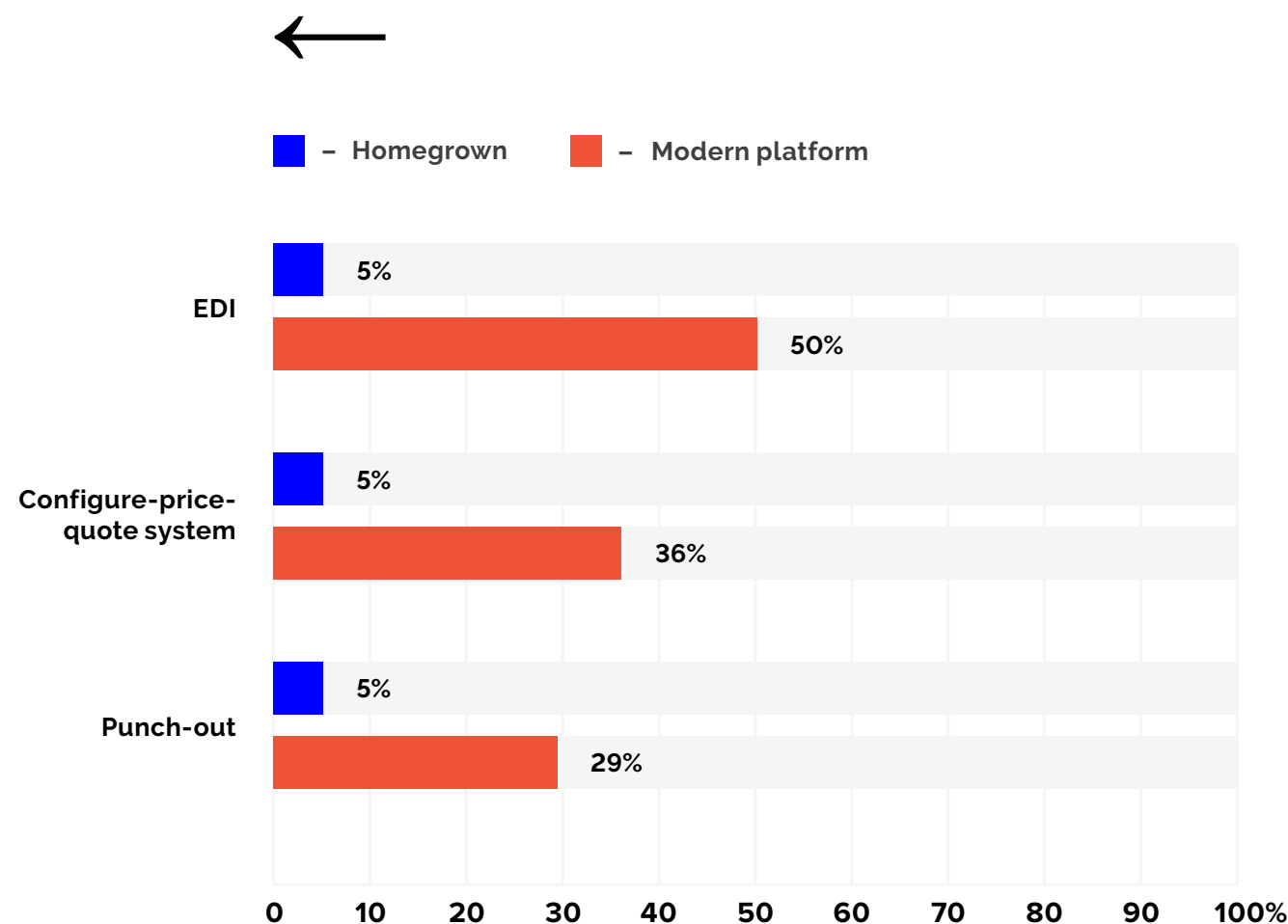
Benefiting from a “Buy and Build” Strategy

Manufacturers plan to expand their investments in technology and innovations. To continue driving growth, commerce platforms must always be up to date in order to benefit from new technology and innovations. There appear to be considerable differences regarding investments in new technologies within the next 12 months between companies that built a homegrown system and those that bought a modern e-Commerce platform.

Leading and ambitious manufacturers will benefit from a “buy and build” strategy. They can benefit from the most advanced and scalable commerce capabilities and B2B features, often refined down to the smallest detail. Some platforms also offer technologies that allow customizations for specific needs and differentiation within various regions.

Planned investments to achieve digital objectives
(within the next 12 months)





What Does It Take to Replatform Your Commerce Solution in an Internationalization Context?



In order to either get rid of a self-developed, outdated central or local commerce solution, a replatforming project will be necessary at some point. Of course, those are very special because they depend on the complexity of the system which is to be replaced, but some aspects are

similar in each initiative. It all starts with finding capable people for project management and business analysis who design the requirements of the MVP in a good way and not just rebuild what was there in the first place. With good prioritization, you can keep track of time and budget—which is the most important KPI when it comes to replatforming.

The price and duration of a replatforming project depend on the complexity of the platform that you are trying to replace. If you stay on a custom solution for many years, you will most likely find many specialized features that may even make it impossible to be substituted. Then you need a “lift and shift” approach. If you’ve built your business around





There is a replatforming effort function: take the features you need and multiply them by the age of your existing solution. The older it is, the more iterations it has gone through, the more effort you will need in replatforming.

special software, it will become stiff and old. Knowledge will get lost! When replatforming such a “monster”, you can spend a lot of time rebuilding what you had before—so why even replatform in the first place? You have a lot to invest in your organization because you have to adopt a myriad of processes, structures, and even company culture to a new commerce solution.

And if you are working with the first channel, not much effort is needed. If the organizational structure is set up, new country channels can go live every other week. Therefore, you need a checklist of the integrations you need to take care of, the content which is to be adapted, the features that are needed from the out-of-the-box pool, and then you just need to flip the switches.

Considering Buy and Build to Expand?

You can develop a commerce solution yourself, but doing so requires a thorough consideration of technical, economic, and organizational factors, including:

1 – Cost

Buying a standard solution or running it as a SaaS has calculable, amortizable costs. Whether a team of developers, architects, and project management can create an equivalent product for the same price may not be as accurately assessable.

2 – Time

A ready-to-go, complete solution accelerates the time factor because features only need to be tailored, not developed.

3 – Quality

Vendors of commerce solutions operate their own quality management, but this in no way means that in-house developments have to be at a disadvantage—on the contrary. Standard solutions only meet actual user requirements to a certain

extent, and in-house developments can deliver custom-fit quality as long as the necessary steps are taken to develop the software without errors.

4 – Resources

In-house development requires people with certain expertise and an appropriate IT infrastructure, which in turn needs to be administered and operated—for many years to come because you need to take care of security updates, further development, and customization in the long run.

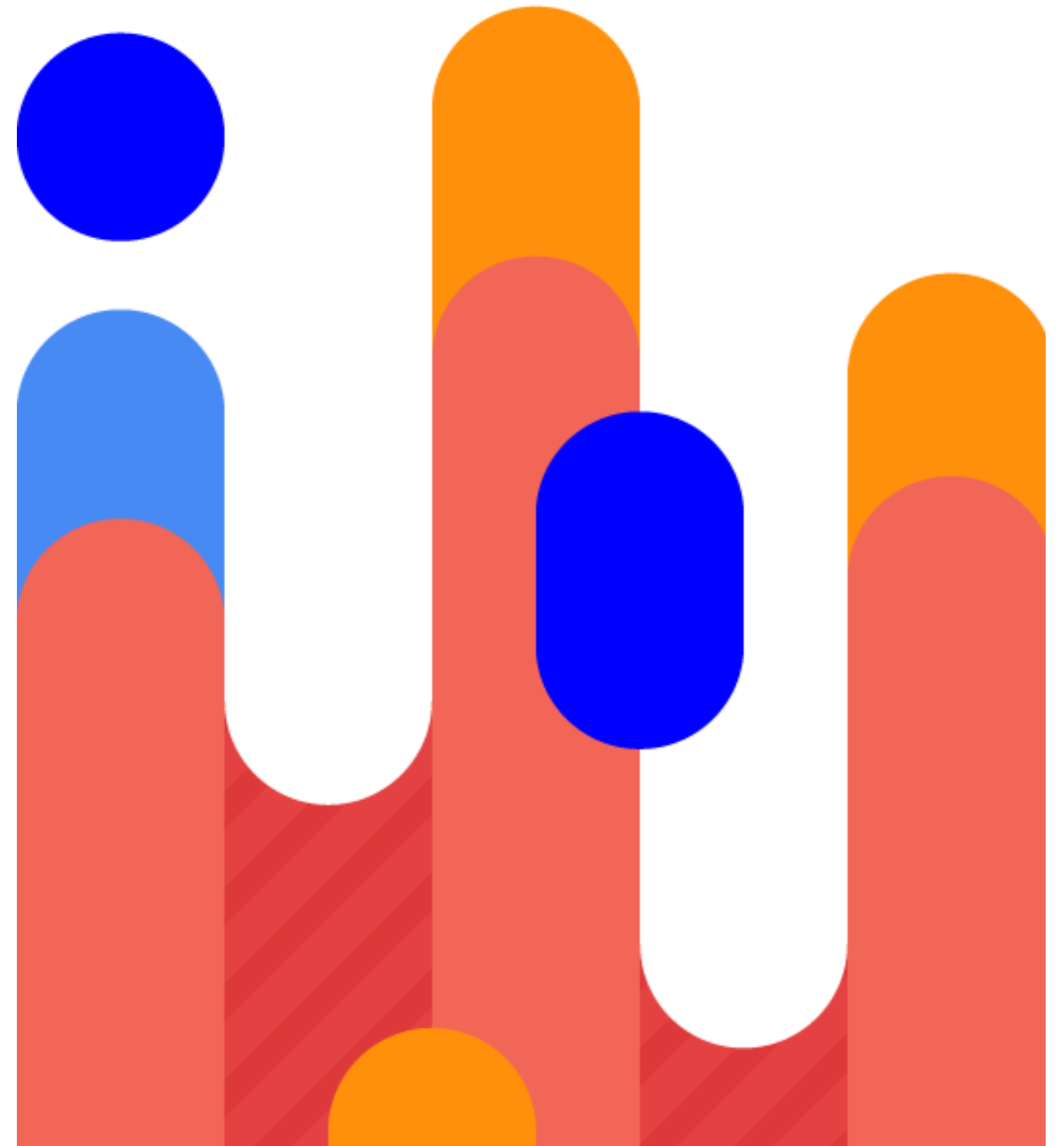
5 – Risks

The biggest risk when deciding to buy a platform is a takeover of the vendor by another group or the vendor going out of business. If you want to rely on in-house development, the biggest risk is that you will use a solution that is not efficient in management, not sufficiently scalable and vulnerable for security risks. Hundreds of microservices or PHP modules quickly come together—with a corresponding dependency dilemma. —

Buy.	Standard commerce platform with a pre-defined set of features.
Build.	Develop everything yourself based on open frameworks.
Buy and build.	Standard commerce platform with standard features, which can be customized, using for example a headless architecture with microservices.

	Buy	Build	Buy and build to expand
Integration	+	+++	+++
Flexibility	+	++	+++
Differentiation	+	+++	+++
Keep state-of-the-art technology	++	+	+++
Cost	+	+++	++

7 Tips for International E-Commerce Success

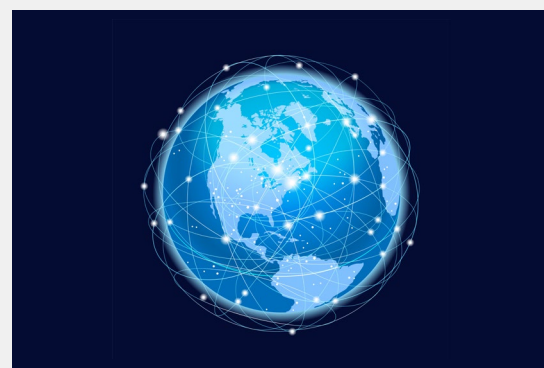


Grow-as-you-go-global (and keep the long term in mind).



**Gerrit Enthoven, Sales Director
EMEA, Intershop**

The future looks and sounds digital—globally and regionally. As the data from this report has shown us, maintaining a competitive edge on an international level requires in-



tensive focus on developing a solid, global e-Commerce strategy that also enables localized responsiveness.

Business growth and increased online sales will greatly depend on your commerce platform, which should complement your e-Commerce strategy. And while the commerce platform you select to build your business to new heights, there are also seven best practices that you can incorporate into your operation for maximized results.

01.

Keep an eye on your ROI.

Keeping the costs down is obviously a very effective way to improve your ROI, when developing strategies that are aimed at effectively boosting international commerce.

The most effective strategy to sell internationally is often to make all operational processes as local as possible, but this is not always the most efficient way to go. Planning your warehouses and order fulfillment are probably the best-known examples of this and can cut your operating costs dramatically.

Operating an e-Commerce solution takes a lot of effort, money, time, and expertise. You need experienced commerce and IT teams, which is usually difficult to find in every local market. Nonetheless, relying on a centralized platform across the world is a big responsibility and having a homegrown system increases both risks and costs.



Advice.

When selecting a future-proof commerce platform, ensure that you are able to flexibly integrate logistic partners and systems in every region. Look for a robust and scalable standardized platform that offers a rich set of ready-to-use functions, optimized for international and B2B processes, so you can invest your resources in developing buying experiences that make you stand out in every single region.

02.

Set up your platform centrally, optimize locally.

There are three key B2B commerce internationalization strategies:

1 – The global centralized strategy.

A global strategy is a commonly used guide to globalization. This strategy is appropriate when firms are faced with cost reduction pressures. It is also less focused on local responsiveness. Therefore, it allows industries to sell standardized products worldwide. By using a global strategy, companies can emphasize efficiency but they will also sacrifice responsiveness to local requirements—which makes this strategy the complete opposite of a multi-domestic strategy.

2 – The multi-domestic strategy.

A multi-domestic strategy is a marketing tactic where each branch establishes its own digital marketing plan based on the distinguished needs of each country. The strategy commonly hinges on the cultural and traditional needs of a certain nation and its preferences. Companies that use a multi-domestic strategy emphasize responsiveness to local requirements within each of its markets. This can often result in a lack of control over the efficiency of the whole operation.

3 – The transnational strategy.

A transnational strategy comprises a series of actions defined by a company to conduct operations in markets abroad. The term “transnational” generally applies to the methods and structures that allow a firm or



company to initiate and maintain functions in foreign countries. Companies that use a transnational strategy preserve central coordination at one specific location while also seeking out the middle ground between a multi-domestic strategy and a global strategy. That means they try to maintain a balance between the desire for efficiency and the need to adjust to local preferences within different countries.



Advice.

Move to a transnational strategy for efficiency and growth-effectiveness, by combining a standardization strategy and a multi-domestic strategy. Through standardization with a robust and scalable global commerce platform, you will not only achieve economic growth but also maintain the level of flexibility that you need to respond to local conditions. Standardized processes, alongside customer experience that is tailored to specific countries, are usually the best way to go.

03.

Understand and adapt to local market dynamics.

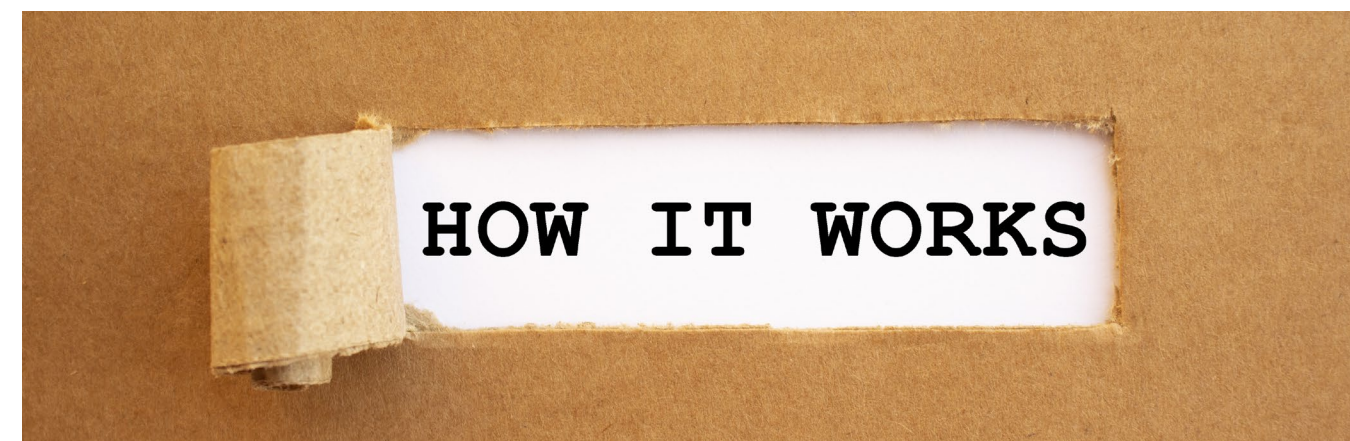
Some markets are more volatile than others, so understanding the local dynamics is very important. Survey each market to understand the local culture, market conditions, relevant business models, your market position, customer base, business partners, supply chain, competition, and more. Demand for your products and services may differ in each market. This is partly due to the level of awareness of your brand, and partly to the size and maturity of your partner network and country sales organization.

How easy or difficult the adoption of digital services will be in a region depends upon the digital maturity of the respective market, among other things. The adoption of digital services by your customers is not always a given. You might have to convince your existing customers that using digital sales channels pays off.



Advice.

Carefully determine which strategies work best for each country. Markets respond differently to different techniques. So before you launch in a new country, do a thorough survey and create a localized marketing plan. It is advisable to implement an e-Commerce platform that can flexibly map the regional needs with the organizational conditions to support future growth. You can make e-Commerce attractive to your customers by leveraging discount campaigns, special conditions, or value-added digital self-services.



04.

Use the potential of different business models.

When developing your local commerce strategy, it's important to understand the situation and business models in each respective region. It is also important to be aware of the main products that are being sold and how the supply chain is organized in every region.

Expanding a business in current and/or new regions with online sales to end-users is of great importance for manufactures that want to gain more control within the value-chain and increase reach with relatively small investments. Additionally, marketplaces could be well suited, too, as an entry into the direct-to-customer business, because you can immediately access the infrastructure and the customer base of a certain marketplace.



Advice.

When choosing your commerce platform, make sure that it is flexible enough to support all business models, such as direct sales, direct-to-consumer, online sales, indirect sales via wholesalers and business partners, marketplaces, etc. Also, look for important features such as punch-out and EDI.

Your commerce solution should enable you to flexibly respond to local conditions.

05.

Optimize the customer experience for local audiences.

Every country and region has its own culture and idiosyncrasies, thus making international e-Commerce expansion tricky. For example, a website, an online shop, or a digital customer portal design that works in France might be difficult for Japan. To be successful, you should optimize the design to work specifically within the Japanese market.



Advice.

Your commerce solution should enable you to flexibly respond to local conditions by leveraging specifically designed responsive storefronts for countries where that is relevant. It is also important to have access to features that support multiple languages, currency configurations, taxes, and more.



06.

Maximize customer lifetime revenue.

Buyers, as well as customer-facing employees, appreciate it when their daily work is made easier. This will save time for your customers and customer-facing employees. Consequently, you will also improve customer retention. You will be able to further extend customer relationships, up- and cross-selling of profitable consumables, spare parts, and services, and increase the probability of replacement or extension of investments in your goods and services. You will turn individual transactions into lasting customer relationships and maximize customer lifetime revenue.



Advice.

Digital customer portals—in combination with business intelligence (BI) applications, CRM systems, and artificial intelligence—will make it possible to offer highly personalized experiences. Digitalize sales and after-sales processes, and make them accessible via digital customer portals. Buyers will have 24/7 access to customer-specific data, products, and service agreements. Furthermore, exactly the right offers can be placed at the right time across all touchpoints.



The Champions League of B2B Digital Commerce



Customer portal solutions are seen as the Champions League of digital B2B commerce. Manufacturers can offer their buyer teams a highly personalized experience through a portal with innovative, intelligent services, including, for example, special

response times or availability commitments, service support via virtual reality, tool monitoring, consumption optimization, or prediction of material wear. Additionally, digital self-services provide added value for customers and relieve your sales team.

07.

Ensure seamless integration of regional 3rd-party applications.

In order for digital commerce to succeed on an international level, your central e-Commerce platform must be seamlessly integrated into the multitude of country-specific IT system environments. Subsidiaries in different countries often have very different ERP, CRM, PIM, and logistics systems in use. All relevant systems have to be connected quickly and easily. The same applies to the systems of regional partners, distributors, logistic partners, or payment providers.



Advice.

When it comes to payment options, there are still major regional differences in preferences. A lean platform architecture with an extensive selection of APIs ensures a fast, low-risk connection of all important systems—with minimal effort and without expensive development costs. This streamlines your processes and cuts down on extra work. —

About



We are built to boost your business.

Intershop enables the world's leading manufacturers and wholesalers to digitalize, transform, and boost their businesses. Our robust e-Commerce platform and cloud-based technology give B2B companies the power to establish and expand their digital presence, improve customer experience, and increase online revenue. Together with our network of experts, we support the success of our clients every step of the way—creating opportunities to scale, innovate, and gain a competitive edge in all their sales channels.

Founded in 1992, headquartered in Jena, Germany and with additional offices in Amsterdam, Böblingen, Chicago, Frankfurt, Ilmenau, Melbourne, Paris, San Francisco, Sofia and Stockholm, Intershop combines global expertise with local insights. Supported by 340+ employees and high-quality German engineering, we help our clients turn products into profits, customers into business partners, and transactions into lasting relationships.

evident

We know B2B digital.

We help B2B companies grow in an ever-changing digital world.

With a 100% focus on B2B and 20+ years of experience, we identify and address digital opportunities for manufacturers, distributors and service providers in Europe. We love designing digital experiences and solving complex technical challenges. In short, we love creating business value for and with our customers.

With a team of over 100 people based in Utrecht and Lisbon, we work in interdisciplinary teams of consultants, designers, and developers. We create e-Commerce solutions, service platforms and customer portals for manufacturers with an (international) after-market that redefine the B2B digital experience and drive growth.

COPPERBERG

We do make a difference.

Herbert Spencer once said: "The great aim of education is not knowledge, but action".

Copperberg creates physical and digital platforms bringing together the manufacturing community in order to grow and build relationships globally. During the recent global pandemic, we have been focusing on virtual events and digital content—ensuring our community remains connected.

So, how do we actually do that? On a daily basis, we work hard to improve, develop and innovate our concepts and original content in order to ensure the best hands-on, real-life strategies for all our community members. Our ambition is to provide ideas, networking, and industry exchange between peers, that inspires and leads to action.

