

The Rise Of The Empowered B2B End User Buyer

Understanding And Addressing A New
And Emerging Opportunity

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Executive Summary

Say hello to a new class of business-to-business (B2B) buyers — the empowered business end users. These buyers, now pervasive across many organizations, harbor high standards for an online customer experience and value convenience and simplicity when making purchases for work.

Above all, this new class of buyers is frustrated by traditional, slow, and formal procurement processes. They seek out suppliers that provide what they need quickly and efficiently, such as broad product selection, rich product information, easy-to-use websites, and transparent pricing and delivery costs. They do not allow themselves to be constrained by procurement rules and prefer to buy direct whenever they can.

For those accustomed to selling through procurement professionals, empowered business end user buyers represent a new opportunity for penetrating deeper into B2B organizations. They also represent an opportunity to steal share away from business-to-consumer (B2C) sites that target these buyers as consumers.

B2B end user buyers: nonprocurement business professionals who purchase products and services for work-related activities.

In August 2014, Intershop commissioned Forrester Consulting to evaluate the expectations and behavior of the business end user buyer. In conducting in-depth surveys with over 1,500 buyers in this new category across Australia, China, France, Germany, the US, and the UK at organizations with at least 500 employees, Forrester found that catering to their sophisticated needs and preferences will require B2B sellers to implement robust and full-featured eCommerce capabilities quickly.

KEY FINDINGS

Forrester's study yielded three key findings:

- › **Empowered business end user buyers bypass procurement.** End user buyers are savvy online purchasers and self-empowered through new digital channels to push the guardrails of corporate procurement policies — often ignoring them altogether.
- › **End user buyers demand convenience and useful content.** End user buyers look to make purchases on their own because it is convenient, more enjoyable, and significantly more efficient than traditional catalog-based procurement processes. For B2B sellers to enhance the experience and capture the attention of this new category of business buyers, they must offer advanced features such as product comparisons, 360-degree rotational views, recommendations, ratings and reviews, and rich media content such as video demos and webinars.
- › **Business end user buyers are prevalent throughout the organization and across geographies.** Within the organization, these new buyers span from staff to VPs and across organizations of all sizes. These buyers research and buy wide assortments of products and services online, from office supplies to travel services to software, with 85% making purchases at their desk during working hours.

B2B End User Buyers Are Increasingly Buying On Their Own

Corporate procurement's mandate has historically been to act as a strategic function within the organization, helping to streamline processes and sourcing the best products at the best price. However, over time and particularly given the light speed of the new digital economy, the formal procurement buying function has come to be seen as slow and inefficient from the standpoint of business end users.

Legacy controls initially put in place by procurement groups to control lavish expenditures within the organization have become roadblocks and barriers to employees' legitimate attempts to steward the best interests of their companies.

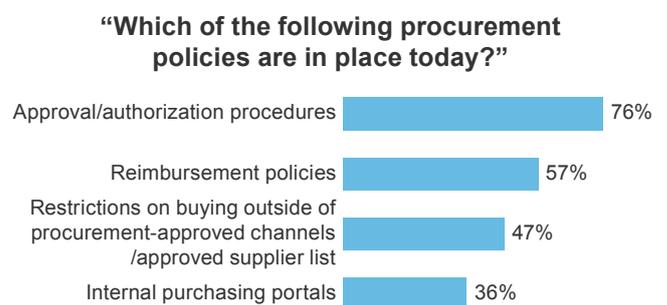
In fact, procurement groups have reacted to the emergence of easy and efficient direct online buying options by controlling, not liberating, their colleagues. Forty-one percent of end user buyers indicated that procurement policies have become even more stringent in recent years.

Despite these attempts to constrain independent purchasing activity, empowered end user buyers continue to push the guardrails of corporate procurement policies. Tired of being inconvenienced by procurement teams not understanding their unique requirements or executing in a timely fashion, end user buyers are doing what they can to procure products and services they need for their work quickly and conveniently via online channels. End user buyers told us that:

- › They will buy products despite procurement policies.** The B2B end user buyers that we surveyed told us that their corporate procurement function currently leverages a number of different policies. Seventy-six percent of organizations surveyed said they have an approval authorization procedure in place; 57% said they have reimbursement policies; and 47% said they have approved supplier lists that buyers can leverage (see Figure 1). In spite of the policies in place, 30% of respondents said they are not concerned about the procurement policies at their organization and will buy the products and service they want anyway.
- › They do not consider reimbursement policies to be a barrier.** In addition, 50% of business end user buyers do not see reimbursement policies as being a significant barrier to them making online purchases on their own. Similarly, a third of respondents said approval/authorization procedures are not a barrier.

Reimbursement policies are more prominent in the US (75%), China (70%), and Australia (61%) compared with France (33%), Germany (33%), and the UK (45%). US and UK end user buyers were the most concerned by procurement policies compared with other countries.

FIGURE 1
A Number Of Different Policies Are In Place Today

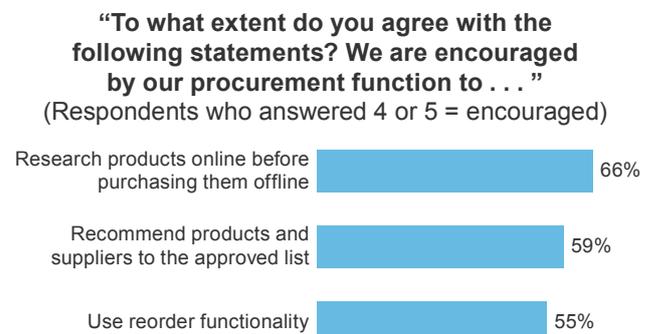


Base: 1,580 end user buyers

Source: A commissioned study conducted by Forrester Consulting on behalf of Intershop, August 2014

Chinese procurement functions are more likely to encourage online research (90%) compared with other countries.

FIGURE 2
Procurement Encourages Business Buyers To Research Online



Base: 1,580 end user buyers

Source: A commissioned study conducted by Forrester Consulting on behalf of Intershop, August 2014

B2B End User Buyers Are Sophisticated And Savvy

The survey revealed that end user buyers are prevalent throughout all geographies and all levels within the organization. In our survey, nonprocurement buyers were represented across Australia, China, France, Germany, the US, and the UK, as well as across all major verticals. Within the organization, end users buyers span from managers to VPs and across all enterprise-sized organizations with more than 500 employees. They research and buy multiple different assortments of products and services online — from office supplies to travel services to software. End user buyers cannot be ignored. They tend to:

- › **Have had many years of experience buying online for work.** Over half (52%) of respondents said they have been making online work-related purchases for six years or more. A further 64% said they purchase at least weekly or monthly without procurement.
- › **Expect an increase in the total amount of work purchases made online.** Over half (55%) of respondents said they expect an increase or significant increase in the total percentage of work purchases made online in the next 18 months (see Figure 3). A further 44% said they expect the average purchase size to increase online.

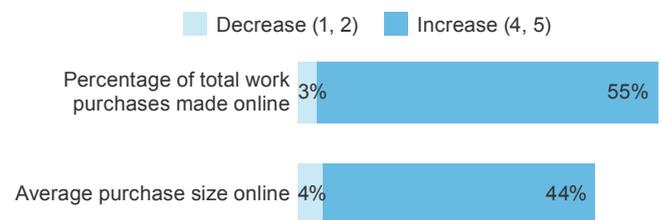
The expectation of increased online purchases is particularly strong in China (89% expect an increase), Germany (60%), and the UK (60%).

- › **Leverage multiple payment options.** The majority of end user buyers use invoice and purchase order approaches (87%) and company-issued credit/debit cards (74%) to complete their purchases (see Figure 4). Given that a quarter of end user buyers use consumer websites for their final purchases online, it is unsurprising that they are also comfortable using their personal credit/debit card (58%) and other popular online payment services (42%) to make their final purchase.
- › **Feel secure using multiple devices.** To explore how secure end user buyers feel using other devices, they were asked to share their agreement with a number of statements. Almost 90% of end user buyers said they feel secure using their desktop/laptop; 69% said they feel secure using a tablet; and 51% said they feel secure using smartphones for work-related purchases.

Chinese (86%), German (70%), and US (69%) end user buyers agreed the most with how secure they feel making purchases for work on a tablet.

FIGURE 3
End User Buyers Expect Online Work Purchases To Increase Significantly

On a scale of 1 to 5, where 1 = significantly decreased and 5 = significantly increased, please tell us how your buying behavior with work purchases has changed in the past 18 months.

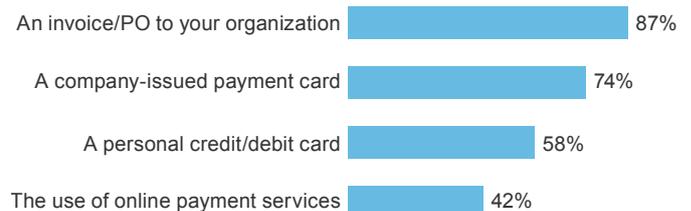


Base: 1,580 end user buyers

Source: A commissioned study conducted by Forrester Consulting on behalf of Intershop, August 2014

FIGURE 4
B2B Buyers Leverage Multiple Payment Options

“Have you made work-related purchases with . . . ?”



Base: 1,580 end user buyers

Source: A commissioned study conducted by Forrester Consulting on behalf of Intershop, August 2014

B2B End User Buyers Are Holding Sellers To High Standards

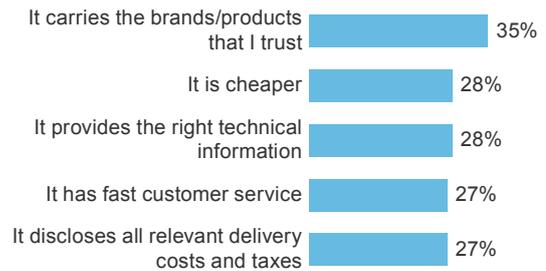
With nearly three-quarters of respondents agreeing that they are encouraged by their personal shopping habits to make more regular work purchases online, it is only right that business end user buyers expect the same level of experience when working with B2B suppliers. End user buyers expect the online suppliers they make work purchases from to:

- › **Sell trusted brands/products.** End user buyers look for the familiar brands, products, and labels, with 35% saying they consider a supplier when they carry brands and products that they trust (see Figure 5). Also, end user buyers prefer suppliers that provide the right technical information, have fast customer service, and offer transparent delivery costs (e.g., taxes, duties, and VAT).
- › **Offer the best price.** End user buyers were also asked about what drives loyalty to online merchants (see Figure 6). They told us that an online supplier offering lower prices than their competition is a primary factor driving repeat engagement. In addition, compared with loyalty in the offline channel, end user buyers expect online suppliers to offer faster shipping options (35% online versus 18% offline), as well as order tracking functionality (32% online versus 16% offline).
- › **Offer the right experience.** The study also revealed that over half of end user buyers are loyal to online suppliers that they have had a good experience with. This is even more important in online channels compared with offline channels, where only 23% of respondents identified this as critical for ongoing supplier engagement. This makes an even more important case for suppliers to deliver the right content and information to ensure the buyers' experience is convenient and fast.

A positive past experience is also important for end user buyers, particularly in the US (71%) and UK (60%). For Chinese end user buyers, the top factor driving loyalty is product quality (50%).

FIGURE 5
Business Buyers Want Suppliers To Carry Brands And Products They Can Trust

“What attributes of a supplier do you consider when making purchases for work?”
(Select up to three)



Base: 1,580 end user buyers

Source: A commissioned study conducted by Forrester Consulting on behalf of Intershop, August 2014

FIGURE 6
End User Buyers Are Loyal To Suppliers For Price And Good Experience

“In general, what makes you buy again from a supplier that you had bought products from before in an *online* channel?”



Base: 1,580 end user buyers

Source: A commissioned study conducted by Forrester Consulting on behalf of Intershop, August 2014

USEFUL CONTENT AND RELEVANT INFORMATION IS KEY

The majority of research for work-related purchases begins online, primarily on a laptop or desktop computer during normal working hours. Eighty-five percent of business end user buyers told us that they begin their research for work-related purchases on their desktop or laptop. They told us that they typically begin research on search engines (35%) and the brand manufacturer's website (27%). A further 18% also begin their research on consumer websites. Thus, it comes as no surprise that end user buyers expect online suppliers to:

- › **Offer both traditional and rich media content.** Twenty-eight percent of end user buyers consider a supplier when the supplier provides the right technical information. They expect suppliers to share specification sheets (61%) and instruction manuals (46%) (see Figure 7). They also expect to see rich media content, as 38% of end user buyers find video content helpful when making purchases online.

Content on social media is particularly strong in China, with 63% of end user buyers highlighting social media activity as being useful.

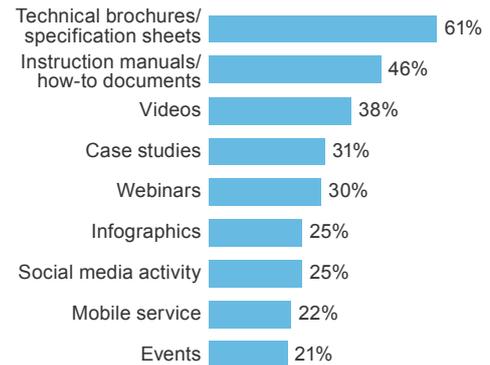
- › **Provide transparent delivery and stock availability information.** Unsurprisingly, 73% of end user buyers find pricing information useful when making purchases online (see Figure 8). End user buyers also value transparency around delivery costs (53%) and expected delivery (44%). Additionally, end user buyers expect visibility into stock availability (49%). Advanced features such as product comparisons, 360-degree rotational views, recommendations, ratings, and reviews enhance the experience and capture the attention of the end user buyer.

Information on product availability is particularly important for US and UK end user buyers (57% and 53%, respectively). German end user buyers particularly value information on related products or services (45%).

FIGURE 7

End User Buyers Expect A Mix Of Traditional And Rich Media Content

“What forms of content do you find most useful when making purchases for work in an online channel?”



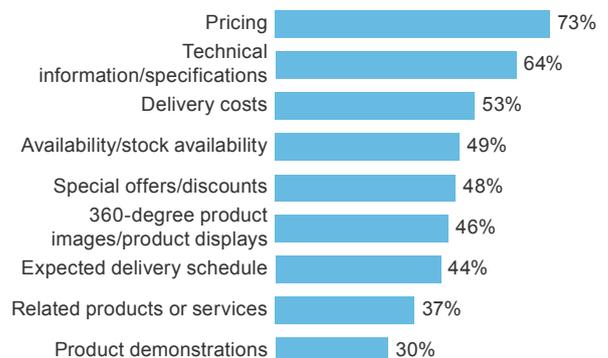
Base: 1,580 end user buyers

Source: A commissioned study conducted by Forrester Consulting on behalf of Intershop, August 2014

FIGURE 8

Visibility Into Information On Pricing, Delivery, And Availability Is Important For End User Buyers

“What forms of information do you find most useful when making purchases for work on an online channel?”



Base: 1,580 end user buyers

Source: A commissioned study conducted by Forrester Consulting on behalf of Intershop, August 2014

B2B END USER BUYERS EXPECT CONVENIENCE

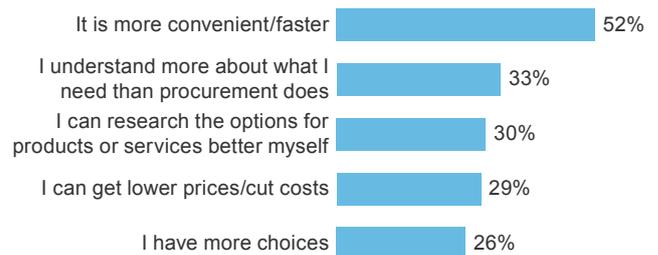
Driven by their personal shopping habits, 25% of business end user buyers stated that they make their final purchases on consumer websites. Business end user buyers were asked about their decision to purchase products and services without corporate procurement. They told us that the most important reasons they bypassed procurement and bought elsewhere were because the other sites (see Figure 9:

- › **Were more convenient/faster.** End user buyers look to make purchases on their own because it is convenient, more enjoyable, and significantly more efficient than traditional catalog-based procurement processes. Over half (52%) of end user buyers said they make purchases online for work on their own because it is convenient/faster. The requirement for a product or service can often be seen as being urgent. This adds significant burden on already busy buyers as they have to explain the need, work with approved partners, and then leverage the procurement portal.
- › **Had a better understanding of their own requirements.** The convenience of having all the information and content at your fingertips ensures that while online, end user buyers are able to source the best-suited product or service for their requirements. A third of respondents said they buy on their own as they have a better understanding of their needs. End user buyers can procure products and services that fulfill their need without having to explain every choice to procurement, which may not have the breadth of knowledge to understand the request comprehensively.
- › **Offered a great variety of choice.** Just over a quarter (26%) of respondents said they purchase on their own because there is more choice available. End user buyers prefer not to be tied down by procurement-approved supplier and product lists. They are keen to explore alternative products and services from nontraditional sources, including directly from consumer sites.

FIGURE 9

Self-Procurement Of Products And Services Is Driven By Convenience

“What are the most important factors prompting you to purchase products or services for work yourself (rather than through the corporate procurement function)?”
(Select up to three)



Base: 1,580 end user buyers

Source: A commissioned study conducted by Forrester Consulting on behalf of Intershop, August 2014

French (40%) and German (42%) end user buyers are even more driven to buy on their own because they have a better understanding of what they need than procurement.

Key Recommendations

B2B sellers should continue to foster their ongoing and deep relationship with their procurement customers. However, to avoid being left behind, they must court the “rogue” business end user buyer by offering the right experience, information, and support. Forrester’s in-depth surveys with end user buyers yielded several important observations for B2B sellers:

- › **Own the relationship with end user buyers.** B2B sellers are no longer competing just with other suppliers — the competitive landscape is changing. Direct-to-customer manufacturers, Internet pure plays, and horizontal expansion from B2C organizations have all seen the opportunity to exploit end user customers. As our research identified, end user buyers are conducting research and even finalizing their purchases on popular consumer websites. B2B sellers must market to and directly own the relationship with end user buyers by ensuring they provide the right content to deliver convenience and an experience that will engage and drive loyalty among end user buyers.
- › **Offer a consumer-like experience.** End user buyers expect B2B sellers to offer content, both traditional and rich media, and information such as stock availability and full disclosure around price and delivery costs and schedules. B2B sellers should exploit eCommerce capabilities to make all information fully available to site visitors to ensure they can support the full purchase life cycle, including optimizing your search strategy, aligning content and information strategy to the buyer’s needs, and providing multiple payment and fulfillment options.
- › **Adjust the experience based on context.** When asked about the work environment in which end user buyers make their purchases on their own, they told us that the majority of purchases are made during the working day and largely by the buyers themselves or their direct team. The study revealed that although the end user buyers feel secure, they tend not to use smartphones or tablets for researching or finalizing purchases, with the exception in China. However, given the explosion of smartphone usage within the workforce, the use of mobile devices for work purchases will only gain momentum. B2B sellers should not ignore mobile when planning their multichannel mix. Many of their B2C counterparts use mobile as part of their customer service and delivery model, tailoring the experience to the end users’ contextual situation.
- › **Chinese end user buyers require a more tailored approach.** Throughout the study, a number of local and regional variations emerged, particularly among Chinese end user buyers. Compared with their Western counterparts, end user buyers in China tended to expect more online purchases to be made on their own and feel more securing using mobile devices. They see greater value in technical information and social content, as well as prefer suppliers that offer the best product quality.

Appendix A: Methodology

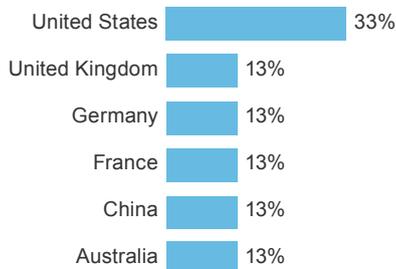
In this study, Forrester conducted an online survey of 1,580 end users with experience buying B2B products and services online in Australia, China, France, Germany, the UK, and the US. Survey participants were manager level and above from organizations with more than 500 employees across all industries. Questions that participants were asked focused on their relationship with corporate procurement, how they researched and finalized their work-related purchases, and their expectations of B2B suppliers. The study began in July 2014 and was completed in August 2014.

Appendix B: Demographics

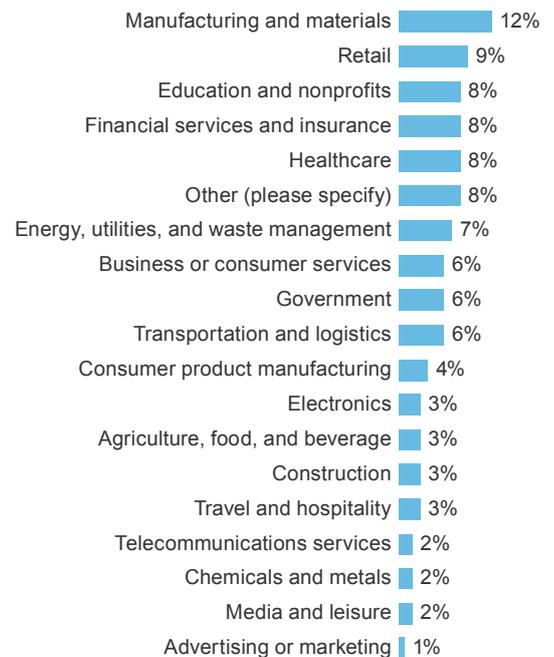
FIGURE 10

Survey Demographics — Country, Size (Number Of Employees And Revenue), Job Level, And Industry

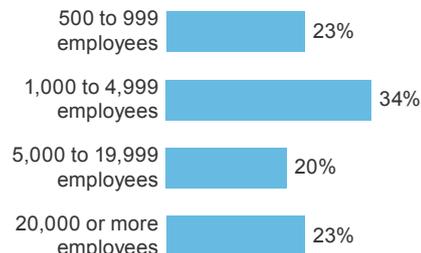
“In which country do you work?”



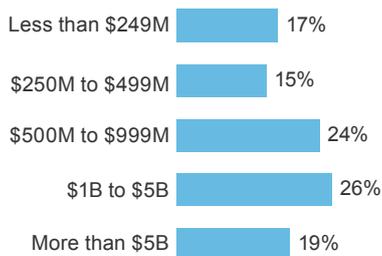
“Which of the following best describes the industry in which your company operates?”



“Using your best estimate, how many employees work for your firm/organization worldwide?”



“Which of the following most closely describes your company’s total annual revenue?”



Base: 1,580 end user buyers

Source: A commissioned study conducted by Forrester Consulting on behalf of Intershop, August 2014