

## B2B E-Commerce - UK - June 2015

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"In absolute terms the B2B e-commerce market it is also growing at a faster rate than the B2C sector. Yet the B2B sector still has major growth opportunity. More than half of companies make purchases through e-commerce, but less than 22% of companies actually make sales through e-commerce."

Terry Leggett, Senior Analyst

This report looks at the following areas:

- Why does B2B e-commerce have two separate routes to market?
- Is the potential complexity of a B2B sale a restriction on e-commerce activity?
- Are there major differences in industry penetration?
- With the market so dynamic are there major changes in the industry participants

### Definitions

All forecasts made in this report are at 2014 prices.

E-commerce covers the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the internet.

Electronic data interchange (EDI) is a document standard that acts as common interface between two or more computer applications in terms of understanding the document transmitted. It is commonly used by large companies for e-commerce purposes, such as sending orders to warehouses or tracking orders. It offers more than e-mail. For example, organisations might replace bills of lading and even cheques with appropriate EDI messages. It also refers specifically to a family of standards.

In 1996, the National Institute of Standards and Technology defined electronic data interchange as "the computer-to-computer interchange of strictly formatted messages that represent documents other than monetary instruments. EDI implies a sequence of messages between two parties, either of whom may serve as originator or recipient. The formatted data representing the documents may be transmitted from originator to recipient via telecommunications or physically transported on electronic storage media."

It also distinguishes mere electronic communication or data exchange, specifying that "in EDI, the usual processing of received messages is by computer only. Human intervention in the processing of a received message is typically intended only for error conditions, quality review, and special situations". For example, the transmission of binary or textual data is not EDI as defined here unless the data are treated as one or more data elements of an EDI message and are not normally intended for human interpretation as part of online data processing.

Before using EDI, trading partners must set up a trade agreement that defines the parameters of EDI. Each partner in a EDI trade agreement must independently determine a method to translate internal data to and from EDI formatted messages. Each must agree on the communications media and arrange the method for transmitting information. This may involve several methods, such as a dedicated communications link, a virtual area network (VAN), or the internet. Each must provide for system recovery in case of failure or error, security and timely response.

There are several advantages to using EDI:

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- EDI speeds up the process and improves the accuracy of getting information onto the user's computer system. Traditional connections between businesses are telephone and mail, which can be slow and require human intervention. EDI uses direct links to the computer system to minimize transmission delay.
- Direct links also eliminate the need for transcribing data into the computer. This reduces errors and saves time.
- EDI solves business problems, offers cost savings and strategic benefits, and provides a competitive edge.
- EDI helps organisations improve communications and increase competitiveness, efficiency and customer service by cutting costs and maximizing productivity and profitability.
- EDI can lower costs by reducing inventory investments due to more timely ordering. EDI can enable better business practices, such as "just in time" stocking. If point of sale data is sent directly to vendors, inventories can be monitored and orders automatically generated to minimize overstocking.

Omni-channel marketing is a multi-channel sales approach that seeks to provide the customer with a seamless shopping experience, whether online from a desktop or mobile device, by telephone, or in person at a store.

### Methodology

Reports are researched and written by MBD's in-house, specialist business-to-business consultants. Research is based on both an analysis of official information and on original, trade research, providing both a quantitative and qualitative view of the market. MBD's unique range of frequently updated reports provide an integrated body of on-going research, enabling deep understanding of the prevailing trends and the drivers of these trends based on trade opinion.

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Market positioning

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Coverage

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Economic advantage

Convenience

Payment simplicity

Product return

Perceived environmental compatibility

Check out abandonment

Price competition

Lack of interactivity

### UK Economy

UK Economy

Overview

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