



B2B E-commerce in Evolution Report

# Key Trends Driving Change in the Next Era of E-Procurement



# Table of Contents

---

<b>3</b> Executive summary	<b>18</b> The buyer perspective: improving the digital experience
<b>5</b> The next era of e-procurement has arrived	<b>21</b> The seller perspective: scaling the business
<b>9</b> Social initiatives transcend consumer channels and are just as relevant in B2B purchasing	<b>24</b> Conclusion
<b>12</b> Sector spotlights: the e-procurement experience by industry	<b>25</b> Methodology

---



## Executive summary

Digital transformation—the integration of new tools and technologies across all areas of a business to fundamentally change its operations—is rapidly accelerating across industries, enabling organizations to improve processes and streamline cross-functional digital systems. Organizations are now looking for opportunities for innovation across every facet of the company to unlock new efficiencies and advance growth.

When it comes to business purchasing, companies are at different stages in their transformation journeys. Large enterprises with robust procurement departments and access to greater resources may be further along. On the other hand, small businesses or enterprises in different industries are just beginning their transformations as necessitated by the shift to remote work and demand for cost containment. Regardless of company size, the prevalence of democratizing technological solutions, like digital B2B channels, is quickly enabling any size and type of business to evolve its operations and unlock areas of growth.

While 2020 spurred efforts to digitize procurement, the past year has also highlighted the gaps and opportunities for efficiency that will usher organizations into the next phase of digital purchasing. The rise of online B2B purchasing has also blurred expectations between consumer and business purchasing experiences. Long-standing boundaries are breaking down as buyers want the same fast, convenient, and personalized digital buying capabilities they've grown accustomed to at home.

By embracing more advanced, nimble e-procurement models today, companies of all sizes can accelerate transformation throughout their organizations, helping them to succeed, remain resilient, and even thrive tomorrow—and years down the road.

To better understand the transformation B2B e-procurement has undergone in recent years, Amazon Business surveyed 250 B2B sellers and 250 B2B buyers who play an influential role in their procurement departments in the government, education, healthcare, and commercial industries across the U.S. The majority of buyers (92%) and sellers (79%) surveyed said they work at companies with at least 250 employees.



As B2B e-procurement adopts even more consumer-like purchasing capabilities, additional trends—such as demands for more sustainable shipping, support for local businesses, and a greater emphasis on sourcing from diverse sellers—are playing a larger role in the procurement process. Investments in new tools and technologies can help companies meet these shifting goals, find immediate efficiencies across the business, and set them up for digital resiliency.

As businesses of all sizes embrace digital transformation, the shift to more advanced purchasing technologies won't just affect procurement. When B2B buyers incorporate digital solutions into the purchasing process, operational efficiencies are felt across the entire organization.

But organizations will need to rethink digital workflows across business functions to achieve true transformation. With advances in technology, procurement has become intertwined with operations that have historically been owned by other departments, like IT and finance. Procurement leaders can drive efficiencies across their organizations by integrating digital solutions such as purchase order and invoice storage and sharing, approval workflows, expense management, and enhanced security protocols across departments.

Simply leveraging e-procurement is no longer enough. The next era of e-procurement involves streamlining and integrating digital strategies with the rest of the business for maximum efficiency. Ultimately, the buyer organizations that don't maximize e-procurement technologies will face significant operational challenges that diminish efficiency and waste precious budget.

Likewise, changes in business buyer behavior require sellers to strategize new ways to connect with customers and scale their businesses. The seller organizations that don't adapt to meet buyer demands will quickly lose relevance with their B2B customers.

Read on for a deeper analysis of the trends reshaping B2B e-commerce for midsize to enterprise businesses, as well as the insights buyers and sellers need to know to evolve their operations and achieve success in a rapidly shifting landscape of the digitization of procurement to e-procurement.

## Key findings

**96%**

of buyers who shifted more procurement online during the pandemic said they anticipate their organizations will continue doing more e-procurement, even after pre-pandemic business functions resume.

**83%**

of buyers surveyed said their companies plan to increase their purchasing budgets reserved for Black and minority-owned businesses this year.

**40%**

of sellers said selling their products globally is a top priority in 2021.

**39%**

of buyers said improving sustainability is a top priority in 2021.

Section One

# The next era of e-procurement has arrived



## The shift to remote work in 2020 compelled many organizations to conduct more of their procurement online.

According to research from McKinsey, the pandemic [accelerated 10 years of e-commerce adoption into just three months](#). This finding was echoed in our own data: 85% of business buyers said their organization pushed more of its procurement online as a result of the COVID-19 pandemic.

In 2020, 38% of buyers made more than 50% of purchases for their organizations online—the top answer (**Figure 1**). Of course, many businesses were already headed in this direction, in line with their digital transformation goals. The pandemic simply accelerated this transition.

But the pandemic drove other procurement changes, too. For many organizations, the transition to partial or fully remote operations was the impetus requiring their organization to streamline and digitize its purchasing processes (**Figure 2**). Many began automating workflows, tailoring purchasing policies for their organizations, and leveraging mobile applications as a result.

Figure 1

Percentage of purchases business buyers made online in 2020

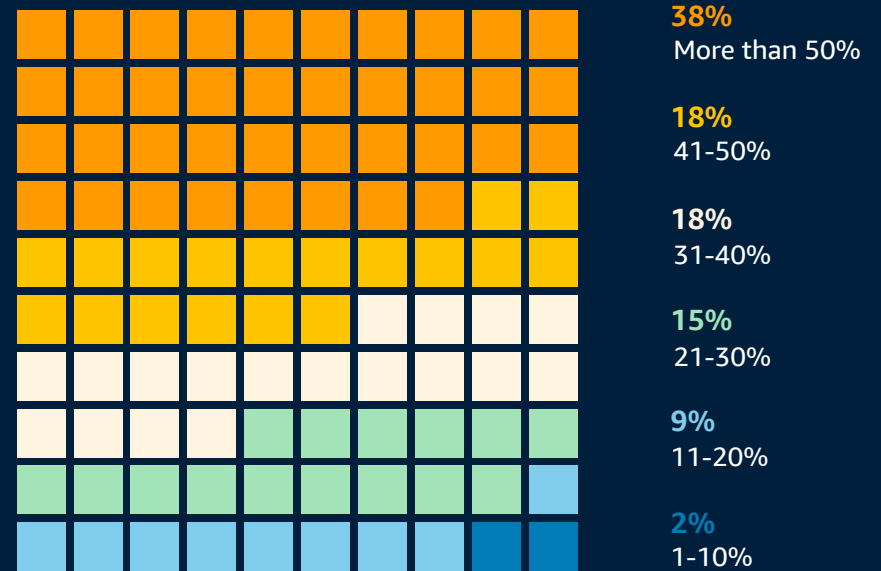


Figure 2

Top 3 actions organizations engaged in as a result of the COVID-19 pandemic



## Smaller commercial organizations were especially driven to accelerate their digital transformation efforts.

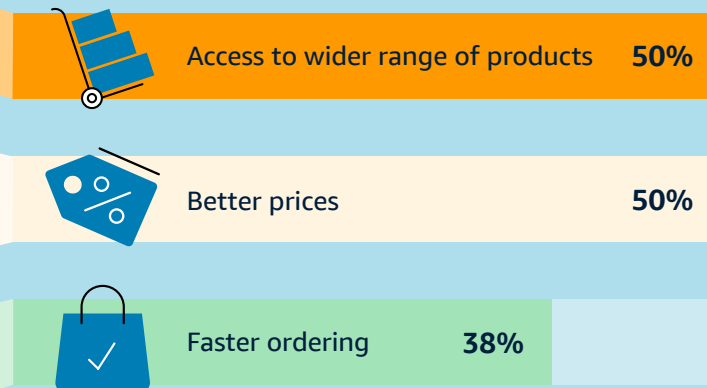
Fifty-six percent of SMBs (organizations with an annual revenue between \$25m and \$250m) said they more fully digitized their purchasing process due to COVID-19, compared to only 42% of enterprise commercial companies (organizations with an annual revenue of more than \$250m). It's likely smaller organizations had to play catch up with large enterprises when the shift to remote work upended in-person operations.

These changes will have lasting implications: The overwhelming majority of buyers (96%) plan to

continue leveraging e-procurement long term. And more than a third (36%) of buyers said they anticipate their organizations will make 50% or more of their purchases online this year.

For most, the increase in online purchasing is a welcome shift. The vast majority (91%) of buyers prefer e-procurement over traditional methods, citing product range, competitive prices, and order speed as the top benefits (**Figure 3**).

Figure 3 **Top 3 benefits of e-procurement for buyers**



## Cost containment is a primary procurement concern this year.

More than one-third (34%) of overall business buyers said reducing costs is a top priority in 2021. For buyers in the education, government, and healthcare industries, cost reduction is an even higher priority, compared to commercial buyers (Figure 4).

While day-to-day operations can differ significantly between businesses of different sizes and industries, inefficient purchasing

processes affect them all the same way: by driving up operational costs. The next era of e-procurement will move beyond simply using online channels to augmenting them. Depending on their size, industry, and goals, companies can leverage highly customizable online features to meet the individual needs of their business, reduce costs, and drive greater efficiency across the entire organization.

Figure 4 Top 5 procurement priorities for 2021, by industry

	Education	Government	Healthcare	Commercial
1	Reducing costs	Supporting remote work	Increasing efficiency	Improving sustainability
2	Supporting remote work	Reducing costs	Supporting remote work	Supporting local businesses within our community
3	Increasing supply chain diversification	Increasing efficiency	Improving sustainability	Increasing efficiency & increasing supply chain diversification
4	Improving sustainability	Supporting local businesses within our community	Reducing costs	Supporting remote work
5	Supporting local businesses within our community	Increasing supply chain diversification	Increasing supply chain diversification	Streamlining the purchase process for stakeholders outside of procurement

Section Two

**Social initiatives  
transcend consumer  
channels and are  
just as relevant in  
B2B purchasing**



## Buyers want to address social issues in addition to operational challenges.

Social initiatives like improving sustainability and supporting local businesses are nearly as important to buyers as efficiency (**Figure 5**). While many buyers' organizations have internal goals to purchase from diverse sellers, 71% of all respondents say those goals are not a requirement (**Figure 6**).

Yet many buyers want to support small and diverse businesses. At the end of the day, B2B buyers are also consumers. And consumers are increasingly prioritizing meaningful purchases that support their values. In recent years, consumers have demanded more [diversity](#) and [sustainability](#) from the brands they give their dollars to. Additionally, the majority of consumers are choosing to [support small, local businesses](#) through online-only or a mix of online and in-store purchases.

Figure 5

### Top 5 overall buyer procurement priorities in 2021

- 1 Increasing efficiency within the procurement department
- 2 Improving sustainability in purchasing
- 3 Supporting remote work
- 4 Supporting local businesses within our community
- 5 Increasing supply chain diversification

Figure 6

### Plans to purchase from certified sellers



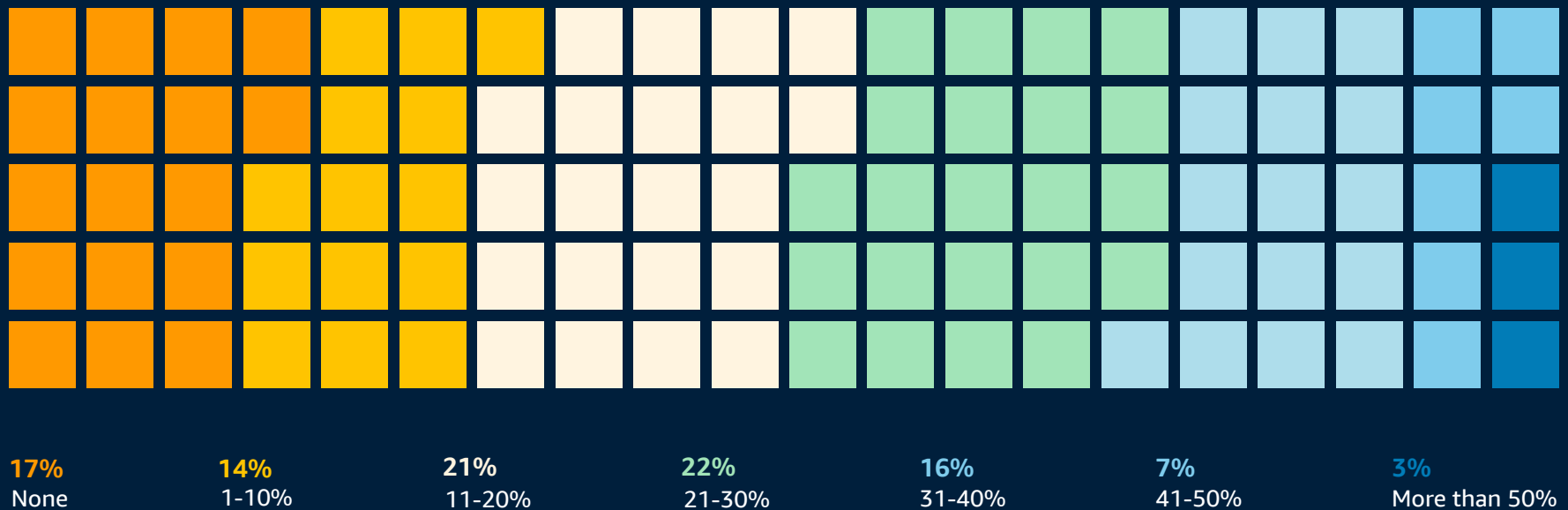
**With the right technology, buyers have the opportunity to lead change across their organizations.**

Business-wide decisions take time to implement and roll out, especially in larger organizations. But digital procurement features can empower individual buyers at companies of all sizes to start making a difference with their purchases now. With the clear designations and search filters available via some online B2B channels like Amazon Business, choosing to purchase from small, diverse, and minority-owned businesses is a differentiator and time-saver e-procurement offers.

That said, we expect [supplier diversity programs](#) to become more common in the near future, formalizing spending allocation across the organization. Seller certifications will play an important role in supplier diversity programs as 83% of buyers surveyed said their companies plan to increase their purchasing budgets reserved for Black and minority-owned businesses in 2021 (Figure 7). Of those, almost half (48%) plan to increase their budgets by 20% or more.

Figure 7

**How much buyers' organizations plan to increase their purchasing budgets reserved for Black or other minority-owned businesses in 2021**



Section Three

# Sector spotlights: the e-procurement experience by industry







## E-procurement is helping companies of all types and sizes innovate and transform.

Across industries, more and more business buyers are increasing the amount of purchases they make for their organizations online **(Figure 8)**. Yet each industry faces its own unique challenges and opportunities. We broke down the e-procurement experience in four key sectors—government, healthcare, education, and commercial—and found that each industry is embracing digital innovation in its own way to meet their specific demands.

Figure 8

Respondents planning to make more than 50% of purchases online in 2021, by industry

	48%	Government
	36%	Healthcare
	34%	Education
	32%	Commercial



## Government spotlight

### Streamlining processes in a highly regulated industry

Forty percent of government buyers said increasing efficiency within the procurement department was a top priority this year. To ensure fairness, many government buyers rely on an informal procurement process known as three bids and a buy, which involves making a purchase only after reviewing at least three competing offers. Additionally, most federal and state government buyers are mandated to allocate a certain percentage of their procurement dollars to small and/or minority-owned businesses.

These requirements add time to the overall procurement process. So government buyers are looking online to quickly compare and contrast potential suppliers (bids), filter by certification status, and find additional efficiencies through features like guided buying, multi-user accounts, and reporting and analytics.



“Efficiency is vastly improved if users can view numerous listings of a single product at once, making it easy to evaluate options on one detail page. And organizations that want to allocate purchases to diverse suppliers can filter by certification and quickly identify businesses owned by diverse and minority groups.”

—Rob Green, General Manager, Amazon Business

### Healthcare spotlight

## Accessing a range of supply to meet product and regulatory requirements

After adjusting to remote work as a result of the pandemic, accessing suppliers that meet the needs of their business was the top pain point healthcare respondents (32%) experienced in 2020. The healthcare industry is subject to stringent product specifications and regulatory requirements that can make sourcing necessary supplies challenging.

E-procurement is quickly evolving to better meet these needs by providing access to a much broader range of suppliers compared to traditional procurement methods, as well as advanced search and filter features.



“Diversification of supply is the focus now and is a huge priority. We are slowly watching the tide rise. Now we are in a position where healthcare customers care most about whether we have the products that meet their specifications, which can be a matter of life or death.”

—Petra Schindler-Carter, General Manager and Director, Amazon Business

## Education spotlight

### Accommodating evolving education models

Nearly half (46%) of education buyers said supporting remote work and learning is a top priority for 2021. Like nearly every other sector, the education industry has experienced fundamental changes as a result of the pandemic, and it's likely this trend will remain in some capacity.

Schools are thinking beyond the traditional classroom and leveraging technology to offer more flexible, remote teaching environments—permanently. Online purchasing has emerged as a convenient and efficient way to track and send school supplies to teachers and students dispersed across geographic locations.



“Recently, we’ve seen online education grow in popularity, even outside the context of the pandemic. And it’s expected to continue to grow. Digital purchasing supports both online and traditional educational institutions by providing easy access to supplies that can be shipped to multiple locations—campuses, schools, and directly to students. Amazon Business (AB) has the capabilities to scale from supporting educators teaching remotely to the largest universities and school districts.”

—Rob Green, General Manager, Amazon Business

## Commercial spotlight

### Prioritizing sustainability and supporting diverse and local businesses

Commercial business respondents, who all said they work at organizations with at least \$25m in annual revenue, identified their top three procurement priorities for 2021 as improving sustainability (49%), supporting local businesses within the community (46%), and increasing diversity (39%). These priorities indicate the growing importance of corporate responsibility in the commercial sector.

As consumers become more cognizant of who they buy from and how those purchases impact the world, they're bringing those buying habits with them to work—spurring positive changes across the entire business. E-procurement not only enables individual buyers to choose who they purchase from, but also makes it easier for the business to filter by and track spending with diverse sellers.



**“We are coming up with new and innovative ways to empower commercial businesses to reinvest in their communities and support small and minority-owned businesses. The benefits of this investment are impactful: Supporting these businesses spurs economic development and adds more diversity to the supply chain, so you’re not exposing buyers to the same products all the time.”**

—Petra Schindler-Carter, General Manager and Director, Amazon Business

Section Four

# The buyer perspective: improving the digital experience



## Business leaders are increasingly seeking digital innovations to help streamline operations and reduce costs across the organization.

This need is impacting every department, including procurement: Buyers' (40%) No.1 purchasing priority this year is increasing efficiency.

Procurement leaders want to replicate the ease and convenience of online ordering they experience at home—but with solutions built for the workplace. Long-standing online features like fast, free shipping remain critical to expediting the procurement process, but purchasing leaders are also leveraging solutions that provide control levers around spend and compliance (**Figure 9**).

Businesses are also investing in new tools internally to help streamline the digital experience (**Figure 10**). By championing these tools and e-procurement features across workflows and processes, purchasing leaders serve as critical enablers of digital transformation within the business.

Figure 9

### Top 5 overall buyer procurement priorities in 2021

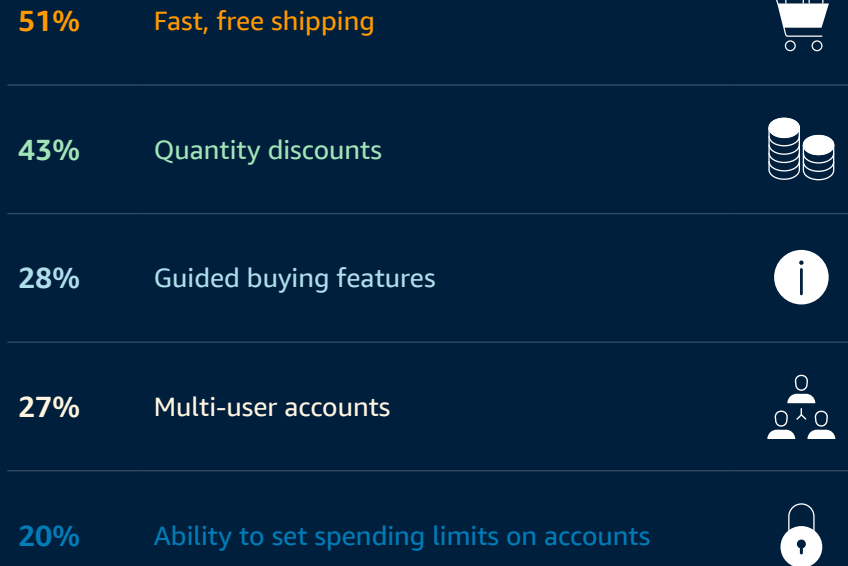
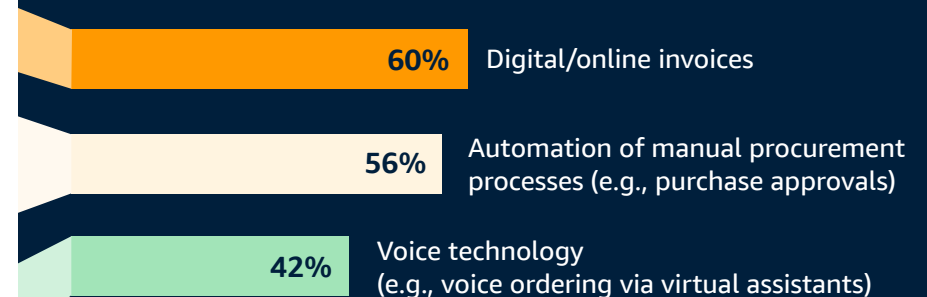


Figure 10

### Top 3 procurement technologies buyers' organizations plan to invest in within the next 5 years



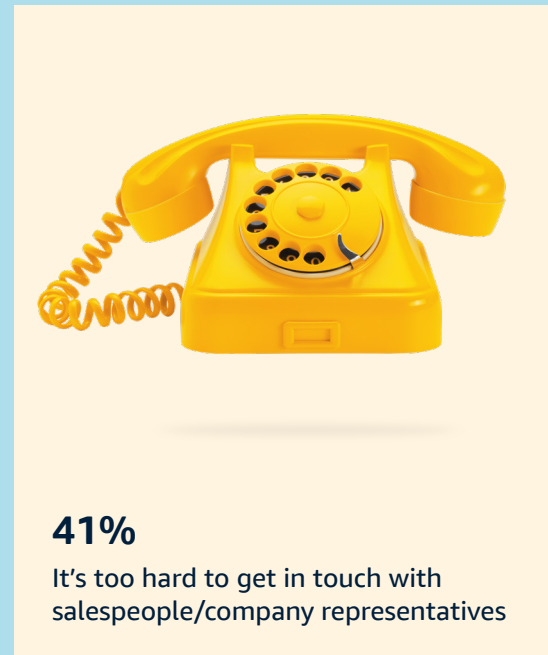
## But buyers still face challenges in the purchasing process.

Respondents identified several e-procurement pain points, including shipping delays, difficulty contacting sales representatives, and poor product descriptions (**Figure 11**). At the time this survey data was collected, COVID-19 related supply chain disruptions and shipping delays were widespread. As supply chains return to normal, sellers should focus on alleviating buyers' other pain points by including customer service information and more detailed product descriptions on their online storefronts.

These efforts will further simplify e-procurement for buyers, turning them into repeat customers and product advocates.

To accelerate digital transformation efforts, business leaders should look for opportunities to introduce more efficiency in every department. Streamlining procurement via online channels doesn't just improve the purchasing process, it ultimately moves the entire business closer to full digital transformation.

Figure 11 **Top 3 pain points of e-procurement**



Section Five

# The seller perspective: scaling the business



## Sellers are focused on scaling their businesses this year.

Respondents identified expanding their customer bases and geographic reach as top objectives for 2021 (**Figure 12**). And they're looking to digital channels to grow their businesses. When it comes to selecting an online sales channel, sellers said user experience, customer reach, and the ability to create detailed seller pages were most important (**Figure 13**).

But they may be missing an opportunity to engage more deeply with customers via digital channels. Buyers find online features overwhelmingly more valuable than traditional high-touch features, like phone calls or the ability to view products in a store. By contrast, sellers tend to overvalue traditional, high-touch features and undervalue online ones like online product comparison features or product videos (**Figure 14**).

To more successfully scale their businesses, sellers should lean into the digital features buyers crave—and leverage those features to stand out from the crowd. Product videos, for example, offer customers a more substantial buying experience. Additionally, sellers can improve their online product comparisons with more detailed product descriptions.

Figure 12

### Top 3 sales priorities for 2021

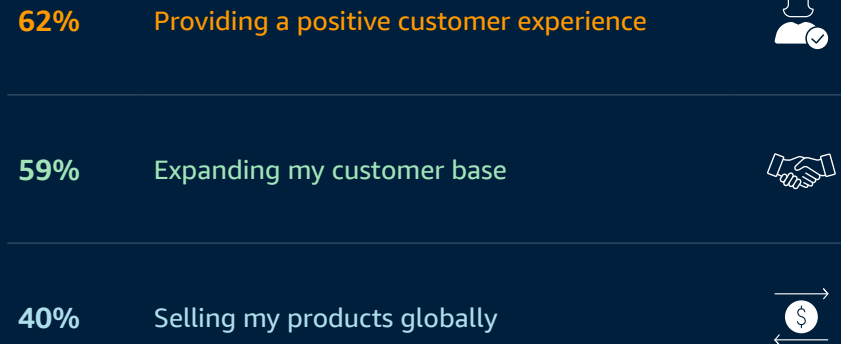


Figure 13

### Top 3 factors most important to choice of online sales channels

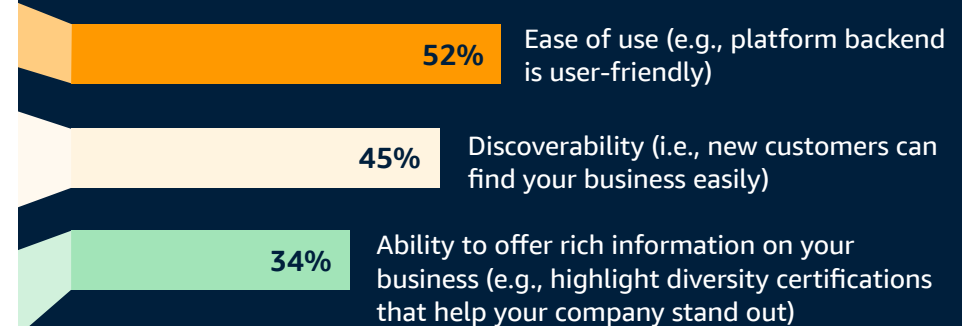
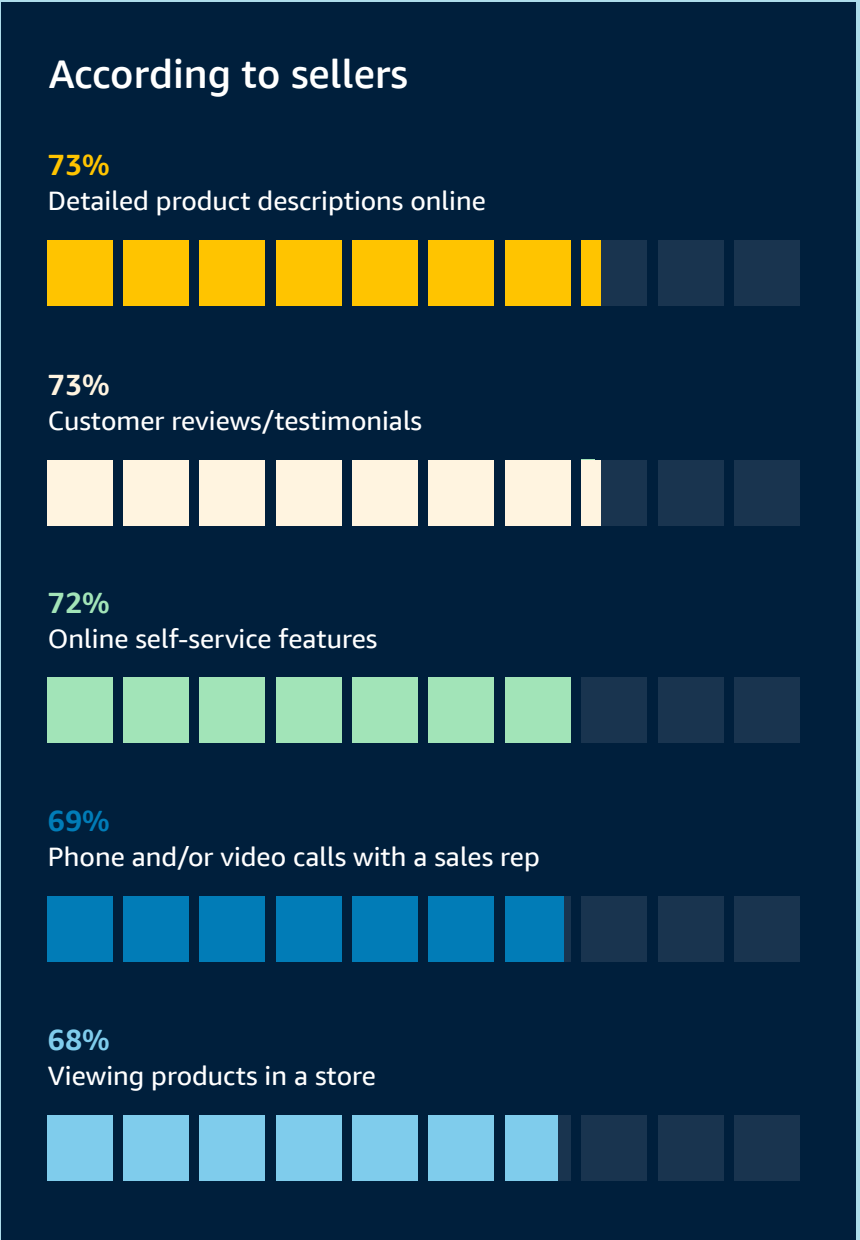
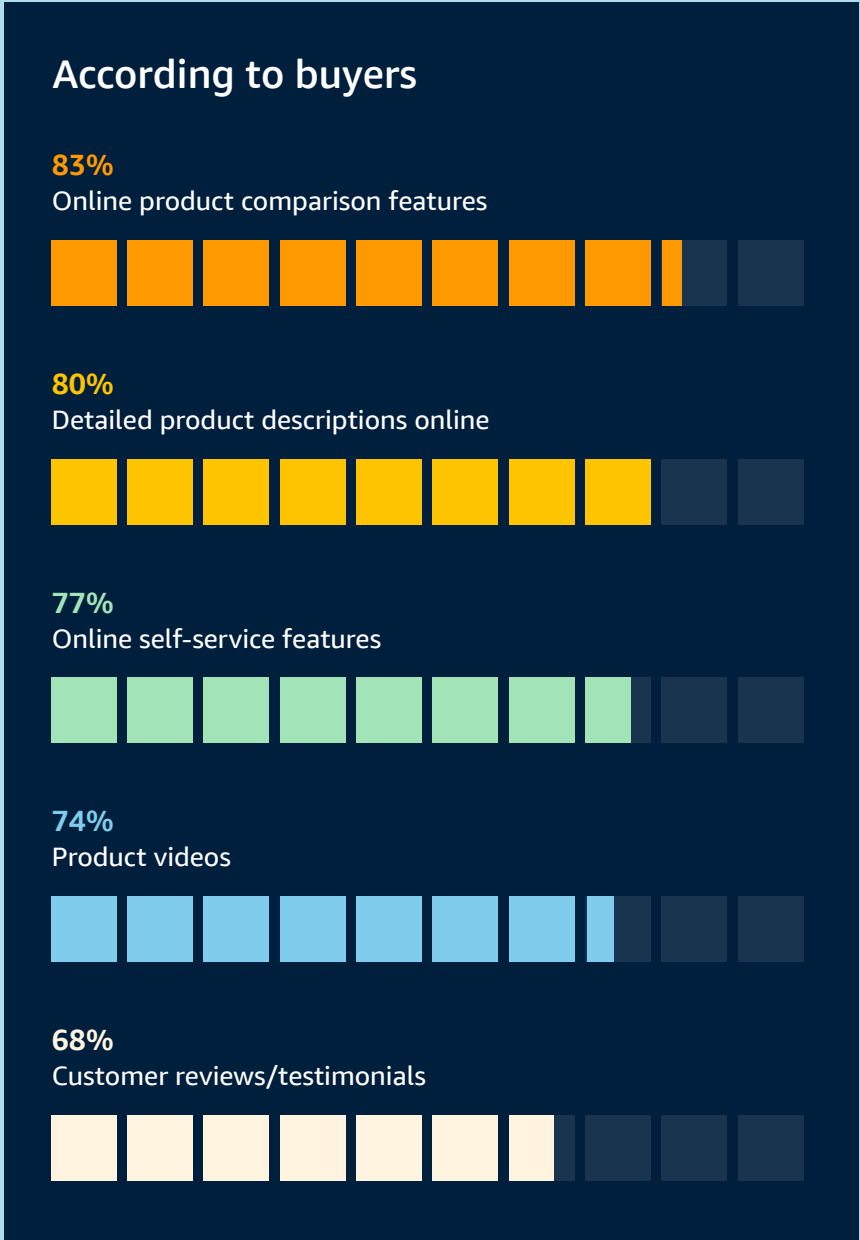


Figure 14

### Top 5 most valuable features in the purchasing process

Respondents who rated the following features a "4" or "5" (where 5 = most valuable)



## Conclusion

Year after year, digital transformation trends remain in the spotlight. Most businesses have now realized that this type of transformation is continuous—there is no end. Rather, digital maturity and resiliency require constant optimization based on new technologies and insights.


Many organizations that have experienced more than a year of remote work understand the imperative to align on operational objectives and integrate digital workflows to meet these goals. Outdated processes may have been manageable, albeit inefficient, in the past. But a distributed workforce will likely remain permanent to some extent given growing preferences for flexible work options and the increasing use of technologies that enable many employees to do their jobs from anywhere. With this shift well underway, streamlining and digitizing workflows is becoming increasingly important.

Procurement leaders have the opportunity to drive alignment and integration in their organizations by implementing digital solutions that not only enable greater cross-team efficiency, but also empower individual users to take on more strategic roles.

And sellers, including those that are small and/or diverse, can leverage digital channels to engage with new buyers eager to meet spending goals, enabling them to grow their businesses with fewer operational expenditures.

Historically, consumer purchasing options have been far ahead of those in the business world. But as technological advancements narrow this gap, procurement change champions can foster long-term innovation and transformation. Someday, B2B e-commerce could even influence the B2C world—not the other way around.

At Amazon Business, we're proud to connect buyers and sellers around the globe. We're continuously looking for new efficiencies and innovations to help our customers improve the way they do business.



[Contact us](#) to learn more about our e-procurement solutions for buyers and sellers.

# Methodology

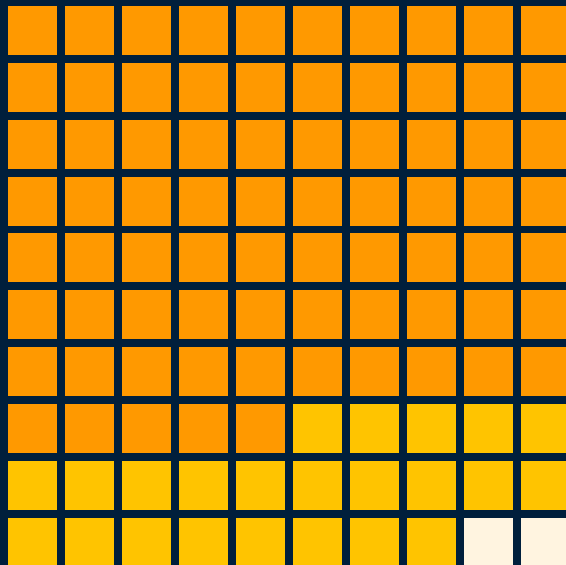
To understand the state of B2B e-commerce, we surveyed 250 B2B buyers and 250 B2B sellers across the U.S. between December 2020 and January 2021.

Buyer respondents included full- and part-time employees across a range of job levels who worked at organizations of various sizes in the following sectors: government (50 respondents), education (50 respondents), healthcare

(50 respondents), and commercial industries (100 respondents). All buyers' organizations made an annual revenue of more than \$25 million. All buyer respondents played an influential role in their organization's procurement process.

Seller respondents included full- and part-time employees across a range of job levels who worked at organizations of various sizes that sold products across a variety of categories.

## Channels buyers use to buy products for their companies

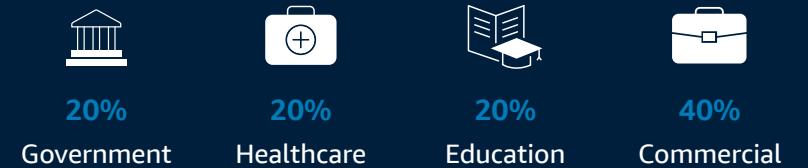


**75%**  
A mix of online and offline

**23%**  
Online only

**2%**  
Offline only

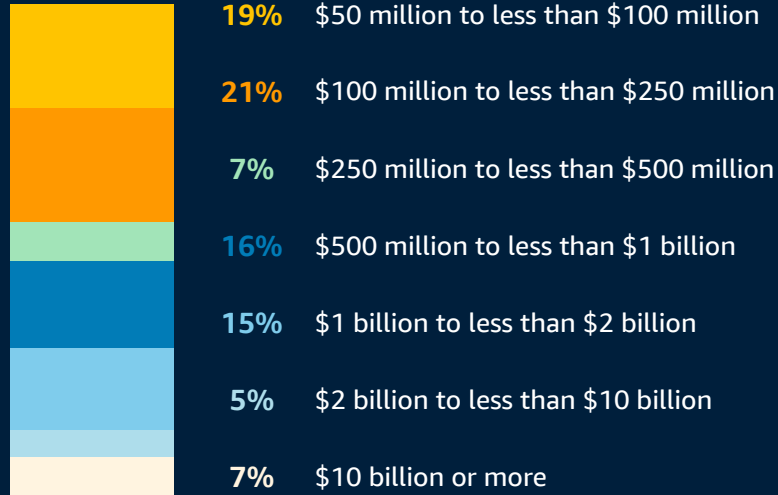
## Industries buyers work in



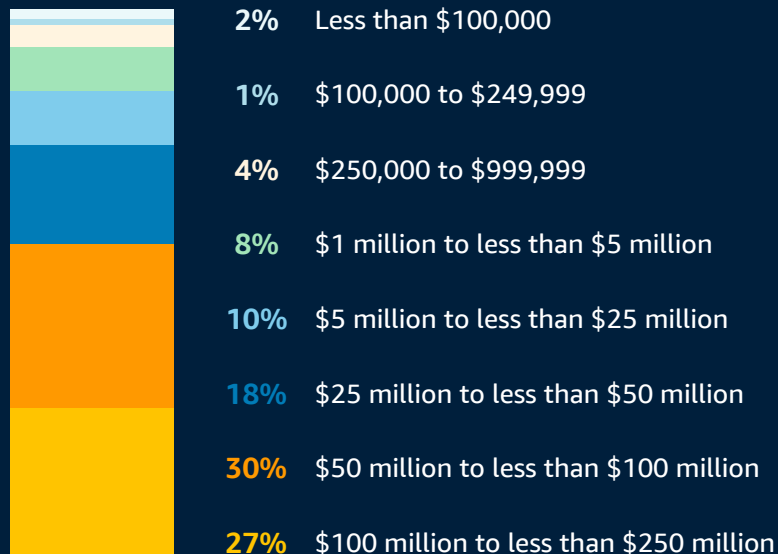
## Buyers' roles



### Buyer organizations' revenue



### Seller organizations' revenue



### Buyers' company sizes

>1%	1-9	5%	100-249	19%	1,000-2,499
1%	10-49	9%	250-499	24%	2,500-9,999
2%	50-99	19%	500-999	20%	10,000 or more

### Channels sellers use to sell their products



12%  
Online only



6%  
Offline only



83%  
A mix of online and offline

### Sellers' company sizes

1%	1-9	11%	100-249	21%	1,000-2,499
4%	10-49	8%	250-499	22%	2,500-9,999
4%	50-99	21%	500-999	7%	10,000 or more



Amazon Business helps millions of customers worldwide—from small businesses, schools, hospitals, non-profit organizations, and government agencies, to large enterprises with global operations—reshape their procurement with cost and time savings, greater productivity, and insightful purchasing analytics. Procurement and business leaders enjoy convenient shipping options on hundreds of millions of supplies across categories like office, IT, janitorial, food service, and professional medical supplies. Customers also have access to a variety of business-tailored features and benefits, including a curated site experience, Business Prime, business-only pricing and selection, single or multi user business accounts, approvals workflow, purchasing system integrations, payment solutions, tax exemptions, dedicated customer support, and more. Amazon Business is currently available in the United States, Canada, United Kingdom, Germany, France, Italy, Spain, Japan, and India.

For more information, visit [www.business.amazon.com](http://www.business.amazon.com), [www.amazonbusinessblog.com](http://www.amazonbusinessblog.com), and [@AmazonBusiness](https://twitter.com/AmazonBusiness).