

Business To Business Sales

Business to Business

Business-to-business (B2B) is a term commonly used to describe electronic commerce transactions between businesses, as opposed to those between businesses and other groups, such as business and individual consumers (B2C) or business and government (B2G).

B2B is also commonly used as an adjective to describe any activity, be it B2B marketing, sales, or e-commerce, that occurs between businesses and other businesses rather than between businesses and consumers. Similar to B2B, B2G is often meant to refer to B2G Marketing.

There exist several types of online transactions:

Automated Ecommerce Transactions

It is a term also used in electronic commerce and to describe automated processes between trading partners.

The volume of B2B transactions is much higher than the volume of B2C transactions. One reason for this is that businesses have adopted electronic commerce technologies in greater numbers than consumers. Also, in a typical supply chain there will be many B2B transactions but only one B2C transaction, as the completed product is retailed to the end customer.

An example of a B2B transaction is a chicken feed company selling its product to a chicken farm, which is another company. An example of a B2C transaction is a grocery store selling grain-fed chickens to a consumer. B2B can also describe marketing activities between businesses, not just the final transactions that result from marketing, though the term can be used to identify sales transactions between businesses (also referred to as "institutional sales"). For example, a company selling photocopiers would more likely be a B2B sales organization than a B2C sales organization.

"Business-to-business" can also refer to all transactions made in an industry value chain before the finished product is sold to the end consumer.

B2B standards

UN/EDIFACT is one of the most well-known and established B2B standards. ANSI ASC X12 is a popular standard in North America. RosettaNet is an XML-based, emerging B2B standard in the high tech industry. An approach like UN/CEFACT's Modeling Methodology (UMM) might be used to capture the collaborative space of B2B business processes.

E-Marketplace

"E-" or "electronic" marketplace in a business-to-business context is primarily a large online platform (B2B portal) or website that facilitates interaction and/or transactions between buyers and suppliers at organizational or institutional rather than individual levels. Since the builders of such marketplaces primarily aim at facilitating buyer-seller interaction (in most cases without being a buyer or seller themselves), these are also referred to as "third-party" B2B marketplaces.

These marketplaces can do one or more of the following:

- Help buyers find new suppliers and vice versa
- Help reduce the time and cost of interaction for B2B transactions
- Help increase trade between distant geographies
- Help manage payments and track orders for B2B transactions
- Help the environment by using appropriate technology that is environmentally friendly

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Vertical e-Marketplace

A vertical e-marketplace or Vortal spans up and down every segment of one specific industry. Each level of the industry has access to every other level, which greatly increases collaboration. Buyers and sellers in the industry are connected to increase operating efficiency and decrease supply chain costs, inventories and cycle times. This is possible because buying/selling items in a single industry standardizes needs, thereby reducing the need for outsourcing many products.

Horizontal e-Marketplace

A horizontal e-marketplace connects buyers and sellers across many industries. The most common type of materials traded horizontally are MRO (maintenance, repair and operations) materials. Mainly business and consumer articles, these items are in demand because they are crucial to the daily running of a business, regardless of industry and level within that industry. Many corporations have MRO materials bought directly on-line by the maintenance team in order to relieve the purchasing department.

No-frills e-Marketplace

Developed in response to customers wanting to purchase products without service (or with very limited service), the no-frills e-marketplace parallels the B2C offering of no-frills budget airlines. The subject of several Harvard and IMD articles/case-studies, no-frills B2B e-marketplaces enable the effective de-bundling of service from product via clear "business rules." This provides the basis of differentiation from conventional B2B sales/purchasing channels.

Electronic Business, commonly referred to as "eBusiness" or "e-Business", may be defined broadly as any business process that relies on an automated information system. Today, this is mostly done with Web-based technologies. Louis Gerstner, the former CEO of IBM, in his book, 'Who says Elephants can't dance' attributes the term "e-Business" to IBM's marketing and Internet teams in 1996.

Electronic business methods enable companies to link their internal and external data processing systems more efficiently and flexibly, to work more closely with suppliers and partners, and to better satisfy the needs and expectations of their customers.

In practice, e-business is more than just e-commerce. While e-business refers to more strategic focus with an emphasis on the functions that occurs using electronic capabilities, e-commerce is a subset of an overall e-business strategy. E-commerce seeks to add revenue streams using the World Wide Web or the Internet to build and enhance relationships with clients and partners and to improve efficiency using the Empty Vessel strategy. Often, e-commerce involves the application of knowledge management systems.

E-business involves business processes spanning the entire value chain: electronic purchasing and supply chain management, processing orders electronically, handling customer service, and cooperating with business partners. Special technical standards for e-business facilitate the exchange of data between companies. E-business software solutions allow the integration of intra and inter firm business processes. E-business can be conducted using the Web, the Internet, intranets, extranets, or some combination of these.

Subsets

Applications can be divided into three categories:

A. Internal business systems:

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1. customer relationship management
 2. enterprise resource planning
 3. document management systems
 4. human resources management
- B. Enterprise communication and collaboration:
5. VoIP
 6. content management system
 7. e-mail
 8. voice mail
 9. Web conferencing
 10. Digital work flows (or business process management)
- C. Electronic commerce - business-to-business electronic commerce (B2B)
Or business-to-consumer electronic commerce (B2C):
1. internet shop
 2. supply chain management
 3. online marketing

Models

When organizations go online, they have to decide which e-business models best suit their goals. A business model is defined as the organization of product, service and information flows, and the source of revenues and benefits for suppliers and customers. The concept of e-business model is the same but used in the online presence. The following is a list of the currently most adopted e-business models:

1. E-shops
2. E-procurement
3. E-malls
4. E-auctions
5. Virtual Communities
6. Collaboration Platforms
7. Third-party Marketplaces
8. Value-chain Integrators
9. Value-chain Service Providers
10. Information Brokerage

Classification by provider and consumer

Roughly dividing the world into providers/producers and consumers/clients one can classify e-businesses into the following categories:

1. business-to-business (B2B)
2. business-to-consumer (B2C)
3. business-to-employee (B2E)
4. business-to-government (B2G)
5. government-to-business (G2B)
6. government-to-government (G2G)

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7. government-to-citizen (G2C)
8. consumer-to-consumer (C2C)
9. consumer-to-business (C2B)