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@ JIM CARROLL

Why business-to-business is big and getting bigger



BY JIM CARROLL

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In the mad rush to the world of business-to-business e-commerce, marketing professionals will soon discover–if they haven't already–that their interests in corporate Web sites are getting less attention. That's a dangerous state of affairs.

Why is this an emerging trend? Because companies tend to have a herd instinct when it comes to the Web.

A few years ago, when the Web burst on to the scene, everyone rushed to ensure they had a Web site, even if they didn't quite have an effective online strategy. Then online shopping became all the rage, and companies soon jumped on board. Now, B2B is the big thing. B2B is a cute term for a trend in which the transactions that occur between companies will take place electronically, and companies are once again rushing about, trying to create "vertical industry portals" and other initiatives with fancy-sounding names.

Of course, you simply need to look around to realize that the hype about B2B is reaching fantastic proportions. Read the press, and you will soon be drowning in a flood of predictions, statistics, promises and numbers.

Is this B2B trend real? Yes, and there's no doubt it's going to be big. A study by the Duke University School of Business in Durham, N.C. indicates that already this year, almost 25% of all B2B transactions have occurred online. And recent numbers from Jupiter Research in New York indicate that B2B e-commerce transactions in the U.S. are expected to rise from US$336 billion (C$504 billion) this year to a gigantic US$6.3 trillion (C$9.5 trillion) by 2005.

But what do all these numbers really mean? If such predictions come true, they mean that within five years, some 42% of all inter-company business in the U.S. will occur through the Internet, up from 3% today. We'll see a similar transition occur in Canada.

And indeed, some industries will see more than half their transactions go online, among them the computer, aerospace and defence, chemical, electronics, and motor vehicle and parts industries. All companies will see even more massive change as they become more tightly linked to the Net.

What does this mean to the marketing professional? Quite a bit. Business models are changing and new competitors are appearing as B2B takes hold. But perhaps more important, it also means that companies will be spending significant time on B2B e-commerce. After all, successfully implementing a B2B strategy is going to require a massive investment in time, effort and technology. We're talking of a scope of effort that simply has no parallel with any other information-technology projects of the past. This is big, folks. Huge. You need to appreciate that.

B2B is so big, in fact, that many companies and their executives will forget about the idea of the Web site as a marketing tool, or at least pay it far less attention. Indeed, there'll be such a concentrated effort on B2B that many companies may forget that they've finally learned how to effectively use the Internet as a marketing tool. That means less focus, less effort, less money.

And that is a dangerous thing to let happen. After all, we've learned two very important points in the last few years. First, although people might not be buying things online, they sure as heck are researching. People are using the Internet to learn more about a product before buying it. That is why an effective marketing-oriented Web site, full of detailed product information, is playing such an important role in overall corporate revenue.

For many products, the quality and depth of the product-information Web site can now make the difference in closing a sale out in the "real world." Blow your online site, and you'll hammer your revenue out in the retail sector.

The second point is that companies have finally learned how to do some really cool Internet-based marketing. A good case in point is the NabiscoWorld Web site (www.nabiscoworld.com). It's effective, it works and it's building brand image with the audience that counts.

We recently visited some friends for dinner. Their two boys–ages 11 and 15–were busy using the Web to play golf on the NabiscoWorld site. Instantly, my two young fellows got involved, and as soon as we came home, the Nabisco site became a common activity on the many computers in my home. It's so popular that I've had to put limits on its use.

Think about it: Nabisco has put together a brilliant, interactive site that has "buzz"–young people seem to know all about it. That, to me, seems to be what marketing on the Web is all about. Build awareness, create buzz, generate brand interest–that's marketing online.

It's for those two reasons that marketers should ensure that in the rush to B2B e-commerce, online marketing activities and budget don't get short shrift. Stand up and start screaming and yelling, to make sure that the many things which obviously count keep on getting done.

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