



SOFTENGINE EBOOK

# E-Commerce for Food and Beverage

SOFTENGINE FOOD ONE

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# THE FOOD AND BEVERAGE E-COMMERCE BOOM

2021 AND BEYOND

The global e-commerce market is set to reach \$4.89 trillion this year, 2021 and \$6.3 trillion by the year 2024 (1). The Statista Digital Market Outlook estimates that by 2025, revenue from the e-commerce food and beverage industry in the United States alone will rise to \$35.7 billion—making up 15% to 20% of the industry's overall sales (12). 58% of shoppers surveyed use online services to shop for groceries and a further 26% said that they would be open to the idea (14). Potential to reach new markets and audiences through e-commerce best practices provide limitless opportunities for food and beverage companies. Digital grocery channels provide increased resilience for operations and supply chain models, increasing reach to customer segments, providing enhanced demand insights and predictions, lowering costs by decreasing in-person marketing and selling, and allowing for new supplier and logistics partnerships.

## HOW MUCH OF THE WORLD'S POPULATION SHOPS ONLINE?

**93.5%**

of global internet users  
have purchased  
products online

**27.2%**

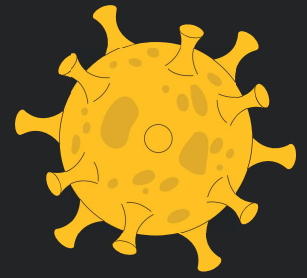
of the world's population  
(2.14 billion people) will  
shop online this year

**95%**

of all purchases will be  
through e-commerce  
by 2040, according to  
estimates



# THE ACCELERATION OF F&B E-COMMERCE DUE TO COVID-19



Experts say the pandemic accelerated the shift to online shopping by as much as 5 years (1). Digital grocery sales especially surged, with 74% of consumers preferring to visit online grocery platforms than go to the supermarket (11). Statista reported a 62% dip in U.S. customers frequenting physical stores, while the number of online shoppers increased by 52% (11). In 2020, food and beverage became the largest online CPG segment (44%) (12). Total online sales of food and beverage—including groceries and takeout food—jumped 125% from the previous year, to \$106 billion (12).

F&B companies who were forced to quickly adopt to digital models throughout the pandemic are now primed to capitalize on the growing e-commerce market and should continue implementing best practices to maximize the benefits of their digital investments.

*While COVID-19 may have accelerated the adoption of e-commerce, growth shows no signs of stopping with the reopening of retail stores. 84% of shoppers identified at least one way that their habits have changed for good (14).*



# ADOPT E-COMMERCE FOR B2B AND DIGITAL DTC MODELS

Food and beverage companies are increasingly adopting e-commerce for business-to-business (B2B) selling models as well as direct-to-consumer (DTC) models. Food Manufacturers reported \$519.0 billion in e-commerce shipments in 2018 (6), a number that has only increased in the past few years. To adapt to these digital selling models, manufacturers plan to invest in technology over the next year, with 67% citing ecommerce solutions and 54% citing tools for [business integration](#) as primary ways to achieving their goals (5).

## DIGITAL GROCERY FACILITATES FOOD MANUFACTURERS' ADOPTION OF DTC MODELS

COVID-19 acted as a catalyst for many traditional B2B F&B companies to adopt direct-to-consumer selling models. With retail storefronts shutdown and social distancing in effect, many F&B distributors had to use e-commerce platforms to sell directly to end-consumers for the first time. This requires some adjustment since shipping, website optimization, sales, and payment methods are all now the responsibility of the manufacturer. Luckily, integrated technology that allows teams to easily track inventory, production, and customer orders can simplify this process. Hosted payment forms allow for streamlined digital payment options at a low cost with benefits like enhanced data security, lower liability for merchants, quick setup, and better cash flow (18).

## THE B2B DIGITAL GROCERY MARKET PRESENTS UNLIMITED GROWTH POTENTIAL

The worldwide B2B e-commerce value is \$10.6 trillion, almost quadruple that of the B2C e-commerce value (1). Food manufacturers who incorporate e-commerce open the door for global expansion, further customer reach and brand recognition, and increase profits. B2B customers now wait until they are 57% through the purchase process before contacting a rep (1), and nearly 2/3 B2B purchasing decisions are made on digital channels (5). 65% of B2B buyers prefer to research products online and 86% prefer to reorder online instead of speaking to a sales rep (7). B2B ecommerce is only increasing, expected to reach \$1.8 trillion by 2023, accounting for 17% of all US B2B sales (8). B2B F&B companies need to adapt to changing purchase preferences and provide self-service options and product information on the web.

# SMB FOOD AND BEVERAGE COMPANIES STAND OUT IN A CROWDED ONLINE MARKETPLACE



With the explosive growth of e-commerce in recent years, small and midsize F&B businesses are entering into the e-commerce marketplace. It is easier than ever to create an online store and the pandemic forced food and beverage companies to go digital. To stand out from the competition and avoid getting lost amongst the larger corporations, [business technology](#) and [optimal payment methods](#) are essential to give SMBs the cutting edge they need.

## Here are some of the ways small and midsize F&B companies can get ahead:

- Offer customized shopping experiences
- Optimize your e-commerce site
- Capitalize on mobile shopping trends
- Use omnichannel selling to maximize profits
- Offer free delivery and simple return processes
- Build brand reputation with enhanced web presence and social media



# OFFER CUSTOMIZED SHOPPING EXPERIENCES



B2B and B2C consumers alike have growing expectations of manufacturers and online purchase platforms. 58% of people stop doing business with a company because of poor customer experience (4). Furthermore, 50% of consumers report they are willing to pay more money for a faster and better experience while shopping online (9). A key method for manufacturers to differentiate their e-commerce models from that of their competitors is offering personalized sales and marketing experiences. F&B businesses can also collect customer data and analyze purchase history and demand trends to offer more customized experiences, adjust product offerings, and develop effective remarketing campaigns.

As much as 60% of revenue comes from repeat customers (15). EBizCharge recommends personalization and incentives according to customer loyalty to keep customers coming back, including better discounts the more you spend, back-in-stock alerts, priority shipping and support, and free returns and exchanges (15). 69.57% of shopping carts are abandoned (4). Abandoned cart follow-up emails have an average open rate of 41%, compared to the average open rate of 18% (4). Customer data and remarketing campaigns allows you to capture a greater market share by re-engaging past shoppers. and shoppers who may not have finalized their orders.

The expectation for personalized shopping experiences extends to your B2B audience. 64% of B2B customers state they would switch to another vendor if the company provides real-time, personalized pricing (8). This means going above and beyond catalog pricing to offer personalized pricing and products, inventory information, targeted sales and marketing, order history and order tracking, and after-sales customer and product support.



# OPTIMIZE YOUR GROCERY E-COMMERCE SITE



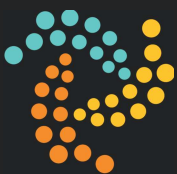
More than one-third of American small businesses do not have a website (4). Given the massive boom in e-commerce in recent years, small and midsize F&B businesses have a lot of catching up to do! An important component for an effective e-commerce website is to have product and inventory information readily available. Customers want the ability to view existing product statuses and place orders online. Online ordering also results in cost and time savings since orders are automatically uploaded into your business applications and teams have real-time visibility into product and order statuses. This is especially appealing for B2B customers who may be placing repeat orders and expect to receive the same discount, without needing to contact a sales rep every single time. 65% of consumers prefer content in their language and 40% will not buy from websites in other languages (1). [SMB business technology](#) that allows for the use of multiple currencies in the same accounting system, minimizes manual errors due to orders placed in multiple currencies and languages.

## Website Load Times

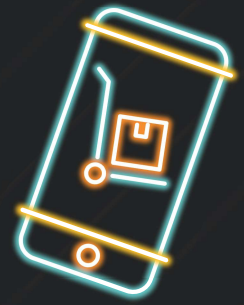
*A one-second delay in page loading time can obliterate conversion rates by up to 70% and reducing your load time by 2.2 seconds could increase conversions by 15% (17).*

**Decrease Load Times**  
Tips from [EBizCharge](#)

- Reduce file sizes by compressing and resizing images
- Minify your code
- Use methods like synchronous loading and defer loading to optimize page loading
- Avoid redirects
- Use browser caching
- Use a content distribution network (CDN)
- Cut out unnecessary extensions
- Don't neglect your mobile site



# CAPITALIZE ON MOBILE SHOPPING TRENDS

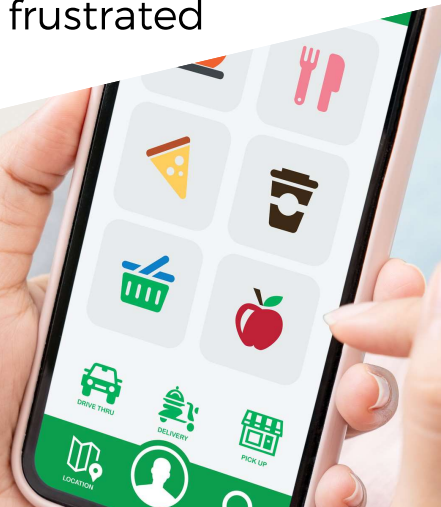


In the United States alone, mobile e-commerce (m-commerce) accounts for 45% of e-commerce sales (4). US m-commerce sales expected to grow from \$284 billion to \$488 billion in the next 3 years (4). Food and beverage companies need to make sure their e-commerce sites are optimized for mobile shopping. 62% of users who have had a bad experience with mobile purchases will not purchase from the same vendor in the future (11). The probability of a user bouncing off a mobile webpage increases by 32% when the page takes between one and three seconds to load (4).

[Enterprise Resource Planning \(ERP\)](#) technology allows you to trace orders to different platforms so you can identify mobile shopping trends and consumers. You can use this information to further personalize mobile shopping experiences and engage mobile buyers. Digital payment options that integrate with your m-commerce site streamline the shopping experience, so buyers do not become frustrated with slow load times or redirects.

**\$3.56**  
**TRILLION**

Will be spent on  
m-commerce this  
year (2021)





# USE OMNICHANNEL SELLING TO MAXIMIZE PROFITS



The Harvard Business Review reported that nearly 3/4 of all customers use multiple channels during the shopping process (2). SMBs need to adopt omnichannel to keep up with the competition. Unlike traditional online retailers, most food manufacturers sell through a mix of purchasing models including pure direct online sales (research and buy online) and Ro/Po (research online, purchase offline). With multiple selling channels, it is imperative not only to integrate these channels seamlessly. This allows customers to transition from one platform to another smoothly and enhances order tracking and customer insights. Integrated business technology provides a single source of truth, whether orders are placed on a mobile device, online, with a sales rep, or through any other method. Digital payment platforms that integrate across your omnichannel platforms and with your [ERP system](#) make shopping and checkout easy for consumers and make order tracing and accounting easy for manufacturers.

## CONSUMERS SHOP MORE AND SPEND MORE WITH OMNICHANNEL

**73%**

of customers use multiple channels while shopping

**53%**

of online stores have omnichannel capabilities

**10%**

is the increase in consumer spending online when using omnichannel



# FREE DELIVERY AND SIMPLE RETURNS



The number one reason people shop online is free delivery. 93% of online shoppers are encouraged to buy more products if free shipping options are available (16). High extra costs, including shipping costs, are the top reason shoppers abandon carts. Clearly, free delivery is no longer optional to excel in the e-commerce space.

Free shipping can be a heavy burden for smaller F&B companies, especially since e-commerce margins are already relatively low. However, 46.5% of small to mid-sized businesses say that offering free shipping increases their profits (10).

EBizCharge provides tips to provide free shipping and retain profits such as increasing product prices to offset shipping costs, increase average order value (AOV) with minimum spend thresholds or bundles, and offering free shipping as a reward or limited time promotion (16). ERP technology can help optimize logistics like delivery routes and shipping container usage, minimizing shipping costs and resulting in higher profit margins.

88% of shoppers want the ability to return a purchase, and 95% of them claim a smooth return process will turn them into repeat buyers (11). Operations software that streamline reverse logistics and payment platforms that allow for simple reimbursements help manufacturers execute returns without the headache.

In today's Amazon Prime era, today's consumers do not just hope for free shipping and easy returns, they have come to expect it. 53% of consumers name free delivery as the primary reason they purchase from an e-commerce vendor, followed by the ability to use coupons and apply discounts (41%), read other customers' reviews (35%), easily return their items (33%), and have a quick checkout process (30%) (4).



# BUILD BRAND REPUTATION WITH WEB PRESENCE AND SOCIAL MEDIA



## Social Media

Social media platforms are important tools to spread the word about a particular brand or product, and today's consumers can even make direct purchases from social platforms. Online stores with a social media presence have an average of 32% more sales than those that do not (10). 74% of consumers rely on their social networks to make purchasing decisions (10).

*Integrated technology that allows you to trace customer orders, purchase history, and website engagement allows F&B companies to reach out to previous customers and offer incentives (such as product discounts) for social media engagements or leaving reviews. Digital payment platforms simplify the checkout process on social platforms, so consumers do not need to go through a stream of re-directs to make a purchase.*

# 81%

of consumers and 58% of B2B industrial manufacturer buyers conduct online research before making a purchase online (4).

## Product Reviews

Product reviews are especially important to garner consumer trust. 94% of shoppers said that they consult online ratings and reviews before making purchases (14). 92% of customers hesitate to buy if there are zero reviews; and 5 or more reviews seems to be the magic number when consumers decide whether or not to make a purchase (11).

# REACH NEW E-COMMERCE HEIGHTS



## **SMBs Use Integrated Technology to Take Their F&B E-Commerce to the Next Level**

The e-commerce market provides boundless opportunities for modern-day companies. To truly excel in the space and capitalize on the limitless possibilities before them, small and midsize food and beverage businesses need to invest in cutting edge technology and adopt best practices to stand out in a crowded marketplace. Companies who have digitized their B2B models and adopted D2C models because of the pandemic can continue to innovate their e-commerce strategies and maximize profits. Both Enterprise Resource Planning (ERP) systems and digital payment plug-ins offer indisputable benefits for manufacturing-commerce.



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