

## BUSINESS-TO-BUSINESS SPENDING

### 1.1 Gross Domestic Product

According to the Bureau of Economic Analysis ([www.bea.gov](http://www.bea.gov)), real gross domestic product (GDP) – the output of goods and services produced by labor and property located in the United States – has been as follows:

- 2019: \$21.43 trillion
- 2020: \$20.93 trillion
- 2021: \$22.99 trillion
- 2022: \$25.46 trillion
- 2023: \$27.36 trillion

In 2023, consumer spending comprised about 70% of GDP, or about \$19.2 trillion.

Business-to-business spending contributed approximately 30% of the GDP total, or about \$8.2 trillion.

The bulk of B2B transactions are for raw materials or components used in finished goods which are not included in the GDP. Thus, total B2B spending – \$32.4 trillion in 2023 – exceeds the total GDP, is 2.3 times the business contribution to the GDP, and is 1.7 times total consumer spending.

### 1.2 B2B Payment Transaction Value

Business-to-business (B2B) transaction value includes all payments for products and services from one business to another. In 2023, B2B transaction value was \$29.7 trillion. The distribution of transaction methods was as follows (source: Emarketer):

- Check and cash: 42.1%
- Automated clearing house (ACH): 41.1%
- Wire transfers: 10.6%
- Credit and debit card: 6.2%

## B2B MARKETING SPENDING

### 2.1 Overview

ANA Business Marketing ([www.marketing.org](http://www.marketing.org)) defines business-to-business (B2B) marketing as the promotion and sale of goods and services to businesses that either resell them, use them as components in products or services they offer, or use them to support their operations. Business-to-business marketing is also sometimes referred to as business marketing or industrial marketing.

Annual external B2B marketing spending is estimated at \$100 billion to \$110 billion. This total does not include client/customer hospitality (see Chapter 4).

### 2.2 B2B External Spending

ANA Business Marketing estimates that U.S. business-to-business marketers spend about \$110 billion a year to promote their goods and services, distributed as follows:

- Trade shows/events: \$22 billion
- Internet/electronic media: \$16 billion
- Magazine advertising: \$14 billion
- Promotion/market support: \$14 billion
- Publicity/public relations: \$13 billion
- Direct mail: \$12 billion
- Dealer/distributor materials: \$ 7 billion
- Market research: \$ 5 billion
- Telemarketing: \$ 3 billion
- Directories: \$ 2 billion
- Other: \$ 6 billion

PricewaterhouseCoopers (PwC, [www.pwc.com](http://www.pwc.com)) assesses annual U.S. B2B marketing spending at approximately \$100 billion. The B2B market assessed by PwC comprises five segments: business information, trade shows, trade directories, trade magazines, and professional books.

The ANA Business Marketing and PwC estimates include only external spending; in-house or internal spending is not included.

### 2.3 Offline and Online B2B Marketing Spending

Winterberry Group ([www.winterberrygroup.com](http://www.winterberrygroup.com)) assesses U.S. B2B advertising and marketing spend as follows:

	Offline	Online	Total
• 2022:	\$34.1 billion	\$15.8 billion	\$49.9 billion
• 2023:	\$35.5 billion	\$18.2 billion	\$53.7 billion
• 2024:	\$39.1 billion	\$20.4 billion	\$59.5 billion
• 2025:	\$41.7 billion	\$23.4 billion	\$65.2 billion
• 2026:	\$42.4 billion	\$26.9 billion	\$69.3 billion

Offline and online compound annual growth rates (CAGR) are 5.6% and 14.1%, respectively. The total CAGR is 6.8%.

### 2.4 Marketing Budget Distribution

According to *Marketing Budget And Spending Online Survey*, by Forrester Research ([www.forrester.com](http://www.forrester.com)), B2B marketing budgets are distributed as follows:

• In-person events:	18%
• Digital advertising/marketing:	13%
• Content marketing:	12%
• Agency fees:	7%
• Website:	7%
• Direct marketing:	6%
• Marketing automation:	6%
• PR/AR/influencer relations:	6%
• Digital events:	4%
• Market research:	4%
• Telemarketing/teleprospecting:	4%
• Data analytics:	3%
• Hospitality:	3%
• Sponsorships:	2%
• Traditional advertising:	2%
• Corporate social responsibility:	1%
• Testing new marketing innovation:	1%
• Other:	3%

Spiceworks ([www.spiceworks.com](http://www.spiceworks.com)) reports B2B marketing budget spending is distributed as follows:

• Trade shows and events:	22%
• Marketing technology:	21%
• Marketing agencies/brand partners:	19%
• Search marketing:	9%
• Social media marketing:	6%

- Email: 4%
- Other: 14%

## 2.5 Marketing Technology

Emarketer assesses B2B marketing technology, or MarTech, spending as follows (change from prior year in parenthesis):

- 2020: \$ 4.75 billion (16.6%)
- 2021: \$ 5.75 billion (21.2%)
- 2022: \$ 6.82 billion (18.5%)
- 2023: \$ 7.68 billion (12.7%)
- 2024: \$ 8.71 billion (13.4%)
- 2025: \$10.11 billion (16.0%)

Note: includes spending on software or other technology that enables and facilitates marketing functions; excludes spending on hardware, professional and agency services, and consulting

## 2.6 Marketing Data

Emarketer assesses B2B marketing data spending as follows (change from prior year in parenthesis):

- 2020: \$3.35 billion (4.0%)
- 2021: \$3.50 billion (4.5%)
- 2022: \$3.65 billion (4.4%)
- 2023: \$3.74 billion (2.3%)
- 2024: \$3.83 billion (2.5%)
- 2025: \$3.98 billion (3.8%)

Note: includes spending on firmographic, intent, and other third-party data that B2B companies use to understand and engage with prospects and customers; excludes spending on relationship technology

## 2.7 Marketing Collateral

Momentum ITSMA ([www.momentumitsma.com](http://www.momentumitsma.com)) found that collateral represents 16% of the average corporate marketing budget. This includes spending on creating and distributing presentations, data sheets, proposals, and other content.

## 2.8 Market Resources

ANA Business Marketing, 155 E. 44<sup>th</sup> Street, New York, NY 10017. (212) 697-5950. ([www.marketing.org](http://www.marketing.org))

Chief Marketing Officer (CMO) Council, 1494 Hamilton Avenue, San Jose, CA 95125. (408) 677-5300 x5333. ([www.cmocouncil.org](http://www.cmocouncil.org))

Emarketer, One Liberty Plaza, 9<sup>th</sup> Floor, New York, NY 10006. (800) 405-0844.  
([www.emarketer.com](http://www.emarketer.com))

Interactive Advertising Bureau, 116 East 27<sup>th</sup> Street, 7<sup>th</sup> Floor, New York, NY 10016.  
(212) 380-4700. ([www.iab.net](http://www.iab.net))

PricewaterhouseCoopers (PwC), 300 Madison Avenue, 24<sup>th</sup> Floor, New York, NY  
10017. (646) 471-4000. ([www.pwc.com](http://www.pwc.com))

Winterberry Group, 115 Broadway, 5<sup>th</sup> Floor, New York, NY 10006. (212) 842-6000.  
([www.winterberrygroup.com](http://www.winterberrygroup.com))

## B2B ONLINE MARKETPLACES

### 23.1 Overview

According to Digital Commerce 360 ([www.digitalcommerce360.com](http://www.digitalcommerce360.com)), 80% of B2B customers frequently use online marketplaces. For comparison, 82% frequently use e-commerce sites and apps. B2B customers reported the percentage of B2B buying done via marketplaces as follows (percentage of respondents):

- 75% or more: 9%
- 50% to 74%: 26%
- 26% to 49%: 14%
- 11% to 25%: 17%
- 1% to 10%: 22%
- None: 12%

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**“The number of B2B marketplaces has mushroomed. There are now more than 250 vertical marketplaces serving diverse industries and that count is climbing.”**

*B2B Marketplaces Series - Part 2*  
Digital Commerce 360

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According to B2BecNews, U.S. B2B buyers use marketplaces to research and buy B2B products as follows (percentage of respondents):

- Amazon Business: 78%
- Alibaba: 36%
- ThomasNet: 28%
- Global Sources: 24%
- Wholesale Central: 17%

## 23.2 Market Assessment

Even before the pandemic, B2B marketplaces were expected to generate \$3.6 trillion in sales by 2024, up from an estimated \$680 billion in 2018, according Digital Commerce 360.

A survey of business buyers conducted by Digital Commerce 360 found that 42% of purchasing managers spent more at marketplaces during the pandemic; 22% spent significantly more.

## 23.3 Profiles Of Online Marketplaces

The following are profiles of B2B marketplaces:

### **Alibaba**

- Launched over 20 years ago, B2B marketplace Alibaba.com was the first business from China's Alibaba Group. Originally designed as a yellow page directory, Alibaba.com connected Chinese factories with global buyers, mostly in developed countries, looking for custom manufactured goods. In 2019, Alibaba announced that SMB sellers in the U.S. could sell without borders on the marketplace to buyers worldwide.

### **Amazon Business**

- Amazon Business (<https://business.amazon.com/>) launched in 2012. The site offers more than 1.2 million business, industrial, and scientific products.
- Third-party sellers account for more than half of the \$10 billion in annual sales Amazon Business generates. The other portion of sales results from inventory Amazon, as a distributor, already owns.
- Emarketer assesses Amazon Business product sales as follows (change from prior year in parenthesis):
  - 2022: \$35.68 billion (29.3%)
  - 2023: \$43.05 billion (20.7%)
  - 2024: \$51.39 billion (19.4%)
  - 2025: \$59.03 billion (14.9%)
  - 2026: \$66.26 billion (12.2%)

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**“Amazon Business has more than 6 million active customers, including 96 of the companies listed in the global Fortune 100.”**

Emarketer, 4/21/23

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## **eBay**

- For several years eBay has included on its site a Business & Industrial storefront ([www.ebay.com/rpp/business-industrial](http://www.ebay.com/rpp/business-industrial)). Categories include agriculture and forestry, construction, electrical and test equipment, fuel and energy, healthcare, heavy equipment and attachments, light equipment and tools, manufacturing and metalworking, MRO (maintenance, repair and operations) and industrial supply, office, and packing and shipping.

## **Faire Wholesale**

- Faire Wholesale ([www.faire.com](http://www.faire.com)), founded in 2017 as a consumer marketplace focused on independent local businesses, introduced B2B product categories in 2020. Faire connects 300,000 retailers with 40,000 brands.

## **Global Sources**

- Global Sources ([www.globalsources.com](http://www.globalsources.com)) is a Hong-Kong based B2B media company that facilitates trade between Greater China and the rest of the world. More than one million international buyers, including 95 of the world's top 100 retailers, use Global Sources services to obtain product and company information to help them source from overseas supply markets.

## **Liquidity Services**

- Liquidity Services operates a network of e-commerce marketplaces. Its online auction marketplaces include: Liquidation.com, GovDeals.com, Network International, GoIndustry DoveBid, IronDirect, Machinio, and Secondipity.com. Annual transactions are more than \$1 billion.

## **Mirakl**

- Mirakl is a French cloud-based e-commerce software company headquartered in Paris, France. It provides online marketplace software to retailers, manufacturers and wholesalers.

## **ThomasNet**

- Covering more than 72,000 product categories in over 150 countries worldwide, ThomasNet ([www.thomasnet.com](http://www.thomasnet.com)) has a more than 123-year legacy as a print directory turned digital marketplace. ThomasNet has about 500,000 suppliers on the platform; there more than 850,000 active registered buyers. Roughly 75% to 80% of the sales on the marketplace are from large scale buyers that are seeking a custom manufacturer.

## **Walmart**

- Walmart launched Walmart Business in December 2022. The Walmart Business App, which offers multiple fulfillment options, including curbside pickup and direct-to-office delivery scheduling, was introduced in July 2023.

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**“While it is early days for Walmart Business, the retail giant sees B2B e-commerce as a massive market that has not been conquered by any one company. If Walmart can carve out a tiny share of that market, it could harness a significant revenue stream. B2B e-commerce is particularly enticing to Walmart given that it offers high margins that could help offset its growing low-margin grocery business.”**

Emarketer, 7/19/23

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#### **Wholesale Central**

- Wholesale Central ([www.wholesalecentral.com](http://www.wholesalecentral.com)) is an online directory designed to help wholesale buyers find wholesale suppliers. Based in Beltsville, Maryland, the company launched in 1985. The advertiser-supported site includes product reviews.

## EMAIL

### 24.1 Overview

Among all B2B digital marketing channels, email is generally considered #1 in return on investment (ROI).

SuperOffice ([www.superoffice.com](http://www.superoffice.com)) assessed B2B email marketing as follows:

- Email marketing delivers a \$43 return for every \$1 spent.
- Forty-five percent (45%) of B2B marketers say email is the most effective digital marketing channel.
- Twenty-six percent (26%) of marketers cite email as the channel that makes the biggest impact on revenue.

Winterberry Group ([www.winterberrygroup.com](http://www.winterberrygroup.com)) assesses email/SMS marketing spending – combined B2B and B2C – as follows (change from previous year in parenthesis):

- |         |                       |         |                       |
|---------|-----------------------|---------|-----------------------|
| • 2020: | \$5.1 billion (-0.2%) | • 2023: | \$6.5 billion (9.2%)  |
| • 2021: | \$5.6 billion (9.9%)  | • 2024: | \$7.4 billion (13.8%) |
| • 2022: | \$6.0 billion (6.7%)  |         |                       |

One of the most appealing aspects of email marketing is that sending an email is free – marketing costs are essentially related to campaign administration.

### 24.2 B2B Use Of Email

Salesforce ([www.salesforce.com](http://www.salesforce.com)) reported that 73% of B2B marketers say email marketing is core to their business. For those who find email a core marketing tactic, primary reasons are as follows (percentage of respondents):

- |  |     |
|--|-----|
| • Email is a critical enabler of our products and services:        | 59% |
| • Email indirectly impacts our business performance:               | 21% |
| • Our business primary revenue source is directly linked to email: | 20% |

A study by Data Axle ([www.data-axle.com](http://www.data-axle.com)), based on five billion marketing emails sent by the company, reported the following metrics for the B2B sector:

- |                       |       |
|-----------------------|-------|
| • Delivery rate:      | 86.7% |
| • Open rate:          | 17.3% |
| • Bounce rate:        | 13.3% |
| • Click-to-open rate: | 9.0%  |

- Total click rate: 2.6%
- Unique click rate: 1.6%
- Unsubscribe rate: 0.4%

### 24.3 Effectiveness

Salesforce reported usage rates of email campaigns and their effectiveness as follows:

	Use	Very Effective/ Effective	Somewhat Effective	Not Very Effective
• Newsletter:	62%	64%	27%	8%
• Promotional content:	51%	66%	26%	7%
• Web opt-in:	38%	59%	27%	11%
• Post-purchase:	36%	66%	26%	6%
• Welcome series:	35%	70%	22%	6%
• Transactional:	32%	74%	18%	7%
• Reengagement:	21%	61%	27%	11%
• Loyalty:	21%	70%	21%	6%
• Social opt-in:	26%	64%	23%	10%
• Win-back:	25%	62%	28%	8%
• Browse retargeting:	22%	70%	22%	5%
• Mobile opt-in:	22%	76%	17%	5%
• Anniversary:	21%	72%	20%	6%
• Abandoned cart:	20%	71%	19%	7%
• Birthday:	20%	76%	15%	7%

The importance and effectiveness of email features are as follows (percentage of respondents):

	Very Effective/ Effective	Somewhat Effective	Not Very Effective
• Email content and design:	64%	26%	9%
• Contact management:	55%	30%	14%
• Campaign management:	54%	31%	13%
• Data and analysis:	51%	31%	16%
• Quality control:	56%	30%	13%
• Device friendliness:	49%	29%	18%
• Responsive design:	50%	29%	18%
• Integration:	47%	32%	17%
• Templates:	56%	29%	13%
• Support:	49%	32%	14%

According to *Email Marketing Benchmark Report*, by Validity ([www.validity.com](http://www.validity.com)) and Demand Metric ([www.demandmetric.com](http://www.demandmetric.com)), issues that challenge email effectiveness are as follows (percentage of respondents):

- Competition for attention in the inbox: 42%
- Poor email engagement: 35%
- Staffing/resource constraints: 33%
- Email deliverability: 30%
- Lack of data but don't know how to use it effectively: 25%
- Low visibility into email performance: 25%
- Poorly defined metrics: 24%
- Lack of tools to optimize or personalize email: 22%
- Limitations of email service provider: 16%
- Lack of executive buy-in: 11%

#### 24.4 Strategies, Tactics, And Trends

The following is a summary of *Email Marketing Strategies, Tactics & Trends*, a 2023 survey by Ascend2 ([www.ascend2.com](http://www.ascend2.com)) of B2B marketing and sales professionals (percentage of respondents):

##### **Most Effective Types Of B2B Emails**

- Personalized messaging: 62%
- Single topic/dedicated email: 57%
- Multiple topic/e-newsletter: 35%
- Automated/lead nurturing: 28%
- Transactional/e-commerce: 27%
- Plain text email: 17%

##### **Features Being Included In Email Program For 2024**

- Mobile-friendly design: 56%
- Personalization (beyond the name): 52%
- Email marketing automation: 48%
- Interactive content: 40%
- Privacy/security features: 39%
- Accessible design: 30%
- Use of artificial intelligence: 30%
- Revamping of metrics to track performance: 18%

##### **Most Important Tests To Perform For Optimization**

- Message (e.g., greeting, body, closing): 43%
- Subject line: 38%
- Content (short/long, plain text/HTML, etc.): 34%
- Timing and frequency: 32%
- Layout and images: 29%
- Personalization (beyond the name): 29%
- Calls-to-action: 22%

- Interactive content: 22%
- Landing pages: 17%

### **Most Effective Performance Measure To Gauge Success Of Email Campaigns**

- Return-on-investment: 38%
- Conversion rate: 36%
- Click-through-rate: 35%
- Click-to-open rate: 34%
- Deliverability rate: 25%
- Open rate: 24%
- List growth rate: 19%
- Unsubscribe rate: 14%
- Bounce rate: 9%

### **Greatest Challenges To Success Of Email Marketing Programs**

- Increasing engagement: 63%
- Measuring performance/ROI: 44%
- Creating overall strategy: 38%
- Integrating email data with other data: 29%
- Improving deliverability: 22%
- Improving accessibility: 17%
- Complying with regulatory requirements: 10%

## 24.5 Email Marketing & AI

The following is a summary of *Email Marketing & AI*, a 2023 survey by Ascend2 of B2B marketing and sales professionals (percentage of respondents):

### **Current Utilization Of AI In Email By Marketers**

- Extensive use: 11%
- Use to some extent: 24%
- Not yet used, but plans: 33%
- No plans to use AI: 28%

### **Areas Of Email Marketing Used, Or Planned Use, For AI**

- Email retargeting: 55%
- Content personalization: 53%
- Subject line optimization: 44%
- Dynamic content creation: 42%
- Automated segmentation and targeting: 40%
- Send time optimization: 37%
- Predictive analytics for customer behavior: 33%
- A/B testing and optimization: 26%

### **Top Challenges Encountered When Implementing AI In Email Marketing**

- Data quality or availability issues: 44%
- Concerns about customer privacy: 42%
- Lack of an effective strategy: 36%
- Limited budget for AI implementation: 35%
- Lack of internal expertise: 33%
- Lack of tools/limitations of current tech stack: 30%
- Resistance from team members: 22%

### **AI Capabilities/Features That Would Be Most Helpful In Email Marketing Platforms**

- Enhanced personalization algorithms: 51%
- Automated content creation: 47%
- Improved predictive analytics: 46%
- Better integration with CRM: 40%
- Advanced testing and optimization: 36%

## 24.6 Email Marketing Services

Email marketing services provide campaign management, database management, analytics, reporting, and tracking.

The following is a list of major email marketing services providers:

- Acxiom Corp. ([www.acxiom.com](http://www.acxiom.com))
- Applied Information Group ([www.appliedinfogroup.com](http://www.appliedinfogroup.com))
- AtData ([www.atdata.com](http://www.atdata.com))
- AWeber Communications ([www.aweber.com](http://www.aweber.com))
- Boomerang ([www.boomerang.com](http://www.boomerang.com))
- Bridgeline ([www.bridgeline.com](http://www.bridgeline.com))
- Constant Contact ([www.constantcontact.com](http://www.constantcontact.com))
- Data Axle ([www.data-axle.com](http://www.data-axle.com))
- EchoMail Inc. ([www.echomail.com](http://www.echomail.com))
- Epsilon ([www.epsilon.com](http://www.epsilon.com))
- Experian CheetahMail ([www.experian.com/marketing-services/cheetahmail.html](http://www.experian.com/marketing-services/cheetahmail.html))
- GetResponse ([www.getresponse.com](http://www.getresponse.com))
- Global IntelliSystems ([www.gliq.com](http://www.gliq.com))
- GreenRope ([www.greenrope.com](http://www.greenrope.com))
- Higher Logic ([www.higherlogic.com](http://www.higherlogic.com))
- iContact ([www.icontact.com](http://www.icontact.com))
- IMN Inc. ([www.imninc.com](http://www.imninc.com))
- Listrak Inc. ([www.listrak.com](http://www.listrak.com))
- Litera ([www.litera.com](http://www.litera.com))
- Mapp ([www.mapp.com](http://www.mapp.com))
- MailChimp (<http://mailchimp.com>)

- MessageBird ([www.messagebird.com](http://www.messagebird.com))
- Net Atlantic ([www.netatlantic.com](http://www.netatlantic.com))
- PulsePoint ([www.pulsepoint.com](http://www.pulsepoint.com))
- Puresend ([www.puresend.com](http://www.puresend.com))
- Savicom ([www.savicom.net](http://www.savicom.net))
- Socket Labs ([www.socketlabs.com](http://www.socketlabs.com))
- TailoredMail ([www.tailoredmail.com](http://www.tailoredmail.com))
- WhatCounts ([www.whatcounts.com](http://www.whatcounts.com))
- Xtenit (<http://xtenit.com>)

#### 24.7 Market Resources

Ascend2, 36 Links Lane, Marstons Mills, MA 02648. (800) 762-1595.  
([www.ascend2.com](http://www.ascend2.com))

*Email Marketing Daily*, MediaPost.  
([www.mediapost.com/publications/email-marketing-daily/](http://www.mediapost.com/publications/email-marketing-daily/))