

## **Leading Analyst Firm Finds 61 Percent of Consumer Products Companies Increased Revenues by Improving B2B Capabilities**

*90 Percent of Respondents Cite the Strength of Their B2B Programs as Competitive Differentiators*

**London — February 20, 2008** — GXS, a leading provider of business-to-business (B2B) e-commerce solutions, today posted the results of an AMR Research study focused on the penetration and use of B2B e-commerce among consumer products companies and their trading partners, and the benefits therein. Conclusions from the study indicate that 61 percent of consumer products companies increased revenue as a result of improved B2B initiatives.

The survey established strong agreement among respondents on the importance of B2B capabilities in growing relationships with key retailer accounts. According to the study:

- 90 percent of average respondents cited that the strength of their B2B program enables differentiation from their competitors;
- 95 percent of average respondents cited that the flexibility of their B2B program is important to delivering a customised shopper experience;
- 93 percent of average respondents cited that the strength of their B2B program is an important factor in getting more shelf space and new products on the shelf at key accounts; and
- 98 percent of average respondents cited that the flexibility of their B2B program demonstrates to retailers the ease of doing business with them.

The AMR Research survey also found that by improving their B2B programs, 67 percent of respondents experienced a reduction in costs; 61 percent reduced the costs to serve customers; and 59 percent improved cash-to-cash efficiency. Other findings addressed the proliferation and growth of B2B outsourcing among consumer products companies and the growing use of electronic B2B with small to mid-sized trading partners. For example, more than half of the companies surveyed plan to increase spending on [B2B outsourcing](#) initiatives by an average of 23 percent in 2008.

In the article<sup>1</sup> Lora Cecere of AMR Research said, “Often B2B initiatives are relegated to the IT department with a mantra of reducing costs. Based on this data, we feel that it is time for Line-of-Business managers to take more ownership of these programs and take them more seriously in the building of demand networks that serve their key customers.”

Overall, the revenue growth and operational efficiencies attained through B2B e-commerce are driving increased levels of internal and external spending. According to AMR Research, 59 percent of the survey respondents plan to increase spending on B2B initiatives by an average of 21 percent in 2008. In addition, nearly half, 49 percent, of consumer product suppliers are trading electronically with their small to mid-sized retailers, with that number expected to increase to 53 percent over the next 18 months. The use of B2B e-commerce among consumer products companies is strong in the

demand chain as well; 48 percent are exchanging electronic orders and invoices with direct materials suppliers, with that number expected to increase 5 percentage points in the next 18 months.

“Today’s consumer products market is changing more rapidly than ever before. Retailers are demanding that suppliers accommodate their increasingly divergent business processes; consumers are demanding more frequent new product introductions and shareholders are demanding faster international expansion to capitalise on overseas growth markets,” said Steve Keifer, vice president of product and industry marketing at GXS. “Even the largest consumer products companies are struggling to keep pace with the velocity of changes being thrust upon them. To address these demands, consumer products companies will be making significant investments in B2B spending and B2B outsourcing in 2008, giving them new capabilities, greater geographical reach and faster time to market for their products.”

The 150 companies that participated in the survey range in size from approximately \$250 million in revenue to more than \$10 billion. They represent a variety of industry segments including apparel, media/consumer electronics, consumer packaged goods and food and beverage.

GXS enables demand driven supply chains for retail and consumer products companies by integrating trading partners, synchronising product information, monitoring supply chain events and facilitating collaborative planning. Retailers and suppliers in the grocery, do-it-yourself, department store, apparel, and consumer electronics sectors, rely on GXS’ solutions to help build customer loyalty, reduce supply chain errors, enhance supplier relationships and streamline operations. Through industry-leading technology, strategic partnerships and professional support on all major continents, GXS enables retailers, manufacturers and suppliers around the world to increase B2B e-commerce functionality and reach and to improve the efficiency of their supply chains. GXS customers in the retail and consumer products sectors include Circuit City, JCPenney, Liz Claiborne, Miller Brewing Company, PepsiAmericas, Rite Aid, Tesco, Warnaco and WH Smith.

## **About GXS**

GXS is a leading global provider of B2B e-commerce solutions that simplify and enhance business process integration, synchronisation and collaboration among trading partners. Organisations worldwide, including 75 percent of the Fortune 500, leverage the GXS Trading Grid® to extend supply networks, optimise product launches, automate warehouse receiving, manage electronic payments and gain supply chain visibility. With an unmatched global presence, proven trading partner management and B2B outsourcing services, GXS’ on-demand solutions maximise the benefits of integration for businesses.

Based in Gaithersburg, Md., GXS’ extensive global network serves customers throughout the Americas, Europe and Asia-Pacific regions. GXS can be found on the Web at [www.gxs.co.uk](http://www.gxs.co.uk)

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