

WHITEPAPER

DISCOVER B2B-POTENTIAL

ON THE DIGITAL MARKETPLACE



CONRAD | SOURCING. SIMPLE. FAST. COMPREHENSIVE.



NEW OPPORTUNITIES FOR YOUR DIGITAL TRADE

E-commerce is also becoming more and more important in B2B. Online marketplaces in particular offer retailers ideal opportunities to sell their products and services to new customers.

In this white paper, you will learn what opportunities this offers for companies and how B2C and B2B marketplaces differ from each other.

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B2B ONLINE MARKETPLACES ARE PART OF A FAST-GROWING SALES SECTOR

54% of German companies surveyed said that B2B marketplaces will be highly relevant to them in five years' time.

Source: <https://de.statista.com/statistik/daten/studie/1266187/umfrage/kuenftige-bedeutung-von-vertriebskanaelen-im-b2b-handel/>

While B2C marketplaces have long been an integral part of everyday shopping for private consumers, the B2B sector is also rapidly catching up. B2B marketplaces offer exciting new business and growth opportunities for a new, but also for an established generation of companies, manufacturers, retailers and buyers.

B2B purchasing behaviour has changed dramatically in a very short period of time. Business-to-business online operations is one of the fastest growing market segments for both established and new companies. The global B2B market size is valued at approximately USD 7.9 billion in 2022 and is projected to reach USD 33.3 billion, which corresponds to a growth rate of 19.7%. (Source: <https://www.grandviewresearch.com/industry-analysis/business-to-business-b2b-e-commerce-market>)

This is partly because the workplace is shifting more and more into employees' homes and employees are opting for digital

solutions in place of personal interactions in purchasing. The Covid-19 pandemic has accelerated this process. Digital habits that will not fully regress even in our post-pandemic world have become ingrained.

Another important reason for this development is that e-commerce in the B2B sector opens up many new possibilities and opportunities, including access to a larger customer base; after all, B2B transactions are increasingly being conducted online. The B2B market can certainly take its cue from the business-to-customer (B2C) market when it comes to growth strategies. Suppliers can quickly inform customers with news about the best products and services available, allowing them, in turn, to find the best items for their business purposes. Buyers, key players and decision-makers are also getting younger or are already accustomed to online commerce from the private B2C sector and want a B2B option that matches. According to recent research, 73% of millennials are responsible for B2B purchasing decisions (Source: <https://www.forrester.com/report/Millennial-B2B-Buyers-Come-Of-Age/RES132706>). Many of them are

looking for a better customer experience when making an online purchase. They want as much information as possible about the products they need in the workplace.

So B2B companies would do well to invest in e-commerce strategies. In this context, they also need to ensure that they make their websites mobile-friendly and convenient to access, because smartphones, tablets and other mobile devices, and not only computers, are now used to make B2B purchases as well. They need to upgrade certain platforms to make it easier for users to access products and organise their orders, as well as to calculate future budgets and review past purchases, for example. A wider choice of payment options, including prepayment and payment on account in addition to bank transfers, is also part of the modern B2B shopping experience.

Many companies may find it difficult to make this change overnight. Fresh start-ups in particular may have problems investing the appropriate funds. Even established e-commerce retailers are looking

for new sales channels and ways to grow quickly and are seeking to reach new customer groups. A B2B marketplace provides more than just infrastructure for companies to network and consolidate their communication and business practices. It also enables them to support their users with a digital platform, tools and various e-commerce features that allow B2B orders and transaction processes to be handled, simplified and streamlined entirely online. These and other benefits have already been realised by numerous B2B players worldwide - total online marketplace turnover was estimated to be USD 56 billion, growing 130 % since 2020 from USD 24.34 billion. B2B company turnover grew 7.3 times faster on e-commerce marketplaces than total B2B e-commerce turnover. Technical electronics, tools and various pieces of office equipment sold over the internet and specifically through such marketplaces are thus in high demand. In this white paper, we would like to explain what exactly B2B online marketplaces are and what advantages they offer to manufacturers, retailers and buyers.



WHAT ARE B2B ONLINE MARKETPLACES? HOW DO THEY DIFFER FROM B2C PLATFORMS?

B2B marketplaces are digital forums that allow companies to connect with other organisations and conduct business in a single hub. B2B marketplaces are no different to their B2C counterparts in some respects. As with typical B2C online markets, in B2B marketplaces, companies can find a wide range of products to choose between and conveniently order or sell online. A key difference is that the buyers of goods and services are usually not private consumers, but brands, manufacturers, suppliers, wholesalers and other businesses. The way of doing business also differs in some respects. Suppliers trade in very specific products within one or more niches to meet needs in their customer segment. This could mean special nuts and bolts for customers from the electrical or automotive sector or industry, for example. Brand manufacturers also often try to gain market shares themselves without having an extra distributor as an intermediary. A B2B marketplace gives them the opportunity to do exactly that. Instead, on a marketplace, they can sell their items directly to existing or new customers using digital channels or attract the attention of potentially interested parties. This is done either under their own brand name or by setting up a company that is specifically responsible for sales. A marketplace thus opens up an enormous amount of flexibi-

lity and potential for the reorientation and expansion of a company. Orders tend to be larger because large quantities of tools, individual parts or office equipment are often needed. The goal is also not necessarily always to make a single transaction, but rather to establish long-term customer relationships. Another important distinction from B2C marketplaces is that, in a B2C marketplace, fast delivery is crucial, whereas in B2B e-commerce, the right timing is important. Goods need to arrive on time to avoid production delays. Likewise, they should not be delivered too early in case there is no storage space or longer storage time incurs additional costs.

Only **42%** of B2B companies surveyed said they were well positioned with regard to e-commerce

<https://de.statista.com/statistik/daten/studie/1266151/umfrage/einschaetzung-von-b2b-unternehmen-in-bezug-auf-e-commerce/>

BENEFITS OF DIGITAL MARKETPLACES FOR THE B2B SECTOR

A digital marketplace provides important resources for both manufacturers and retailers, as well as buyers, to positively and more efficiently transform their business processes and develop new business relationships with a wide variety of brands.



Collective B2B online marketplace turnover grew **130%** year on year in 2021.

B2B ONLINE MARKETPLACES: FACTS AND FIGURES

11% of German companies use online marketplaces as a platform for web sales. In Lithuania, the number is already 22%.

Source: Statista; Share of companies with web sales on online marketplaces in selected countries in Europe in 2021

BENEFITS FOR RETAILERS AND MANUFACTURERS OF PRODUCTS AND SERVICES

Both established retailers and manufacturers and new B2B companies that want to enter the market without high barriers can benefit by using a marketplace.

EASY TO USE

B2B marketplaces allow retailers and manufacturers to set up and run a sales account quickly and easily. All that is required is some company details, an email address, a link to the company website and verification of the retailer in question. Then, all they have to do is add helpful information and pictures of the product for customers or prospects.

EXPANDING YOUR REACH

A B2B marketplace allows companies and retailers to find new partners and custo-

mers nationwide (if not worldwide). Making contact and potentially increasing sales becomes much easier without requiring a large investment of resources or labour. A large sales department, which is particularly hard for small and medium-sized companies to afford, is not necessary. Experienced veterans in online retail, on the other hand, only have to scale up by connecting to a marketplace to create additional relevant sales channels. Even retail across national borders is easier, as no additional local sales representatives need to be deployed in the countries where customers are based.

GREATER ONLINE PRESENCE

In general, a pre-existing online presence can be expanded on, or a brand-new one can be developed. Even small and medium-sized companies with limited resources can

quickly create their own account. This can be an addition to a pre-existing online shop of their own or serve as a replacement, saving the work and money involved in setting up their own presence on the internet. In addition, retailers do not have to worry about search engine optimisation, which often goes hand in hand with setting up an online shop of your own and ensures, but cannot always guarantee, greater visibility in search engines. This is an additional marketing job that needs to be done either independently or by an agency, and an item that is not necessarily part of the core business. With the support of a marketplace, retailers and manufacturers do not have to worry about search engine optimisation since the marketplace provider can do this for them. In addition, it is much easier for potential customers to find suppliers of niche products in a B2B marketplace instead of searching for the right brand in a sea of search engine results. From the outset, they will encounter an audience that is looking for more specialised goods.

MARKETING

Classic marketing channels such as brochures, print catalogues, trade fair exhibitions and business trips become less necessary, and when they are used, they can be supported by online catalogues for the promotion of the company's products. This leads to an enormous reduction in costs. Small or medium-sized companies are also able to engage in fresh, dynamic marketing without having to invest enormous sums of money in elaborate advertising measures.

According to a 2019 study, **45%** of respondents see marketplaces as an opportunity for their business model.

Source: Bitkom; <https://www.onlinemarketing-blog.de/online-marktplaetze-chance-fuer-neue-und-alte-b2b-kunden/>

SCALABILITY

Generally speaking, it is a positive development for a company if there is plenty of customer interest in its goods and services. However, this interest and the orders that often accompany it should never exceed the company's technical capacities, as this might lead to the likes of IT failures. This can in turn weaken the confidence of customers, who want business to be handled as smoothly as possible and may soon turn to competitors if they are unable or unwilling to wait for issues to be resolved. A scalable platform is needed to cope with unexpected peaks and overloads. A B2B marketplace can offer this scalability, ensuring that retailers and manufacturers are one step ahead of the competition and can meet even very high customer expectations.

LOGISTICS

Companies are free to decide whether to take care of logistics on their own or work with a partner. Marketplaces usually offer logistical support to make it easier for companies to trade. This can be particularly advantageous for newcomers to the B2B market who have little experience in the field and can spare little capacity for logistics, but still want to guarantee on-time delivery. Ultimately, it always depends on the industry that the company operates in, the available capacities and the company's own preferences.

MARKET TESTING OF NEW PRODUCTS

A new product can be quickly brought to the mass market, with customers often even being professionals. Companies can quickly obtain honest and well-informed feedback from them. Any constructive criticism offered can be duly noted and directly implemented to improve the product. This makes the marketplace the ultimate focus group, eliminating retailers' need to additionally hire a market research institute to get an honest and unadorned opinion.

DEEPER INSIGHTS INTO COMPETITORS

Not only customers, but also retailers and manufacturers, can use a marketplace to

gain a helpful overview of competitors' products and services, compare them with their own range and optimise their own ranges accordingly.

COMPETITIVE ADVANTAGES AND INCREASED EFFICIENCY

Users who tap into the B2B marketplace as an additional or even their only relevant sales channel are an important step ahead of competitors who rely solely on traditional sales and marketing methods. The risks are minimal and the costs consist of only either a regular membership fee or a fair transaction fee. Compared to traditional ordering, products can be delivered to the customer faster, the purchasing process is accelerated and the transaction process is much more efficient.

ADVANTAGES FOR BUYERS

Buyers can also take advantage of many practical features of the B2B marketplace to make their procurement processes easier. Purchasing is taking on increasingly complex forms - this is true not only for large

corporations, but also for small and medium-sized companies and start-ups. Especially if start-ups want to work efficiently and remain competitive, they need digital support in procurement. This is exactly where e-procurement can help. It can automate tedious tasks and digitalise the exchange of information, allowing companies to focus on their core business and new business innovations. For example, Conrad's OCI/PunchOut, eCatalogue and Smart Procure solutions provide buyers with full control over their purchases, straightforward and fast approval processes, customised connectivity and individual integration that is tailor-made for each company. An intuitive platform also ensures that desired products can be found and compared quickly, numerous different goods from different brands can be ordered at the same time and customers can receive quick answers to their questions.

15% of medium-sized and large companies will develop their own marketplaces by 2023

USER-FRIENDLINESS

Using a marketplace is simple and intuitive for manufacturers, retailers and buyers alike. They can find the niche products they are looking for quickly using a search window or the various product categories. Customers also have access to a wide range of potential new business relationships, both local and international.

COMPARABILITY

Customers have the opportunity to extensively research technical data, other customer reviews and prices on a digital B2B marketplace before purchasing a product electronically. They can find items that best match their desired product characteristics in terms of colour, size and dimensions, and even compare delivery terms and shipping costs to find the product that best suits their individual needs.

PURCHASING EFFICIENCY

Customers no longer have to visit different online shops and websites to collect different specialised goods and order them from

the respective retailers. Instead, they can collect several items of various categories from different manufacturers and brands in one digital shopping cart and order everything all at once. This minimises the number of contact points required and saves a great deal of time and effort.

HIGH-QUALITY CUSTOMER SERVICE

Regardless of the individual retailers that buyers come into contact with, they will have access to neutral, high-quality customer service. If, for example, there are transaction problems, misunderstandings, delivery problems or even disputes, a contact person is always available. However, to contribute to customer security, this service also includes the thorough verification of any retailers who actively enter and sell on a marketplace before a market release and even subsequent monitoring.

SECURE, DATA-PROTECTED PAYMENTS AND DELIVERIES

Online marketplaces are already required by law to use customer data for commercial purposes only (this also applies to data generated by third-party retailers). Payments can be made easily, securely and quickly with a payment method of choice, and deliveries can always be tracked thanks to automatic delivery updates, so buyers are always kept up to date.

70 % of these newly launched marketplaces will also engage in B2B commerce

Source: <https://oroinc.com/de/b2b-marktplatz/marktplatz-report-gartner-2021/>

CONCLUSION

The digital procurement of products and services is also steadily increasing in the B2B sector. Hardly any company operating in the sector can afford to miss out on this development. Most customers often choose more convenient, faster and more efficient ways to purchase office supplies and technology products in the form of computers, monitors, printers, scanners or even individual PC or network components. Test and measurement assembly kits, units and components including automation, and refurbished IT - i.e. renewed or remanufactured technical equipment - are increasingly coming to the fore. With these types of services, customers can put together their own desired components and tailor them to their individual needs.

However, B2B companies should not necessarily perceive this sector change as a constraint, but rather as an opportunity to tap into new sales channels and gain new customers. A B2B marketplace that fulfils all

the necessary requirements and infrastructure can help them do so. Digital marketplaces ensure that manufacturers and suppliers can trade reliably and that even small to medium-sized companies can potentially meet major customers without having to go through the traditional marketing channels or first having to develop long-standing relationships. In such a marketplace, buyers have direct access to all the necessary information, can make comparisons and, based on hard data, make a decision on the offer that best suits them. This guarantees not only business growth and secure sales, but also fair competition.



Ready for a sales boost?

In recent years, e-commerce has become increasingly important. How can you benefit from this distribution model?

Get to know the Conrad Marketplace.

<https://platform.conrad.de/en/seller/become-a-seller>