



THE 10 BEST PRACTICES OF B2B MARKETPLACES

HOW FIRST MOVERS GAIN A **LEADER ADVANTAGE**
BY EMBRACING THE CUSTOMER'S JOURNEY

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Within a few months, we have surpassed the one-million mark for our product assortment, thanks to our marketplace solution.

This dynamic development is enabled by a strong IT architecture, a professional marketplace team, and not least, reputable partners with high-quality products.



Pietro Otto, Senior Director

Conrad Marketplace at Conrad Electronic



INTRODUCTION

Since Amazon launched its successful [B2B offering](#) in 2015, they have proven that marketplaces are not just for B2C. Amazon Business reached 1 million customers in 2017 and [surpassed \\$10 billion in sales](#) in 2018, featuring the largest online assortment of commoditized goods. As Amazon's B2B successes continue to mount, B2B companies find themselves re-evaluating their commerce strategy to determine if they are most effectively meeting the needs of their professional buyers.

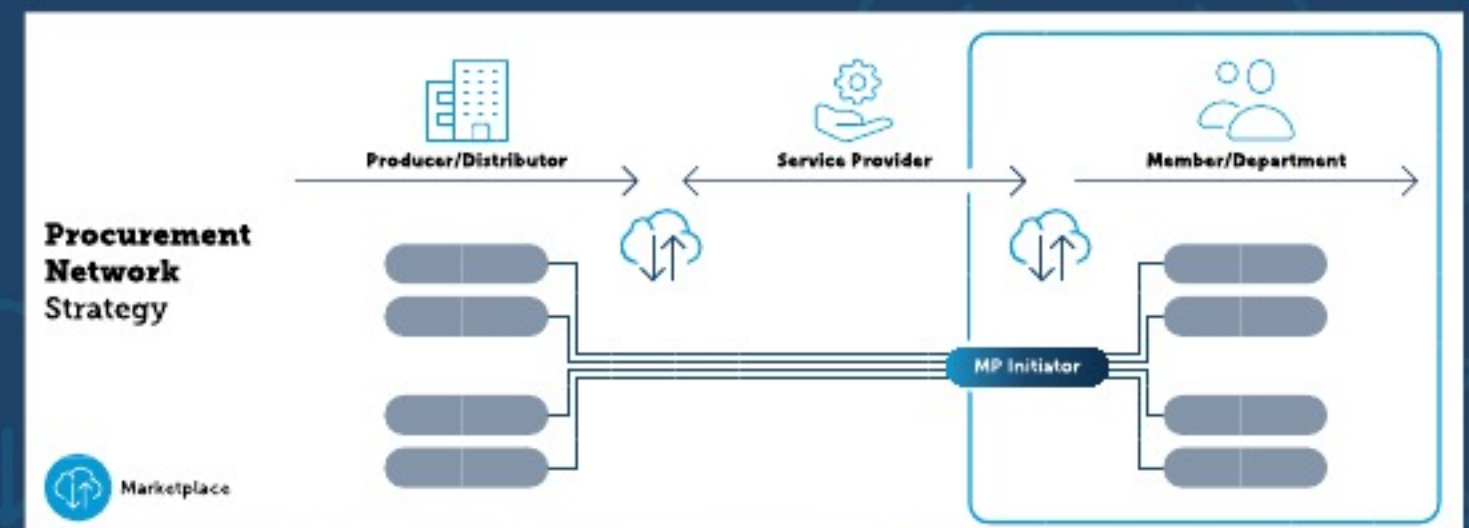
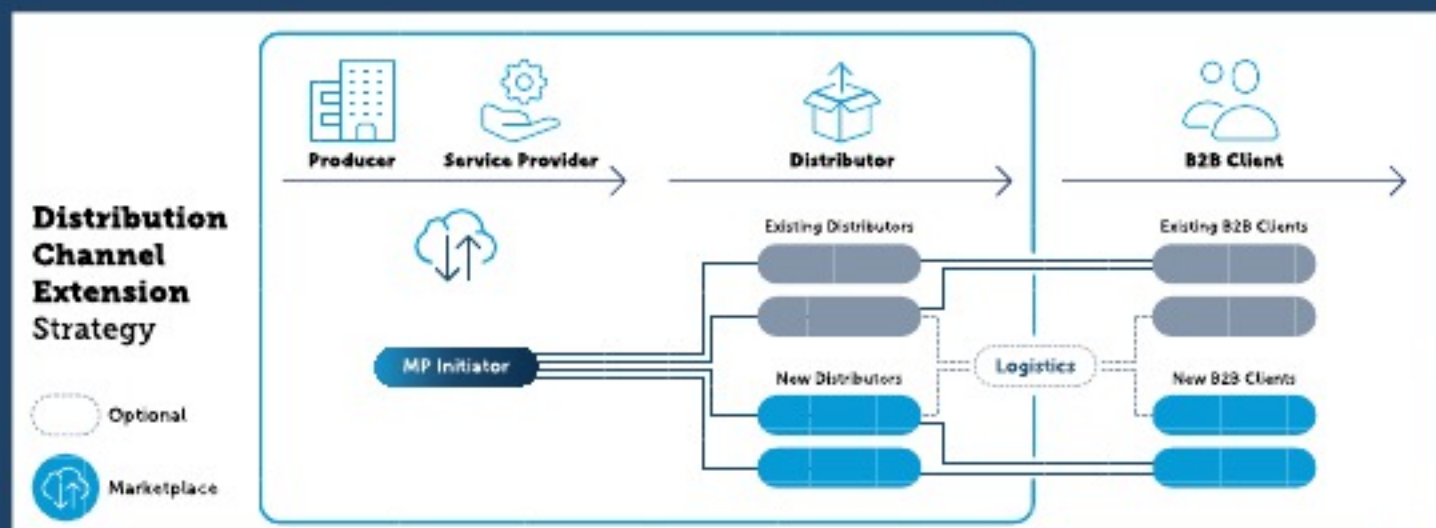
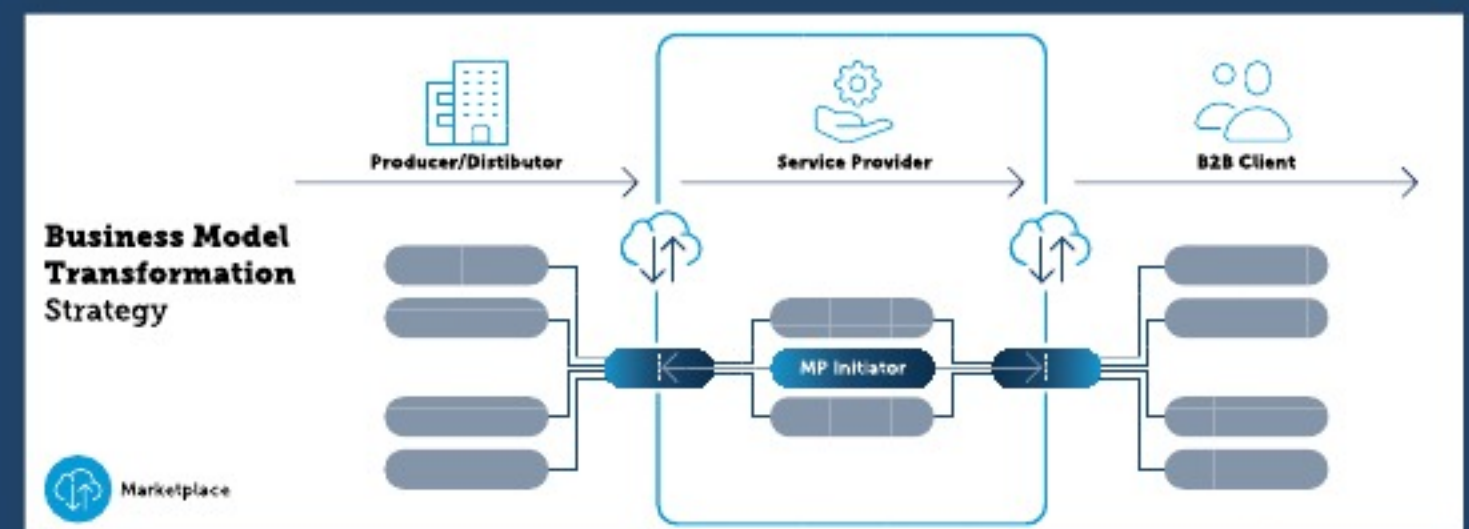
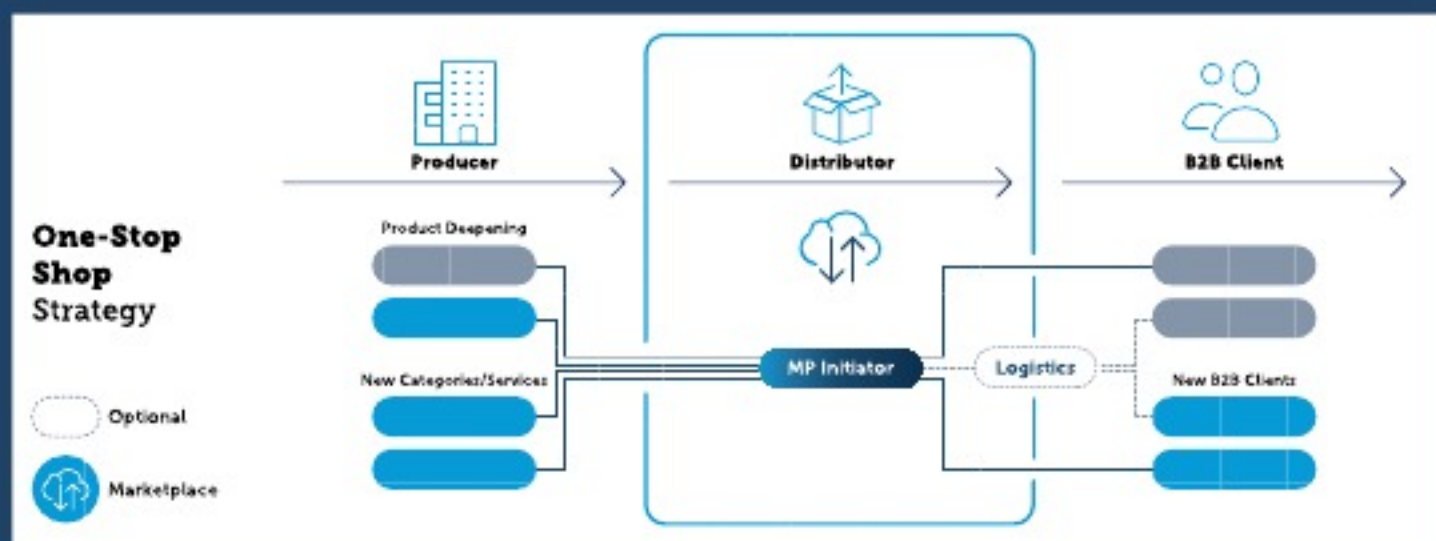
Now, [80% of B2B buyers](#) expect the same level of convenience experienced on B2C websites, and [87% of business buyers](#) across industries are already making business purchases on online marketplaces. As the marketplace model grows in its adoption, B2B companies need new best practices to remain competitive in this eCommerce space.

B2B companies have their own unique requirements when managing channel partners, customer expectations, and existing third-party relationships. The marketplace model takes these factors into account to facilitate a more desirable customer journey where traditional eCommerce channels fall short.

Embracing marketplaces is now the greatest starting point for winning B2B commerce strategies. As we explore best practices for B2B marketplaces, discover how inclusive ecosystems that supports the buyers' journey will be at the heart of this digital transformation.

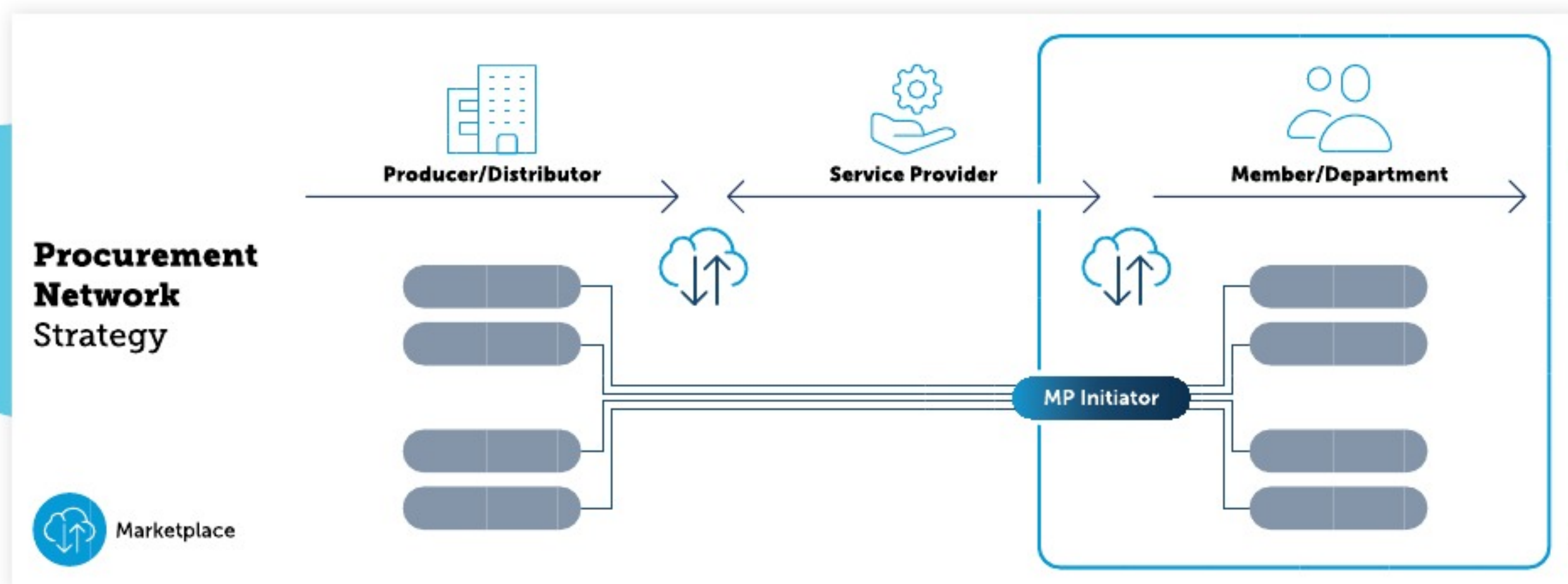
PRIMER: THE FOUR B2B MARKETPLACE MODELS

Mirakl has partnered with Roland Berger, a global strategy consulting firm, to conduct in-depth research on B2B marketplace models. In the report, [B2B Marketplaces are Blossoming](#), we developed an overview of the four core marketplace models in B2B eCommerce. Here's a quick primer and visual for each model.



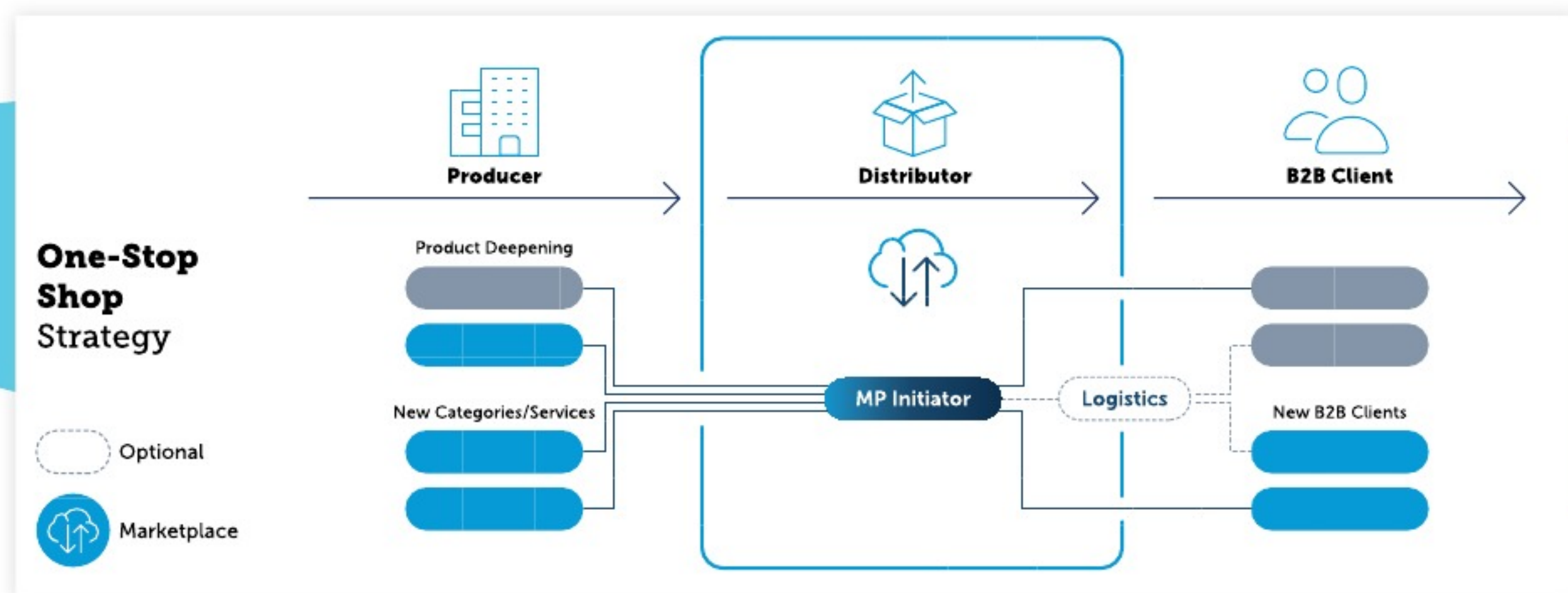
PROCUREMENT NETWORKS

A closed marketplace environment designed to take advantage of pre-negotiated prices on the platform. Two different initiators can open up this marketplace: one is a purchasing organization offering this service to its members; the other is corporates that want to provide this centralized service to the purchasing departments of its different subsidiaries. Looking at where the marketplace initiator is located within the different strategies, the evidence shows that marketplaces are currently set up along the entire value chain. Being a distributor-focused model, marketplaces offer opportunities for producers, and B2B customers alike.



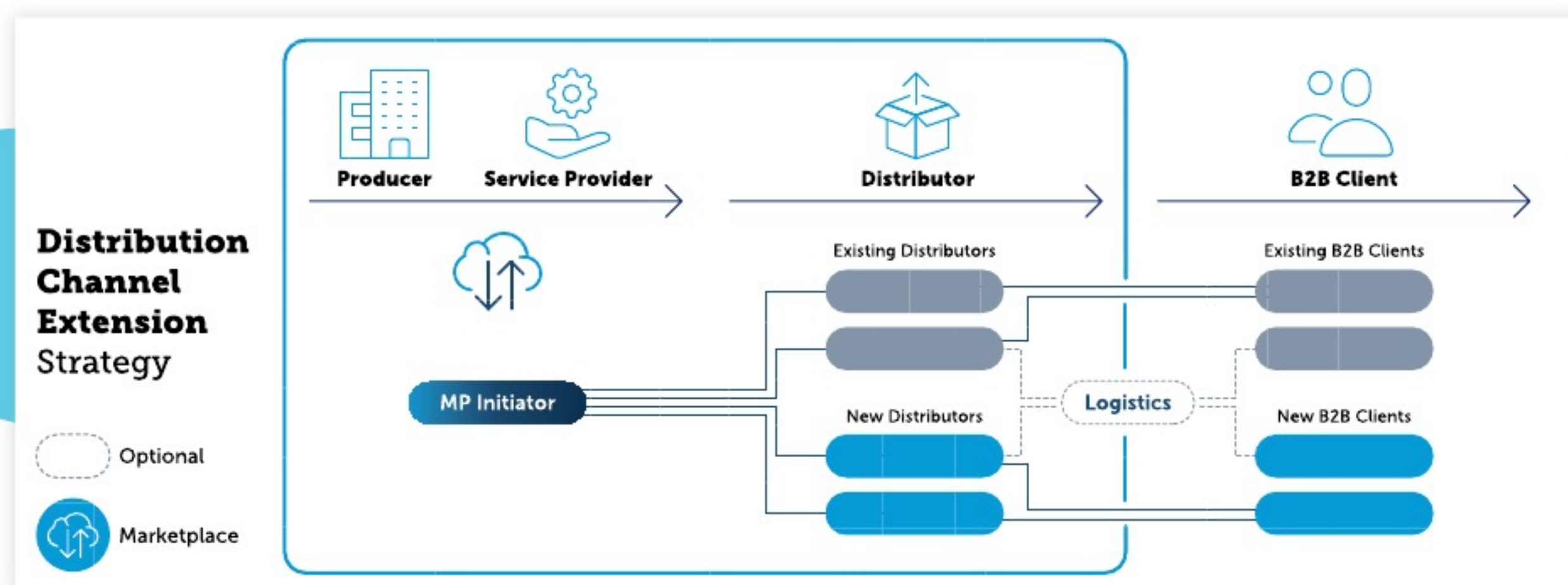
ONE-STOP-SHOP

The “One-stop shop” is the most commonly seen business model in B2B marketplaces as it extends the range of distributors’ ecommerce activities, moving from an e-shop to a marketplace model. Broadening the offer on the platform was done initially by adding long-tail products to the current category (horizontal growth). But we are now seeing the portfolio expansion increasingly happening through a vertical approach and adding adjacent categories. Both trends aim to bolster loyalty with existing customers and attract new ones to the platform. The mix of wholesale and marketplace platforms allows a marketplace owner to analyze thoroughly the sales performance of each product and thus optimize margins and stock risk, depending on the sales model he chooses for each product. If a private label brand is well-managed, those products also benefit from experience gleaned from data analytics. Furthermore, the model becomes very agile and product portfolios can quickly be updated on the marketplace; this is particularly good for entering new countries and adapting product catalogs to national preferences. In general, these marketplaces generate fees by asking for a monthly subscription fee, a transaction fee on sales carried out via the platform, and a marketing fee for promoting items.



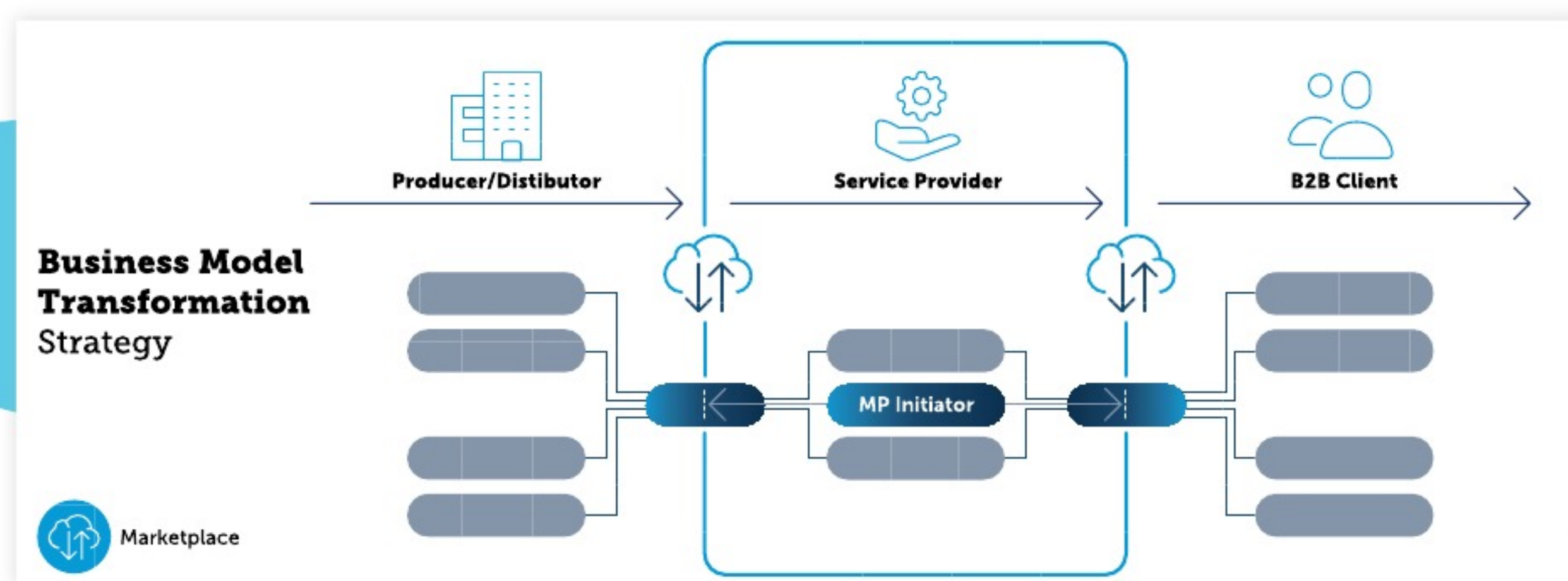
DISTRIBUTION CHANNEL EXTENSION

B2B Marketplaces offer a new distribution vector to suppliers in addition to existing ones, without creating channel conflicts. For example, a producer with a fragmented distributor network and a strong brand can integrate its distributors onto a platform for them to sell their products. Or, a service provider offers producers the possibility to have a digital marketplace alongside a physical one. In both cases, the marketplace initiator adds this channel as a service to its distributors and in return benefits from a closer access to end customers and a better overview of product inventories. This closed model promises to increase the loyalty of distributors and eventually integrate new ones if the platform traffic is strong. Because it is seen as a service, commonly only a monthly fee is charged. In years to come, this type of B2B marketplace will be able to advise sellers on how to improve their business, thanks to an overview of the entire platform's sales performance.



BUSINESS MODEL TRANSFORMATION

Business model transformation marketplaces are models that start from a green field and match demand and supply in unstructured markets. They initially appeared in the B2C service industry (such as Airbnb or Uber) and are now entering the B2B market with, for example, asset sharing models or freelance placements. We are also seeing a slow application to products. The value of this business model is that it creates transparency for both parties and eliminates eventual middle-man structures. Like oil in an engine, this model fluidifies transactions and allows markets to function smoothly. Both revenue models of transaction fees or subscription models are common. In the set-up phase, marketplace initiators need to create brand awareness and be quick off the mark to generate a critical mass of both supply and demand. It is a chicken-and-egg challenge as, without supply, demand will be reluctant to sign up for the marketplace and vice versa. Once overcome, demand and supply positions can be easily matched on the marketplace and offer adapted quickly. The agility of this business model has a major downside, however. Future transactions could be carried out outside the platform once the matchmaking process has been completed. That is why adding services is crucial for this business model so as to improve the stickiness of the platform. Otherwise, it could be very interesting for this model to launch closed marketplaces for key accounts and provide them with pre-negotiated prices and more individual offers, similar to the procurement network model.



10 KEY SUCCESS FACTORS EVERY B2B MARKETPLACE OPERATOR SHOULD KNOW

The following are 10 best practices for succeeding with your B2B marketplace transformation. Whether you are a manufacturer hoping to sell direct (or already selling direct and struggling), a wholesaler broadening product and services offers, or a procurement platform connecting suppliers to numerous subsidiaries, B2B marketplaces are their own landscape with which you must take a strategic approach.

THE KEY SUCCESS FACTORS FOR B2B OPERATORS

1. Embrace the Buyers' Journey
2. Ensure 'Digital Ready' Partners
3. Maintain Your Ecosystem
4. Get the 'Leader Advantage'
5. Onboard Your Own Dealers
6. Attract More Vendors
7. Evolve Your Salesforce
8. Develop a Pricing Strategy
9. Ensure Vendor Compliance
10. Protect Your Environment

The marketplace experts at Mirakl have identified these ten key success factors B2B operators must consider as they begin their transformation. Find the insights you need as we explore these best practices in greater detail.

1. Embrace the Desired Journey of Your Buyers

Increasingly, B2B buyers are looking for greater flexibility and more digital interactivity in their purchasing experience. How you showcase your products has never been more important.

For example, [ANIEL](#), a leading spare car parts wholesaler in France, enables buyers to search by the car type versus by the part type or serial number—simply because that’s how buyers want to shop. The company has constructed a customer journey and product tree that links to cars themselves, simplifying the search process. In this way, the company put the customer journey first and built their marketplace in such a way so that the search is specific to buyers’ verticals and their jobs.

ANIEL expects to generate a turnover of 33.5 million euros by the end of 2019, 20% of which will come via their marketplace. They will increase this share to [35% in 2020](#).



2. Make Sure Your Partners Become 'Digital Ready'

Not all B2B buyers, operators and sellers are "digital ready" having the knowhow to buy and sell online successfully. Marketplace operators can partner with those companies—most of which will be eager to become digital—and invest in helping them develop their digital capabilities.

Your marketplace is very much a collaboration, and so it becomes inclusive of your partners, driving your loyalties and commitments to one another. As you begin, you may need to train both your partners and your customers to become more digitally responsive, which will help solidify those relationship investments.

The time and effort you spend training is a greater responsibility, but you can both leverage the learning resources of your marketplace platform provider and share development costs with your partners, who have a vested interest in your success.

3. Keep Your Ecosystem Alive

Operators must continuously invest in their marketplaces to sustain traffic and vendor activity. This includes refreshing product data, promotions, new product launches, and services. These efforts must become part of a proactive approach to meet the evolving demands of B2B buyers.

Your marketplace solution provider can help you identify and utilize opportunities that will boost your marketplace revenues, then develop relevant marketing and merchandising [action plans](#) to increase your reach. Sharing this insight back to your partners will help increase your and their profitability, as you can both respond quickly and adapt to market demands.

“The marketplace model gives our business a fast way to expand our offer both within Europe where we have many more suppliers we’d like to work with, but also to quickly onboard new partners globally.”

Ramón Luengo
CEO of Coperama

4. Become the First Mover and Get the ‘Leader Advantage’

As you build loyalty with your partners, they in turn may provide you with new releases and better prices in the future. They are helping you build your ecosystem to become a more attractive destination for customers, for both your sakes.

You also gain a competitive advantage as you reinforce your category dominance. If you’re a distributor, this comes in the form of having a broader and deeper assortment and becoming a one-stop-shop. If you’re a manufacturer, this comes in the form of becoming a unique digital destination for your end customers, and a digital enabler for your distributors.



5. Avoid Channel Conflicts by Onboarding Your Own Distributors

A manufacturer might be hesitant to sell direct to customers at risk of becoming in conflict with its distribution channels. If 90% of that manufacturer's sales go through dealers, they will have disrupted the vast majority of their business, they fear.

But manufacturers can build an online marketplace where they onboard their own dealers/distributors to become their sellers. This facilitates those dealers' sales and prevents any conflict. This enhances your ecosystem and also provides you with critical data about your dealers' customers who access your site.

Remember, it's likely that most of your dealers are not digital ready. In that way, you're also helping them achieve digital exposure—your marketplace supports a seamless transition and helps facilitate extra traffic for those partners as a new sales channel.

6. Attract More Vendors

Perhaps the biggest challenge among B2B marketplace operators is attracting vendors. Fortunately, there is [no shortage of B2B sellers](#) eager to set up shop online today. This especially applies to niche categories, many of which will not have a web presence but whose products would pair well with others in your ecosystem.

The right marketplace model will not require any heavy lifting on the part of you or the vendor. Operators create their own product catalog hierarchy, which sellers can use to map their catalog. Simple onboarding and revenue opportunities help drive this ongoing effort.



"Our marketplace is centered around a very scientific customer base... Through our marketplace, we are providing them with the largest portfolio of the products that they could potentially be interested in and use in their daily workflows and applications."

Siamak Baharloo
CEO at Labviva



7. Prevent Conflicts with Your Salesforce by Evolving their Role

B2B companies that have a sales team fear that marketplaces create an extra channel and thus create conflicts with their sales representatives. But you can leverage what's most important to the sales team —incentives—to onboard customers to your marketplace.

In fact, your sales team can become more productive, and make more money, by promoting transactions in your online marketplace. The most typical example is your sales team pushes standard repeat purchases to the online marketplace, while they spend more time negotiating strategic and new contracts. This frees them up from the monotony of handling repeat orders, and lets them focus on building more lucrative relationships for your business. You should compensate your sales team on marketplace orders—whether via quota retirement, SPIFFs, or even commission depending on what works for your business model.

8. Develop a Clear Pricing Strategy - One Your Customers Will Embrace

For any product or service, B2B sellers have both list prices and negotiated prices; not all B2B customers pay the same price. You can increase prices for companies that buy less, for example, driving high margins from less volume.

But if we look at Amazon's business marketplace, this paradigm is shifting. The promise of negotiation is giving way to structured pricing. This nonetheless allows for some flexibility among sellers, and pricing still needn't be made completely public.

For example, some B2B marketplaces do not show list prices on their public site—rather, they share them once users log in. Prices can then be tailored by product or customer category, automating some would-be features of the negotiation process.

Two other strategies are discounting prices by volume or offering quotations, where pricing is firm but unique to each customer. What's most important is that sellers have a clear pricing strategy. As the operator, this will be important to building the value of your overall marketplace.

9. In Terms of Compliance, Select Vendors Wisely

Regulations and quality control do not change with your adoption of marketplace. Many potential marketplace operators are concerned that bringing new vendors into their experience would negatively impact their customer experience.

But your marketplace is not an 'open bar.' Just as you carefully select the vendors with which you do business now, you can continue to do so

in your marketplace. You can select the suppliers and partners which you feel respect your criteria and your quality concern standards. You can also promote top sellers and demote or immediately remove any sellers who operate outside your quality standards.

You need to either find a partner, or build your own quality assurance tools. These tools allow you to set up your quality standards and KPIs—such as how quickly products are shipped or customer questions are responded to—and then automate the monitoring and reporting for sellers against those standards.



10. Protect Your Partners, and Your Environment

Your marketplace is a new responsibility and requires your ongoing support to succeed. When working with third parties, you must be prepared to make up for losses if one fails, and leverage marketplace technologies to maintain quality across the site. Partnering with [the right marketplace solution](#) helps you maximize its value while minimizing disruption to your business.

What you want to always achieve is availability and quality for the sellers and products in your marketplace.

CONCLUSION: ACCELERATE YOUR TRANSITION TO MARKETPLACE

From adoption to success, building your B2B marketplace is a transformative process. The key is becoming a first mover and realizing your 'Leader Advantage' without disrupting your business.

B2B companies that evaluate building their own marketplace solution quickly realize its complexity and their lack of in-house experience will slow their time-to-market. They need a global partner to roll out their marketplace solution successfully—as both a new technology and an ecosystem.

Mirakl's best-in-class marketplace platform fits easily into existing commerce environments. B2B companies choose Mirakl for their expertise and around-the-clock support, which creates a more accessible environment for partners and ensures a great customer experience.

By 2020, [over 50% of all online sellers](#) will adopt marketplaces or include third-party sales in their eCommerce ecosystems. Take the right step forward and become the marketplace leader in your vertical.



ABOUT MIRAKL

Mirakl has become the catalyst of a marketplace revolution that is transforming the traditional eCommerce landscape. The **Mirakl Marketplace Platform™** is the only fully integrated, turnkey solution for lightning fast product expansion, increased customer reach, and improved vendor relationships – all with minimal resource investment. Mirakl enables distributors to quickly deploy a marketplace into their existing eCommerce website, taking advantage of external sellers or internal subsidiaries to provide customers a wider range of products and fulfillment options.



THE MIRAKL ADVANTAGE

Mirakl enables B2B companies to quickly and easily expand assortment, test new products and categories, and provide customers with enough selection to keep them from searching out additional suppliers. We support the creation of B2B marketplace ecosystems that you can build with minimal risk, and gradually gain customer insights as your partnerships and assortments grow. With Mirakl, you can:

- Increase the amount of products you sell to customers
- Increase revenue from additional products and additional share of customer wallet
- Reduce risk
- Increase overall profitability
- Gain new capabilities to better serve customers, and learn more about what they want

Best of all, you can keep your customers happy without creating channel conflict. That's because success comes from adapting your technology to the behaviors of your buyers and partners—not the other way around.

Since 2012, over 200 companies in 40 countries—including Urban Outfitters, Hewlett Packard Enterprise, Best Buy Canada, Carrefour, and Walmart Mexico—have grown to trust Mirakl's proven expertise and technology. With over 40 integration and tech partners and 30,000 sellers, Mirakl ensures easy integration and alignment with your eCommerce objectives.

READY TO LEARN MORE?

WE WOULD LOVE TO BE PART OF THIS JOURNEY WITH YOU.

FOR MORE ABOUT THIS OPPORTUNITY, CONTACT US: info@mirakl.com



