

# How To Avoid And Manage B2B Ecommerce Channel Conflict



Customers insist on more choices regarding where, when, and how they can purchase goods – including buying directly from brand manufacturers.

As they continue to become more digitally connected, there is a growing demand from buyers who prefer to make their purchases outside of traditional channels.



**The rising number of B2B buyers who want to research and buy products and services online has become too important to ignore.**

With statistics showcasing the continued rise of B2B ecommerce, which is set to reach \$1.2 trillion and account for over 13% of all B2B US sales by 2021 ([Forrester](#)), what is still holding back [many B2B businesses](#) from exploring non-traditional sales channels or establishing their own ecommerce storefront?

The Answer: Channel Conflict.

### **Launch Your B2B Ecommerce Site**

Experience customizable, future-proof technology built to work with your existing tools. Ready to launch your B2B ecommerce site? Get a preview of your site, complexities included.

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# What is Channel Conflict?

Channel conflict occurs when manufacturers sell their products directly to end consumers instead of first going through traditional distribution channels like dealers or retailers.

As more customers are looking for options to purchase their goods online, manufacturers want to be able to capture these growing online markets for their brands, but don't want to create conflicts with their existing ecosystem of distributors, dealers, retailers, and sales reps.



**Without a well-planned multi-channel strategy in place, making the choice to expand the sale of your products through these newly established channels, including online, can result in alienation of physical stores, partners, and even your own sales teams.**

However, when done correctly, you can satisfy and grow multiple channels for your business without harming existing channel relationships.

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# Channels in the Equation

For decades, it had not been a profitable option for manufacturers to sell [direct to consumers](#) and risk losing their important distribution channels or retailer partners. However, with the growth of the internet and online capabilities, it has become easier than ever for manufacturers to market and sell products directly to the end consumer.

## BigCommerce earned 12 medals in The 2022 Paradigm B2B Combine (Mid-Market Edition)

Download your complimentary copy of the report to explore recommendations for selecting the right ecommerce platform for your business, including:

- Why total cost of ownership is more important than ever
- How SaaS platforms are a key differentiator
- Why B2B buyers expect B2C-like user experiences

Opportunities for offering products and services to the same set of customers online and offline leads to rising concerns amongst existing channel partners. When it comes to addressing and managing channel conflict, there are a variety of key players that are involved.

## 1. Ecommerce.

With the [rapid growth of ecommerce](#), [selling online](#) has become quicker and more accessible than ever before.



**The ability to successfully conduct B2B operations online is no longer limited to large enterprise companies.**

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Small and medium-sized businesses also have access to the tools they need to create their own individually branded ecommerce site, enhance their B2B sales through online process automation, and utilize their branded site to further expand their businesses.

[Leveraging a SaaS platform](#) like BigCommerce makes online expansion both quick and affordable.

The release of new features and APIs including Wishlists API, Bulk Edit, and Price Lists allows BigCommerce to be capable of handling very customized B2B workflows for businesses.

Paired with B2B application, “[Bundle B2B](#),” which extends the native capabilities of BigCommerce to provide additional enterprise-level B2B functions like corporate account management and custom catalogs and pricing, businesses can easily offer greater convenience and benefits to customers online without the overwhelming costs and obstacles.

## 2. Your physical store.

Despite the rise of online shops, [in-person brick-and-mortar stores still maintain a presence](#).

With advantages including instant enjoyment, face-to-face assistance, and the ability to touch, feel, and try on items in person, there continues to be a large segment of consumers looking to shop in physical stores.



**Physical storefronts that deliver exceptional customer experiences and immersive brand experiences continue to generate both lasting impressions and returning customers.**

## 3. In-store partners.

Retailer partners who carry your brand in their stores deliver value to your end-users in terms of quality, service, and local availability.

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The channel also increases access to prospects and customers who frequent retail stores to purchase the types of products you offer.

Utilizing an existing network of in-store partners allows manufacturers to expand their physical geographical reach without having to set up their own store outlets to cover the territories where existing retailers already operate.

#### **4. Online partners (Amazon, eBay, etc.).**

Selling on online marketplaces is another method that manufacturers use to grow their businesses and reach large new audiences.

Outside of creating and developing their own ecommerce site, offering products on popular and widely established online sites like Amazon or eBay is a way that manufacturers expand their reach to previously untapped customers, including those from around the globe.

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# What Causes Conflict Between These Channels

There are a variety of methods you can use to market your products. Here are only a few examples:

- Sell directly to end-consumers through your ecommerce site.
- Sell to retail partners, who then sell to end-consumers.
- Sell to a distributor, who then sells to the retail stores that then sell to end-consumers.



**When your brand is available through multiple distribution channels, the potential for channel conflict arises due to concerns over direct competition with identical product offerings for the same market and customers.**

Anytime you expand or introduce your brand through a new sales channel, concerns may surface from existing channel partners who see these new channels as a threat to their own.

## 1. Poorly implemented pricing structures.

Failure to maintain price consistency across all channels results in conflicts between channels and confusion for end users.

For example, if the manufacturer's website sells the products at significantly lower prices than offered at retail stores, the brand's sales in retail stores will plummet.

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**These retailers could then find themselves in trouble having to compete in price against the manufacturer.**

**When the same product is available through multiple channels and the price is not well controlled, there's a risk of pricing wars.**

One channel may choose to undercut the pricing of the other channels, hoping that the additional sales will make up for the reduced cost.

Another channel could choose to retaliate by pushing the price even lower, and this would also start to affect customer behavior.

Consumers might hold off or delay their purchase indefinitely as they await a better deal.

Individuals who had already bought your products previously may feel cheated and be upset at seeing lower prices than what they paid, which can lead to increased returns.

Your product may also lose value amongst consumers as they contemplate whether the lower-costs items are at the same quality as those offered at the higher price.



**Not only will consumers be affected, but your existing distribution channels may also suffer.**

They may decide they are better off not promoting your goods due to the intense competition.

Existing retailer partners could also ultimately decide to no longer carry your products and turn to your competitors to fill the gap.

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## 2. Keeping partners out of the loop.

Once the decision has been made to expand your brand into new channels, keeping it a secret from your existing network of distributors and retailers might lead to bad press and unhappy customers.

Regardless of whether the new channel is considered to be a direct competitor or not, your existing partners will notice and will have concerns regarding how their channel will be affected.



**Failure to ease these concerns and mitigate objections by explaining how changes can still benefit all parties involved may result in decreased support from existing channel partners.**

Not having upfront and clear communication with channel partners can ultimately cause manufacturers to lose business with them as well.

It's important to note the reaction and feedback from current distributors, dealers, and retailers.

Whether they choose to accept the introduction of a new channel in the market or seek alternative brands from your competitors to stock in their stores instead will depend on the actions you take to continue to keep partners engaged and working together in the same direction.

## 3. Prioritizing your ecommerce sales over your total sales.

Heavily favoring one channel over others can lead to negative consequences for your overall combined sales.

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**By prioritizing the sales solely generated from your ecommerce site without considering the effects that would have on the total sales generated from all of your different channels, you may see a significant decrease in sales from your other channels.**

Existing distributors may choose to stop promoting your brand to their customers or even drop your brand altogether.

#### **4. Ignoring your customer's needs for convenience.**

It is important to take into consideration the changes in your customer's shopping habits.

By not offering both online and offline options for the customer to obtain the products they want to buy, you're lengthening their path to purchase.



**Disregarding your customer's needs for convenience opens the door to other competitors who can better meet the needs of customers and considers how they want to shop.**

The way consumers shop is becoming more diverse.

From local mom-and-pop stores and large department stores, to online marketplaces and ecommerce sites, customers are making shopping decisions based on their personal preferences and circumstances. They may shop between channels, rather than maintain an unchanging loyalty to a specific channel. In order to grow, manufacturers need to take into consideration the different options that are available to them in delivering their goods to consumers.

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Without focusing on how to deliver a better customer experience and strategizing to meet these needs, brands risk becoming trapped with channels that are irrelevant to the latest generation of shoppers, who simply don't shop there.

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# Keeping the Channels Flowing

There's not a single perfect channel. Each comes with its own set of pros and cons.

The best way to avoid channel conflict is to embrace and integrate both online and physical channels to get everyone working towards the same goal – creating incredible value for consumers in a way that is also rewarding for all parties involved.

## 1. Keep pricing structures simple and public.

By pricing your products fairly across all channels, you can give every channel the opportunity to compete while remaining profitable.



**Rather than completely disrupting on price and positioning yourself as a direct competitor for your own dealers or distributors, it is better to unite and keep prices more stable.**

While you might not be able to control the exact price point that every single sales partner uses, maintaining a minimum retail price for your ecommerce channel or direct sales can be one way you keep from undercutting the field and allow your multiple channels to equally compete.

## 2. Educate your partners on your product, make them a verified source of information. Keep your product info up to date and share it.

Communication is key to avoiding and managing any channel conflicts that may arise.

By collaborating with channel partners and sharing data, the entire sales network can benefit.

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Clearly present your vision and goals and provide insights that showcase how all parties are rewarded.

For retailers to be encouraged to sell your goods, you should provide up-to-date product training for their sales team and equip them with the promotional support materials and information they need to know.

It is important to note that when working with channel partners, you don't have direct control over the relationship established with the end-customer.

Therefore, it is crucial for you to educate your partners on the latest product updates and data available so that they can deliver the most accurate and best level of support and service to the customers.



**Navigating through multiple channels can be a complex process, no matter whether you're selling online, through retailers, or using distributors.**

**That's why keeping everyone in the loop matters.**

When each channel feels informed and rewarded, it creates great opportunities to drive more loyalty and sales while promoting your goods in front of more consumers.

Utilizing multiple approaches to deliver your products to consumers can be highly effective as long as each channel feels incentivized to cooperate with one another and are equipped with the right tools to generate their sales.

### **3. Brand your own store well, but make your partners known too.**

Positioning both your own ecommerce store as well as the partners who carry your products will create positive impacts for your business.

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## **Allow trusted partners to promote their physical store location on your online site and offer tools to help shoppers online find these in-store retailers.**

When consumers are researching for products online, many will still prefer to look at the product in-person before completing their purchase.

Whether shoppers go through the checkout process online through your ecommerce site or visit a partner store to finalize their purchase, this results in overall increased sales and a win-win situation between you and your channel partners.

Provide customers with all the available options and channels to purchase your product and allow them to make the final decision.

By promoting the different channels where your products are being offered, you can penetrate new markets and attract customers your store on its own might not have been able to service.

Gain brand exposure and sales for your branded ecommerce site while sharing the success with channel partners.

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# Go At It Alone

## 1. Full control of your product sales.

Another way to avoid channel conflict with existing partners is to offer products on your ecommerce site that are exclusive only to you and allow you to take full control of these sales.



**You're not directly competing nor undercutting on price, but rather providing more unique options that can only be found on your brand site.**

These can build demand, generate attention, and showcase what your brand has to offer.

Retailers might not be able to carry every single product you have to offer, so your own brand site can fill this gap by offering alternative options for customers who are unable to find what they're looking for at a physical store.

## 2. Extremely reliant on one medium.

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**When it comes to B2B ecommerce, consumers are the driving force.**

**As their buying and shopping habits change, your business has to take into consideration these different trends.**

It may be easy to determine that one channel is better to focus on than another but favoring and being highly reliant on one medium without bearing in mind the overall buying preference among all your consumers will cause you to miss notable opportunities.

Utilizing multiple channels and taking the steps to minimize and reduce any resulting conflicts that arise maximizes the growth potential to retain existing channel partners and grow your consumer base.

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## Executive Summary

Channel conflict doesn't have to be a daunting issue.

When handled appropriately, it can lead to great opportunities for growth and success across multiple mediums.

Customers are looking to purchase on their own terms using the channels that best services them.



**Discovering and understanding what your consumers are looking for and how they want to shop is the key to growing your business.**

You don't have to decide between selling online or not selling online in fear of creating channel conflict among existing channel partners.

Ecommerce can also drive demand to offline channels and benefit physical stores as well.

The most important thing to keep in mind is how to deliver exceptional value for your consumers by giving them the best of offline and online shopping.

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