

One-stop shop platforms

Are B2B platforms coming of age?

Webhelp

MIRAKL

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Introduction

After a period of disruption caused by the Covid-19 pandemic, the traditional B2B sales model is set to undergo a radical transformation. Its consolidation phase is coming to an end; large companies in all sectors have launched platforms during this period. This has resulted in a very significant increase in B2B platforms, with a compound annual growth rate of 17% between 2017[1] and 2021.

This acceleration is even more striking when compared to the development of global e-commerce. The turnover of B2B marketplaces has grown seven times faster than B2B e-commerce in general[2], proof that digital channels are the future of the business relationship between companies and suppliers. Turnover is expected to reach $4 trillion by 2025, four times the current sales volume[3].

The market's consolidation has led to the emergence of clearly differentiated types of players with distinct accounting models. From 3P to one creditor, each business model has demonstrated clear benefits. The key success factors of the past are now recognized and proven market standards; new criteria for success have subsequently emerged, particularly in terms of managing and retaining the vendor community and providing complementary services.

However, the rise of e-commerce has brought new issues to the forefront; the most significant of these are the impact of digital technology and procurement on the environment. Customers are increasingly aware of these issues and expect platform operators to adapt their offering, whether in terms of products, logistics or organization: 81% are likely to buy from responsible vendors[4].

Today, B2B marketplaces are essential; tomorrow, they will play an even more vital role. But to do so, they will have to rise to the challenges ahead!



[1] Roland Berger
[2] Mirakl, Comprendre les marketplaces : Le guide pour y voir clair (Understanding marketplaces: a guide), 2021
[3] BE STF research & analysis, 2021
[4] Smartest Energy report
[5]Dealroom
Source: Roland Berger

1 / 2018 - 2022: B2B marketplaces' consolidation phase

In our study published two years ago [6], we presented the players likely to launch marketplaces, each adopting a specific approach, based on its business model and its position within the value chain. At that time, we identified different objectives for four types of stakeholder: producers, wholesalers, B2B clients and B2C clients.

Retail marketplaces are the latest trend in B2B marketplaces. Launched by B2C clients to undercut B2B suppliers and take advantage of long-tail offerings, they have become increasingly prevalent, with customers grouping together to bypass traditional vendors.→ A

But unlike B2C marketplaces, B2B players now offer extensive services, such as credit, invoicing and customer-specific pricing. This is a business-friendly environment: B2B marketplaces have now conquered all sectors and this trend is expected to intensify in the coming years, as shown by the success stories below.→ B

Gartner predicts that 80% of relationships between suppliers and buyers will involve digital channels by 2025 [7]. This is illustrated by the consolidation of well-known and well-established market players that have shown solid growth.

"80% of relationships between suppliers and buyers will involve digital channels by 2025."

Gartner

GLOBAL DISTRIBUTION OF B2B MARKETPLACES [8]

The **Asia-Pacific** region stands out within the global market, with B2B giants making the most of a highly developed online shopping culture. In terms of gross market value, B2B online trade increased from USD 7,7 tn in 2017 to USD 14,4 tn in 2021. This success can be explained by the fact that the region has twice as many Internet users as Europe and North America combined. The region also has a large network of low-cost suppliers.

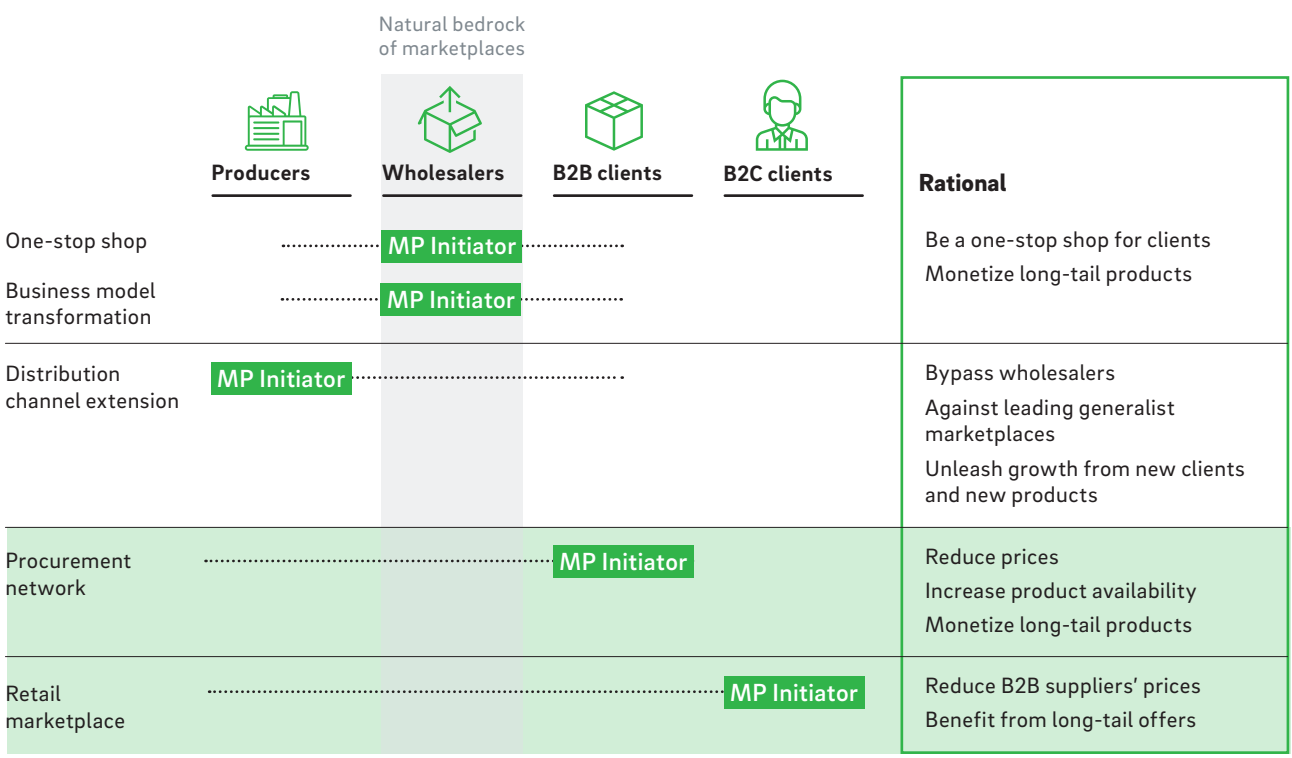
North America benefits from the dynamism of the United States, the world's second largest market for B2B e-commerce, with its strong economy and significant production and consumer spending. Figures increased from USD 1,5 tn in 2017 to USD 2,8 tn in 2021.

In **Europe**, B2B marketplace development has been slower: from USD 0,7 tn in 2017 to USD 1,2 tn in 2021. This is the result of well-established networks of suppliers operating outside of traditional bricks-and-mortar stores and a lack of in-house technological expertise (more than half of UK businesses say they are frustrated by e-procurement, according to Cross-Border Magazine).

The **Middle East** saw the strongest growth in B2B e-commerce (+36% in 2021). This can be explained by the emergence of B2B start-ups that have delivered excellent performance in recent years. → C

[6] The role and opportunities of B2B marketplaces in a post-Covid world
[7] Gartner, The Future of Sales, 2020
[8] Press research, Statista, Trade.gov, Roland Berger

A: Overview of marketplace rationale per initiator



Source: Roland Berger

THREE ACCOUNTING MODELS FOR B2B MARKETPLACES

Between 2018 and 2022, there was significant development in marketplace models, driven by the Covid-19 pandemic which boosted online retail; three key models emerged, each with its own specificities.

However, these models have a shared foundation: they minimize inventory risk for operators, optimize cash flow and reduce storage and manpower needs.

The 3P model

The term 3P refers to third parties; this model encourages the creation of vendor accounts. Vendors are entrusted with significant responsibilities: they handle most of the business relationship (managing pricing, stock, orders and delivery) via the marketplace. In this way, by acting as a link between vendors and customers, a marketplace operator can easily test new product categories, thereby enabling it to respond more quickly to its customers' needs and

regularly update its catalog. This will result in increased sales and traffic on the platform. This agile and low-cost model makes it possible to try out products and vendors without any stock management and inventory issues.

The Dropship model

A continuation of the traditional retail activity of a B2B distributor, this model makes it possible for vendors to sell products without physically having them in stock.

When an order is placed, it is transferred to a partner which handles distribution. With this model, the vendor retains control of prices and margins, customer service and promotional activities, without having to manage storage and order tracking; consequently, the vendor does not need working capital. It is also an appealing option for vendors selling oversized products. However, contractual arrangements and negotiations between distributors and suppliers can be lengthy.

The One Creditor model

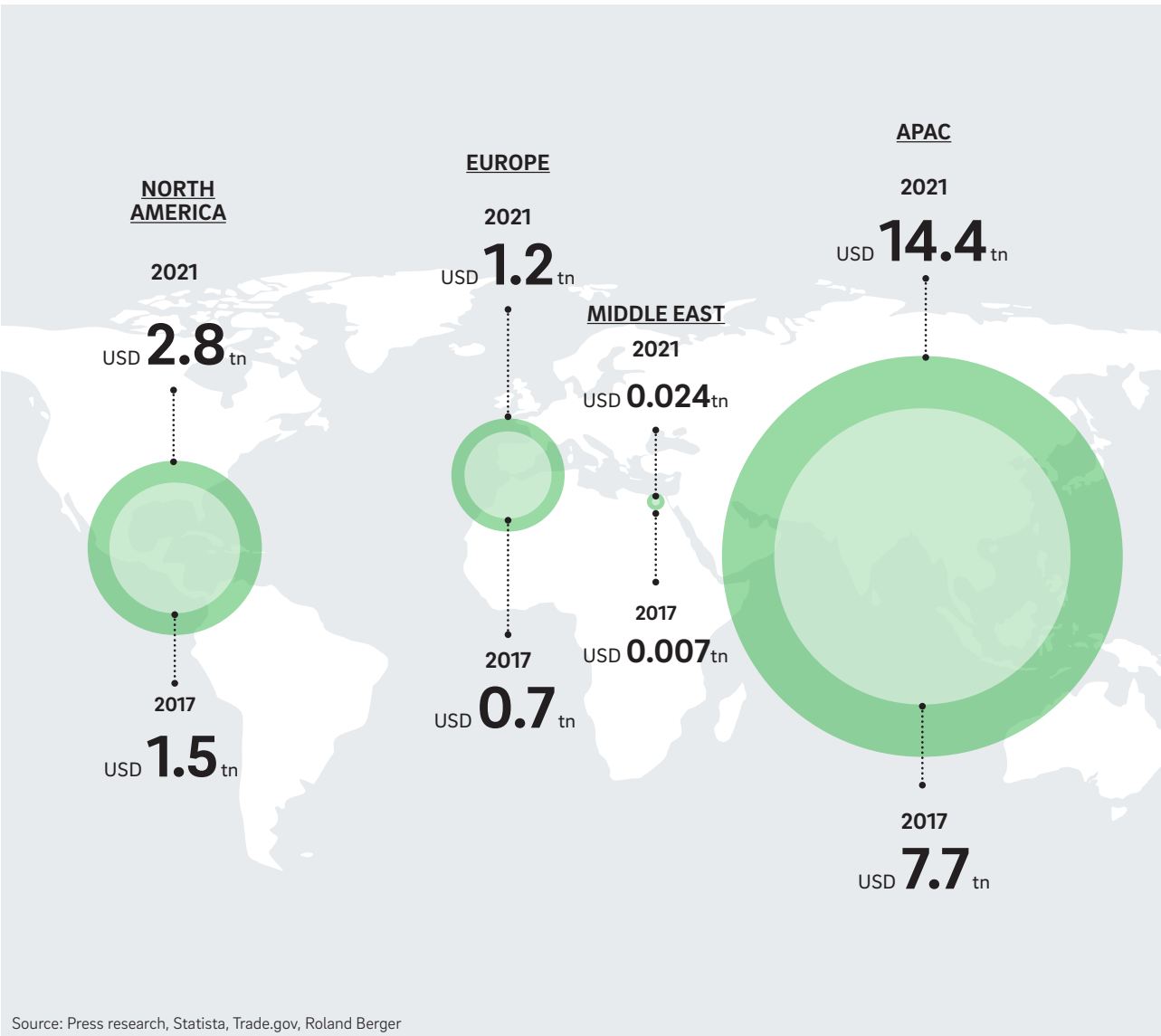
This model is commission-based and geared towards key account buyers. Operators act as a single creditor for all marketplace transactions. This model is particularly suited to the needs of B2B buyers because it simplifies the procurement and tax compliance processes. Buyers are billed by a single entity (the operator), use a single line of credit and make payments by transferring money to a single bank account (belonging to the operator.

B: Large marketplaces success stories

Company	Industry	Segment	Year of launch	Providers	KPI
	Food & equipment	B2B	2019	Mirakl	**250+** partnered brands **20+** new product categories added
	Consumer goods	B2C	2020	Mirakl	**100+** sellers **100,000+** references by end of 2020
	DIY, construction	B2C	2020	Mirakl	**700+** sellers **400,000+** references by end of 2021
	Consumer goods	B2C	2021	Octopia	**500,000+** references by end of 2022
	Food wholesale	B2B	2022	n.a.	**10,000+** references by end of 2022 **4,000+** orders during first 3 months

Source: Press research, Roland Berger

C: Overview of B2B e-commerce evolution worldwide
[B2B e-commerce GMV1); USD tn]



Source: Press research, Statista, Trade.gov, Roland Berger

TYPOLOGY OF B2B MARKETPLACE PLAYERS

Marketplace providers

These players have the most comprehensive offering: they provide a marketplace platform that integrates all the necessary modules, whether they are standardized or customized. They can be divided into two categories:

- marketplace app providers that specialize solely in the development of marketplaces;
- full-stack providers that are able to offer e-commerce services, such as merchant websites, in addition to marketplaces.

Module providers

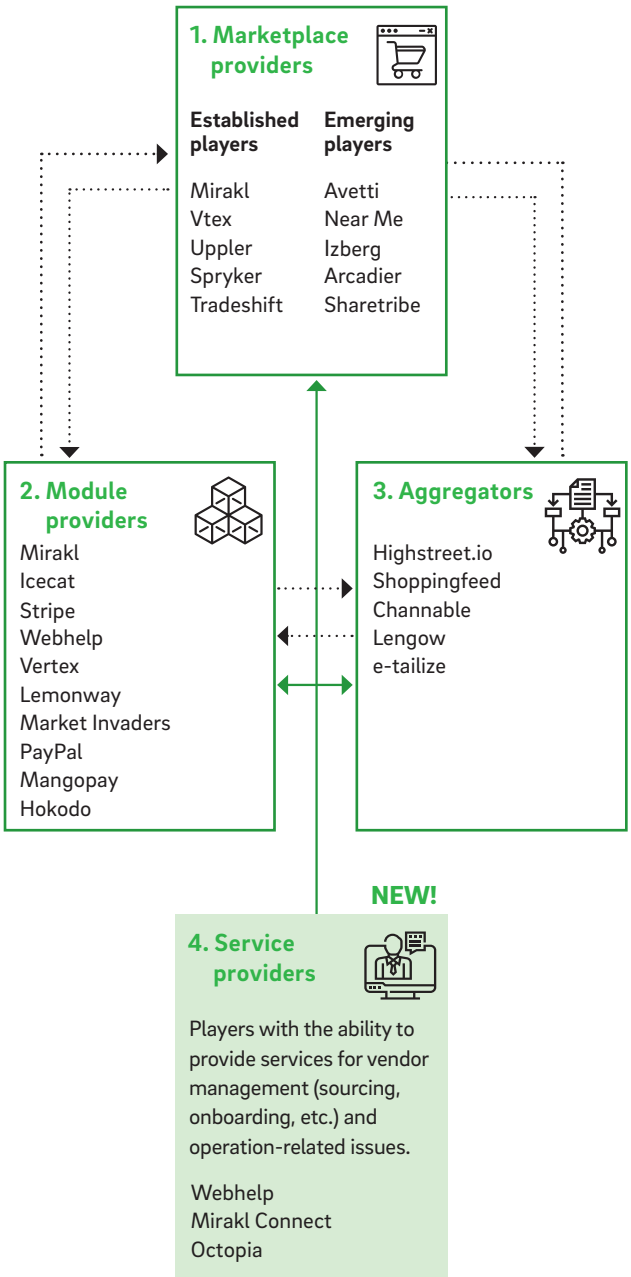
These providers offer specific modules that are integrated into the marketplace platform. Most of these companies provide payment modules, although some provide business intelligence and data analysis modules.

Aggregators

They act as a link between e-commerce solutions (front-office) and marketplace platforms (back-office). They make it possible to import product data and index a catalog.

Service providers

These players are involved in vendor management services: they provide solutions for sourcing, recruitment, training, retention and more, along with operational systems such as customer service.



2 / Key issues, challenges and opportunities for B2B marketplaces in 2023

Today, the structure of the B2B marketplace ecosystem continues to evolve. This is evidenced by the increased investment in these projects: the share of venture capital funding allocated to B2B marketplaces increased from 17% in 2020 to 38% in August 2022. The three main sectors attracting capital investment are retail ($1.381 billion), construction ($612 million) and software ($211 million). → D

KEY ISSUES FOR B2B MARKETPLACES

Now that solutions that were once key success factors have become market standards (such as aggregate payment solutions), new challenges are emerging for B2B marketplaces: operators must focus on offering innovative services, prioritizing customers and managing vendors.

The main pain points that operators face

Vendor management is at the top of the list; this is now a key issue for marketplace players and primarily involves choosing, onboarding, training and retaining their vendors. Even after a successful onboarding process, managing an active network of vendors is key to increasing a marketplace's gross market value. Providing dedicated customer care is also an important consideration: a third-party vendor that doesn't offer a good level of customer service could have a negative impact on the operator's reputation.

There are customer-related issues too: the rapid growth of e-commerce has inevitably led to a **massive increase in the amount of data** to be analyzed; this complicates the operators' role. However, marketplace operators can access all browsing and transaction data with an end-to-end view of the customer journey, even if the product is sold by a partner vendor. What's more, a wide range of available products improves the conversion rate by reducing the risk of a customer not being able to find the product they are looking for.

Operators also face difficulties at an operational level, particularly regarding the **digital maturity of their teams**, something that determines future growth.

They encounter technical issues too: search engines and platform adaptability are essential criteria when it comes to performance. It is vital that product availability information is accurate and that delivery times are competitive.

Lastly, some operators face product-related issues when it comes to setting prices and the positioning of their product ranges. → E

Key success factors

Now more than ever, operators' success depends on an increased focus on the following elements:

In terms of operations

From vendor management to payment solutions, operators will have to focus on the operational aspects of their business which will become increasingly important in the future. Choosing vendors and managing a community of active vendors are particularly critical tasks. Similarly, operators should ensure the availability of financing solutions and the option to adapt sellers' payment terms. They must also ensure their customers are solvent and should pay particular attention to their marketplace's product return policy.

In terms of products

To ensure dynamic growth, marketplaces must address the challenges relating to products, including stock management, product ranges and associated services. The range, availability and price of a marketplace's products provide a competitive edge.

In terms of internal management

Internal management is another key success factor: a dedicated team should be set up and top management

should be involved. A dedicated team is vital for recruiting, onboarding and managing the vendor community. This team will also be instrumental in ensuring the platform's continuous improvement, drawing on internal feedback and suggestions. The marketplace manager and the category managers should work closely with purchasing teams to develop a strategy to ensure that new product ranges complement any existing range.

In terms of the platform

To ensure a platform's success, technical aspects must be prioritized: making it possible to connect other APIs or platforms, offering an easy and user-friendly interface, providing a fast response to technical problems, facilitating vendor integration and investing in digital marketing will all attract more visitors. → F

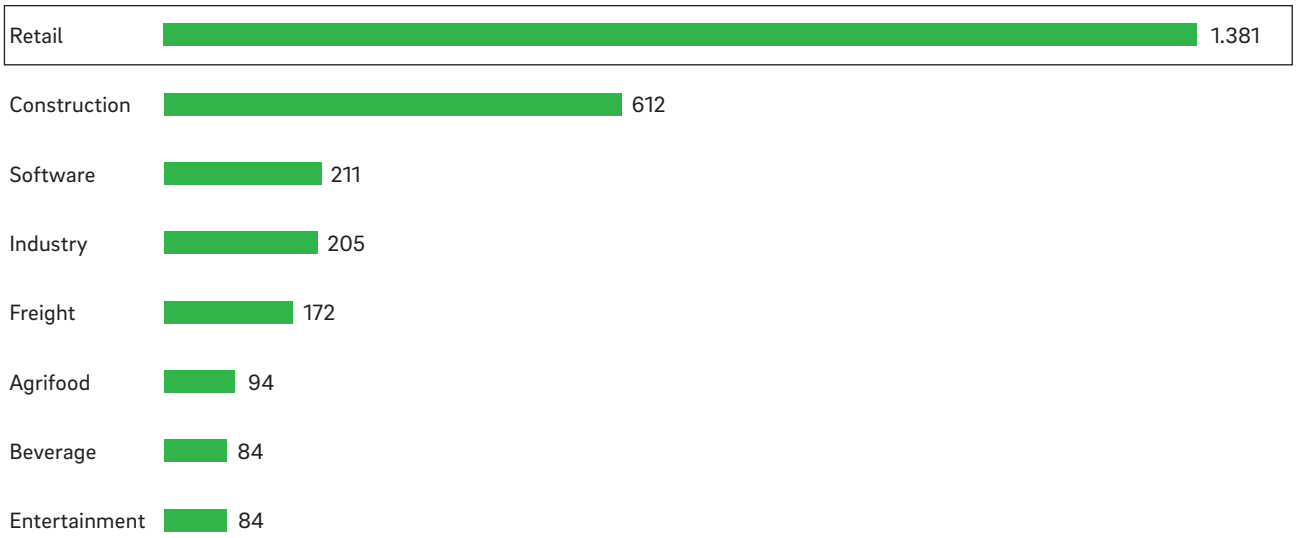
CHALLENGES TO BE ADDRESSED

The generalization of One-Stop Shops

The One-Stop Shop model is increasingly appealing to companies starting out on their marketplace journey. However, this model also has its challenges.

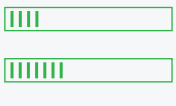
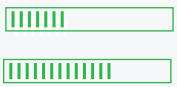
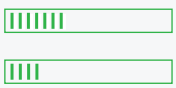
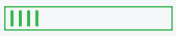
It requires significant efforts when it comes to choosing and monitoring vendors to ensure the quality of the products sold on the platform. Choosing the right merchandise planning model is also a challenge: with the dropshipping, 3P and single creditor models, decisions must be made as to whether products will be stored or not. It also raises issues around invoicing and payments: minimizing accounting risks is a key issue for companies.

D: Top VC deals for B2B marketplaces per industry [2021; USD m]



Source: Pitchbook, Roland Berger

E: Pain points

Major pain points	Details	Importance	Experts'verbatim
Vendors 	Recruitment, selection, onboarding Management, training, nurturing		*"**Handling vendor onboarding** and then **managing the ecosystem** is a challenge for us and one of our areas of focus"* **Frequent pain point**
Customers 	**Traffic conversion** **Data ownership** Additional service offering		*"With the marketplace shift, **offering additional services becomes increasingly important"***
Operations 	Stock management Digital maturity of the team		*"Because B2B is more demanding, we are **very selective when adding new vendors**"*
Technical 	Search engines Platform adaptability – readiness to scale		*"The* **search tool needs to be highly advanced***; otherwise, customers will opt for the competition"* ***– Showroomprivé.com***
Product 	**Price management** Range & product positioning		*"Our **internal tool for stock management** is a key enabler for our growth" – **Califrais***

F: Key success factors

Key success factors		Detail	Historical relevance	Future relevance
Operations 	Vendor management	Vendors selection & follow-up (rewarding active vendors) Service offering (marketing, logistics)	◑	●
	Efficient payment & invoicing	Easy check-out & options for payment terms Return policy Customer solvency	●	●
	Finance	Early payment for sellers with financing solutions	◕	●
Product 	Stock management	Real-time stock monitoring & anticipation Reliable logistics & delivery	●	●
	Extensive product range	Selected iconic products to start Iconic products when starting out Expansion of the product range after becoming more popular Reliable logistics & delivery	◑	◔
	Key service offering	For clients: research, comparison, descriptions	◑	◔
Management 	Dedicated team	A dedicated internal marketplace team Strong support from top management	◑	◔
Platform 	UX/UI technical complexity	Seamless interface & responsiveness to technical issues Integration of other APIs/platforms	must-have	
	Traffic management	Supply: vendor onboarding Demand: digital marketing to increase visitors		

A move towards more responsible marketplaces?

Digital technology is now responsible for 3.5% of greenhouse gas emissions [9]; this figure is likely to double by 2025, caused by a significant increase in our use of such technology [10]. As for e-commerce, its environmental impact is growing: by facilitating purchases, it generates additional pollution, caused both by product packaging and logistics.

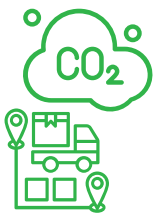
However, sustainability criteria are increasingly important for B2B customers: they are much more interested in the provenance of products and the way in which vendors are chosen. Operating a sustainable marketplace is therefore a real differentiating factor.

What's more, since January 1, 2023, procurement is included in French companies' regulatory carbon footprint [11]. The e-commerce sector's carbon footprint has several causes: transporting and storing products, operating logistics centers and managing the waste generated by packaging and returned products. As such, B2B marketplaces have several ways in which to improve their environmental impact and differentiate themselves from the competition.

81%
of e-commerce consumers are increasingly focused on buying from responsible vendors [12]



50%
of e-commerce's carbon emissions are caused by the supply chain [13]



NEW OPPORTUNITIES IN 2023

One creditor: the model of the future?

The One creditor model seems particularly relevant to the B2B market. It reduces the administrative burden on buyers and facilitates a one-to-one relationship between the operator and its customers. It enables the buyer to use their existing credit line to purchase products from the marketplace and make payments by bank transfer directly to the operator's bank account. In this way, this model ensures the marketplace's seamless integration into a B2B retailer's existing customer experience; for instance, third-party vendors do not need to be registered as new suppliers in the buyer's database. Nevertheless, there are some pain points to consider. In particular, this model is more complex to implement than a standard 3P model and it entails a potential risk of non-payment for the operator. However, this risk can be transferred to a service provider, such as Hokodo, which offers its clients a choice of payment terms or immediate payment and then manages outstanding invoices directly with the customers of its own clients.

Rising to the challenge of sustainability

As a sector, best practices are beginning to emerge within the world of e-commerce and, more specifically, within marketplaces. It is clear that operators must respond to their customers' growing expectations in terms of sustainability.

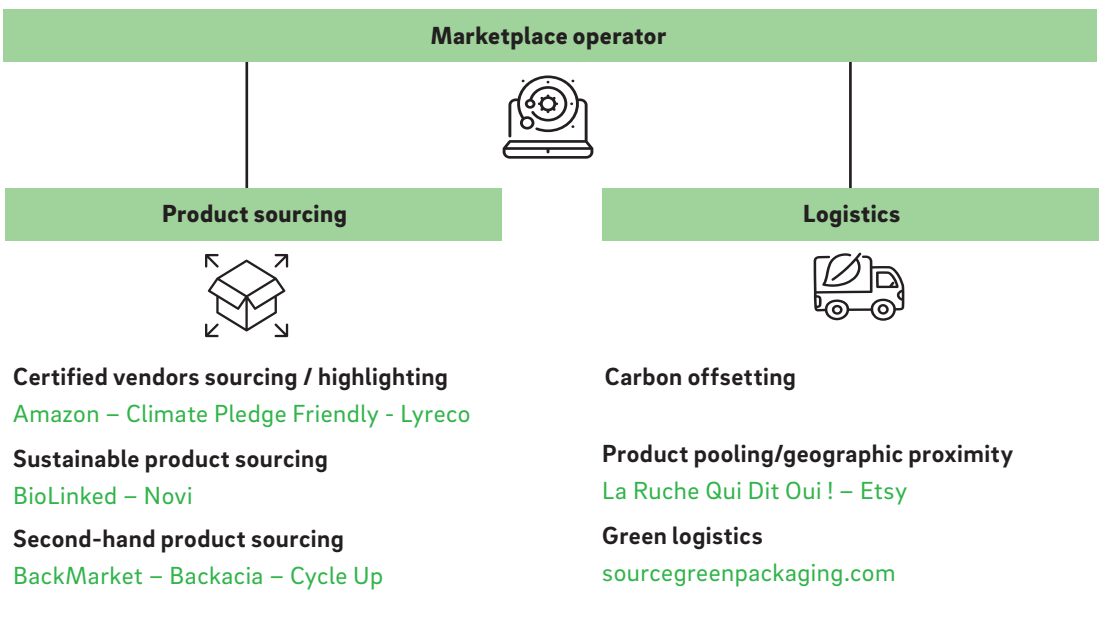
As is often the case in this market, B2C marketplaces pioneered this trend and are likely to be followed by B2B players in the coming months. For example,

[9] The Shift Project
[10] ADEME
[11] Decree 2022-982 of July 1, 2022 on greenhouse gas emission assessments
[12] Smartest Energy report
[13] E-commerce Nation report

Amazon announced in 2020 that it aims to be carbon neutral by 2040; this will involve investing in renewable energy projects and improving the energy efficiency of its fulfillment centers. In 2020, Ikea launched an environmental certification program for products sold on its website to help customers identify the most sustainable products. Greenly is another example: in 2022, it created Greenly Marketplace, a platform that only includes "virtuous" suppliers with a strategy to reduce their greenhouse gas emissions.

As we can see, best practices do exist. Stakeholders can set sustainable carbon neutrality targets and create recovery and recycling programs for returned or unsold products. The sustainable design of websites and platforms can significantly reduce the impact of digital technology. Operators are also becoming more stringent when choosing products and vendors, with a particular focus on certification (such as B Corp and EcoVadis). Some marketplaces specialize in the circular economy, selling second-hand products. When it comes to logistics, there are opportunities for carbon offsetting. Other players are focusing on greener logistics, including product packaging and transportation (rail or sea) and the development of local networks to be closer to their customers. → H

H: Main levers for operating a sustainable marketplace



Source: Pitchbook, Roland Berger

Conclusion

Marketplaces are now a vital tool in the B2B relationship. New services are emerging to strengthen the business model of online sales platforms and reduce the risks, mostly related to invoicing and vendor sourcing.

Key success factors have become market standards, leading to the emergence of new challenges, primarily with regards to sustainable development, as regulations become tougher and impose new requirements.

The time has come to create the future of marketplaces, something that may well include innovations offered by new market players.

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