

Spryker

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Guide

How Multi-Brand Enterprises can Boost Customer Experience With Marketplaces

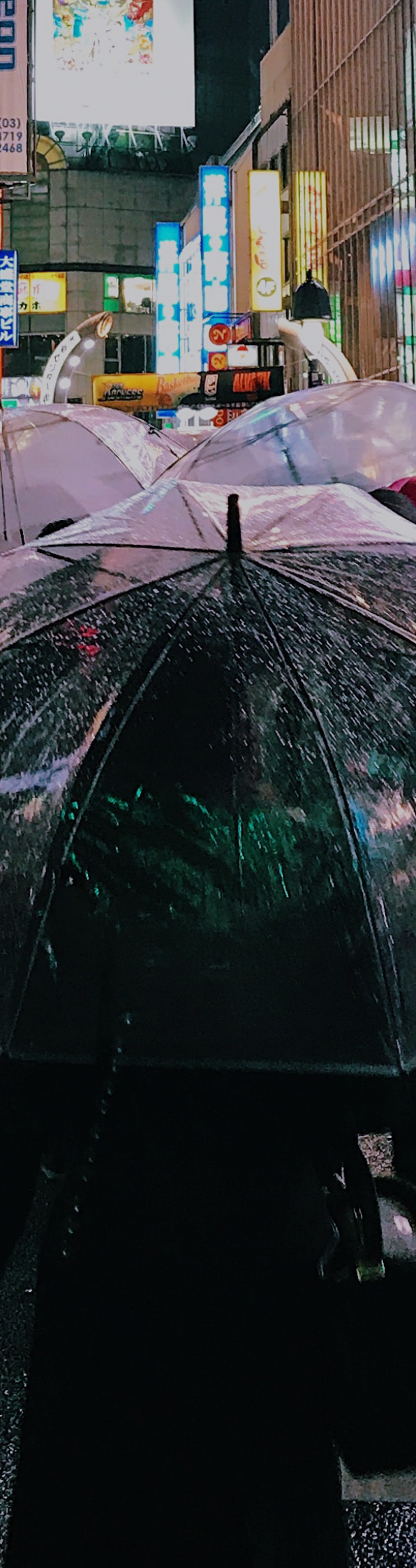
Build the leading one-stop-shop for your vertical by launching a B2B marketplace under your umbrella company



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Introduction

Just like real umbrellas have several spokes which all contribute to the same goal (keeping you dry), multi-brand enterprises with numerous companies all work towards the same common objective - to make a profit.

However, unlike in an umbrella where all the spokes are incredibly similar and co-ordinate to get the job done, brands working under the same parent company tend to run entirely independently of one another.

Often this means completely different tech stacks, little to no alignment on leverageable customer data, and perhaps even legal barriers standing in the way of synergy and information sharing.

What if there was a way for your corporation to bring together all your disparate brands under the same vertical - and collaborate, share customer insights, and ultimately increase profitability for the parent company?

The solution? Marketplace technology.

By utilizing marketplace technology, you **can establish a one-stop-shop for your specific B2B vertical** where your customers can source everything they need from a single source - all directly from brands within your enterprise.

Employing the marketplace model, all your brands within the same vertical could align and leverage data, boost customer experience, and create new revenue streams - all while cementing your store as the go-to destination for your customer niche.

Onboarding various brands is fast and easy, as each operating merchant keeps their fulfilment and supply chain processes as they are. This translates to minimal disruption for sister brands and low expense for the umbrella company as the operator.

Sounds too good to be true? Read on to find out exactly how the marketplace model would benefit a multi-brand enterprise. While a real umbrella can't control the weather, by aligning your brands under one synchronized vertical marketplace, your umbrella company will soon be *making it rain*.



B2B marketplace status quo

When you hear the word marketplace, do you immediately think of B2C and verticals such as fashion and fast moving consumer goods (FMCG)? Many B2B organizations mistakenly believe that marketplaces can only benefit the B2C domain - especially without tangible business use cases. We'll cover specific examples later on in this guide, but for now let's focus on what B2B enterprises are missing out on by not exploring a marketplace as a new sales channel.

“By 2023, businesses that have operated enterprise marketplaces for over a year will see at least a 10% increase in digital revenue”
Gartner

The Covid-19 pandemic resulted in major disruption for all industries and did not discriminate between B2C and B2B. This led to the unprecedentedly quick adoption of digital commerce technologies and strategies - including enterprise marketplaces - for both B2C and B2B.

In general, marketplaces are an opportunity to add a new revenue stream with lower inventory risk and tech costs, while increasing access to potential customer data and advertising opportunities. And, they're leading the pack - [Gartner](#) predicts that by 2023, businesses that have operated enterprise marketplaces for over a year will see at least a 10% increase in digital revenue.

Let's throw in the prediction that worldwide, B2B marketplace sales could reach an estimated \$3.6 trillion by 2024 (up from an estimated

\$680 billion in 2018), as reported by [Digital Commerce 360](#). Instantly, the incentives for B2B companies to consider a marketplace as a new and complementary revenue stream seem crystal clear.

“Worldwide B2B marketplace sales could reach an estimated \$3.6 trillion by 2024, up from an estimated \$680 billion in 2018.”
Digital Commerce 360

While broad marketplaces remain unpopular when facing stiff competition from the likes of Amazon, more niche, specialized B2B marketplaces are starting to emerge. There is a **huge gap in the market** where forward-thinking B2B organizations can leverage their expertise to create the one-stop shop for their specific vertical.

There are many different kinds of marketplaces, but this guide is going to illustrate the **specific benefits for multi-brand enterprises**. We'll describe how creating a first-party marketplace for distinct verticals under your umbrella company can boost customer experience, increase profit, and position your organization as the market leader in your field.

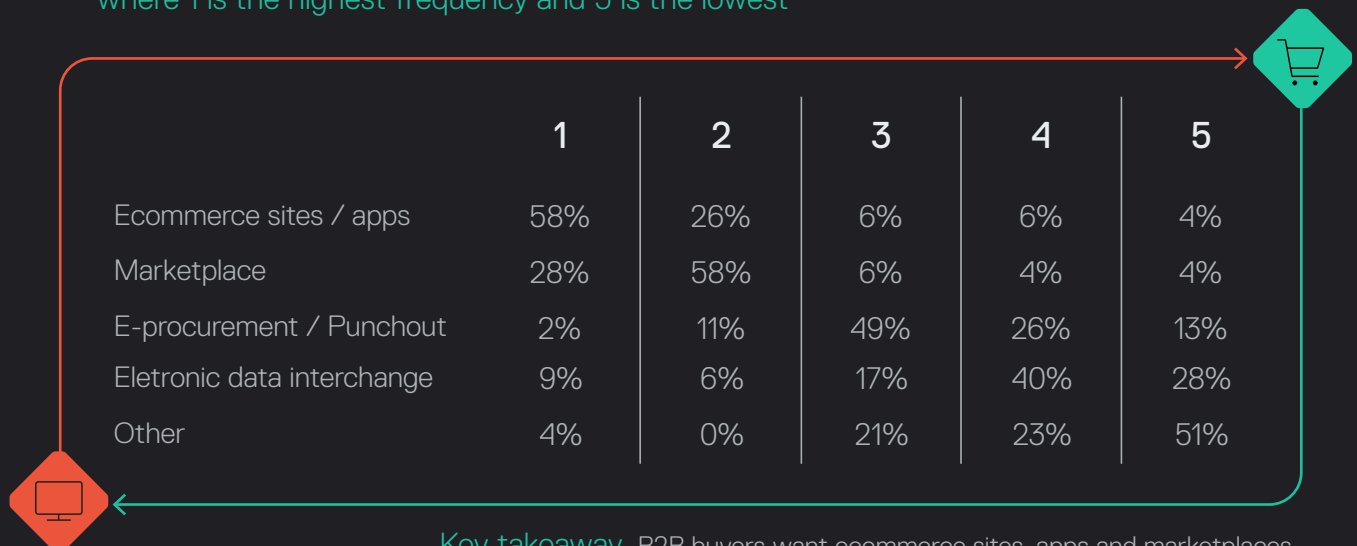
“The total number of B2B digital commerce transactions is expected to overtake the number of B2B direct sales transactions by the end of 2021.”
Gartner

How marketplaces boost customer experience

We humans are innately lazy creatures, which means that anything which increases convenience, and saves us time or effort, is a big plus. Whether your customer is a B2B or a B2C buyer, the desire for convenience is just the same.

According to the Digital Commerce 360 2021 B2B Buyer Survey, e-commerce sites/apps, and marketplaces were the most popular digital sales channels

Rank the digital sales channel you use most frequently where 1 is the highest frequency and 5 is the lowest



Creating a vertical-specific marketplace that can act as a one-stop-shop for your customers will respond to customer's increasing need for digital sales channels and convenience.

Single platform

Marketplaces work by leveraging existing supply chain processes. This means that the shipping and last-mile delivery of a product, the inventory management, return management and customer service can be dealt with by individual merchants with existing infrastructure in place - all through one single platform.

So, while the buyer only ever interacts with one interface (increasing their trust and convenience), there can be complex logistics taking place behind the scenes depending on which merchant has the available stock, for example.

This convenient experience translates into your customer associating your marketplace as the most relevant, convenient and extensive store available for your specific vertical.



Comprehensive product assortment

The more extensive and complete a catalogue of relevant products you can offer, the happier your customer will be. A marketplace model for a multi-brand enterprise allows you to combine product selections to offer your collective buyers more choice, more information and more deals.

While this boosts revenue opportunities through potential bundles, and cross and up-selling, it also increases the convenience for the buyer who can find everything they need from one single source. Once your marketplace is established as the store with the broadest product selection, customers will return again and again.

Personalization

As all your different brands start operating as merchants under the same marketplace, they will also be able to share customer insights and data about their shopping habits. When this data is utilized smartly, it can lead the way for suggested

carts, reminders, one-click purchasing, and a more personalized shopping experience for the buyer.

The more personalized a store feels, the better the customer experience. Especially in B2B, a customer would expect a vertical-specific marketplace to be an expert source of information and purchasing suggestions. Therefore, the greater the personalization, the greater the trust - and in turn, the greater the customer lifetime value.

All of these marketplace benefits boost customer experience, and therefore loyalty. Especially when considering **B2B, relationships are still paramount for success**, so the organizations with the best customer-centric approach for their digital buying channels will ultimately bring home the bacon.



Examples & advantages of first-party marketplaces for multi-brand enterprises

Multi-brand enterprises often own companies from wide-ranging and diverse industries, but more often than not, they'll also have several brands under one specific vertical. By utilizing marketplace technology, these brands can align to create a one-stop-shop for that niche.

1 Specialized B2B industry

Let's imagine a large corporation that owns over 30 different companies, five of which are within the Life Sciences industry. Some of these brands might specialize in complex machinery such as DNA sequencing machines, while others would sell scientific equipment such as microscopes or bioanalytical measurement solutions. Their customers are very likely to buy from two or more of these different brands, but as of yet have no way to purchase from all brands under one united platform.

As they operate currently, as entirely independent entities, there is little opportunity to leverage data between the companies to better understand customer behavior, identify cross or up-selling opportunities or create bundles of complementary products.

If these five brands started operating under one marketplace, then all of these new potential ways to create revenue streams would become possible. By opting into the marketplace, the independent brands agree to share data that bypasses any legal barriers and makes it much easier to create profit-driving synergies.

Not only are new revenue streams identified, but the convenience created means a huge boost to customer experience and potential future loyalty, meaning an increase to your overall customer lifetime value.



Multi-brand retail corporation

Another example would be a small multi-brand retail corporation. Say it owns several different shoe brands with independent digital commerce strategies, as well as independent stores or retail locations. This set-up offers the perfect opportunity to launch a marketplace where customers can access their entire portfolio, as well as better understand the intent and needs of their customers.

The best thing about launching a first-party marketplace using brands owned by the same umbrella company is that companies are essentially 'pre-approved', taking away time-intensive trust-building and due diligence, so you can launch in a faster time.

Another additional benefit is the ability to control and push your brand, as you're in control of exactly how you boost and rank certain products. For example, this multi-brand retail corporation could push one brand more than another in certain markets, based on revenue insights about which products are performing best.



Leverage third-party suppliers

While the core of a multi-brand enterprise marketplace will consist of organizations that come under the umbrella company, creating what's known as a 'first-party' marketplace, there is also the opportunity to allow very specific third-party suppliers to operate on your marketplace with complimentary products.

Take, for example, a parent company who owns many different swimming pool supply brands. By utilizing the marketplace approach, this organization could create the go-to online swimming pool supply store where customers can order items directly.

Once this marketplace is established, they then have the option to extend their offering by onboarding third-party suppliers whose product line would increase convenience for your customer. For example, swimming pool cleaning products, or outdoor furniture such as sun loungers.

Working with third-party suppliers via a marketplace model means that they will take care of the inventory management, logistics and last-mile delivery behind the scenes, while the end customer has the possibility to order a multitude of products from one single source.

Benefits of a multi-brand marketplace, summarized for stakeholders

Convincing decision-makers to launch a large-scale marketplace project can often be easier said than done. Below, we've summarized the tangible benefits for each stakeholder to help you come to the table with a fully stocked arsenal of marketplace advantages.



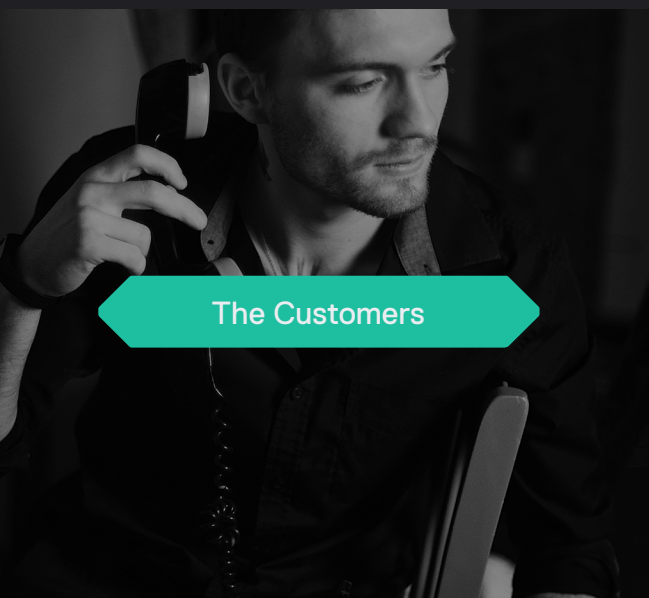
The Umbrella Company

- Launching a marketplace using brands from the same parent company creates a **complimentary revenue stream out of existing resources**.
- It allows your **brands to better align and communicate about customer insights**. This will result in data which can directly impact your bottom line, such as better understanding customer needs, and recognizing opportunities for cross and up-selling, and product bundles.
- It's possible to **launch quickly** with a minimum viable product (MVP) because all brands are already 'pre-approved', meaning you can go to market faster.
- **Onboarding brands is easy and fast** since each organization keeps their existing fulfilment and supply chain processes, with minimal additional costs for the operator.
- B2B marketplaces are currently a wide open space meaning that if you act now you can **establish your marketplace as the one-stop-shop for your niche vertical**.



The Brands

- **Improve customer convenience and experience** by offering a wider range of products.
- Learn from your sister brands and **leverage new customer insights** to better serve your own buyers and offer more personalized deals.
- **Create an ‘extended aisle’ of products** for your customers without taking on added inventory risk, as the stock management and end-mile delivery can be taken care of by your sister brand operating under the same marketplace.
- **Test new products** on a small segment within the marketplace by utilizing the extended customer reach, before rolling them out fully on your own platform.
- Seize the opportunity to **be part of the leading marketplace platform within your niche vertical**, and all the future revenue potential that entails.
- **Minimal disruption to current business** as the marketplace utilizes existing fulfilment and supply chain processes.



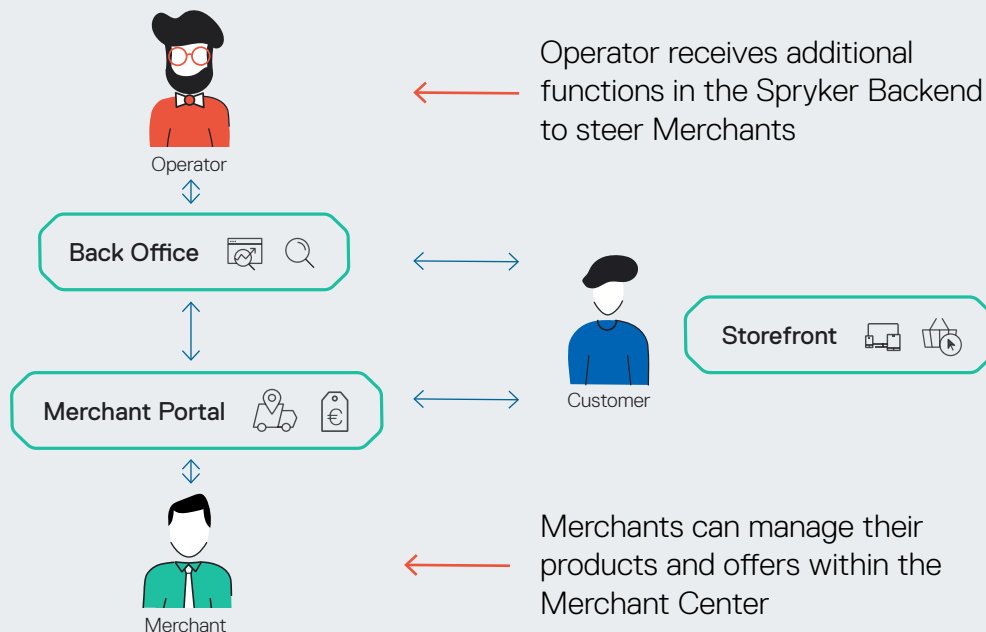
The Customers

- Your buyers will benefit from **increased convenience**, as they only need to go to a single source to buy everything they need.
- A strong vertical marketplace will **increase customer trust** in your umbrella company brand, which leads to increased customer lifetime value.
- Customers will **gain access to new products** through the sister brands acting as merchants on the marketplace, increasing overall sales potential.
- Buyers can receive **personalized recommendations** and bundle offers based on their buying habits.

What a multi-brand enterprise marketplace would look like

The benefits of a first-party marketplace for a multi-brand enterprise should now be evident, but how would it look in reality? Which specific features could your organization benefit from?

Marketplace set-up



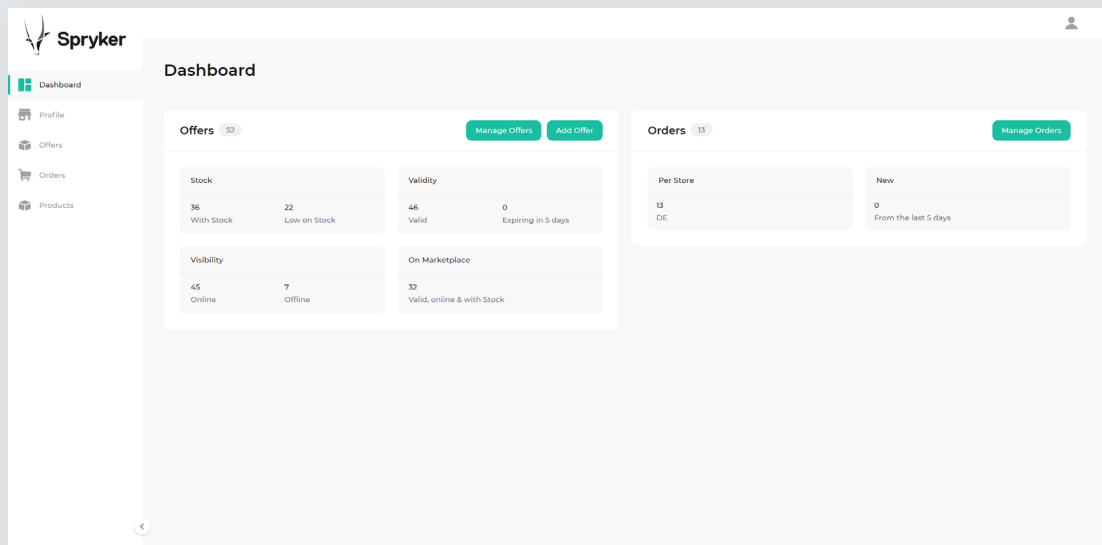
A multi-brand enterprise marketplace would be a 'first-party' marketplace, meaning that the marketplace operator (the umbrella company) would own the marketplace and provide the platform, while the **merchants (the enterprise brands)** would act as third-party sellers.

The umbrella company as the **operator therefore has ultimate control** over the branding of the vertical marketplace, which sister companies it onboards, and what products they are allowed to sell.

In a marketplace platform back-end, there will be an operator portal known as the 'Back Office'

where the **umbrella company can have access and an overview of all sales**. The operator can check merchant's profiles and can approve, decline or edit profiles.

The merchants then utilise their own back-end, known as the 'Merchant Portal' where they can add, edit and manage products and information pages. **Each merchant operates independently from each other** and from the operator, to save time and resources.



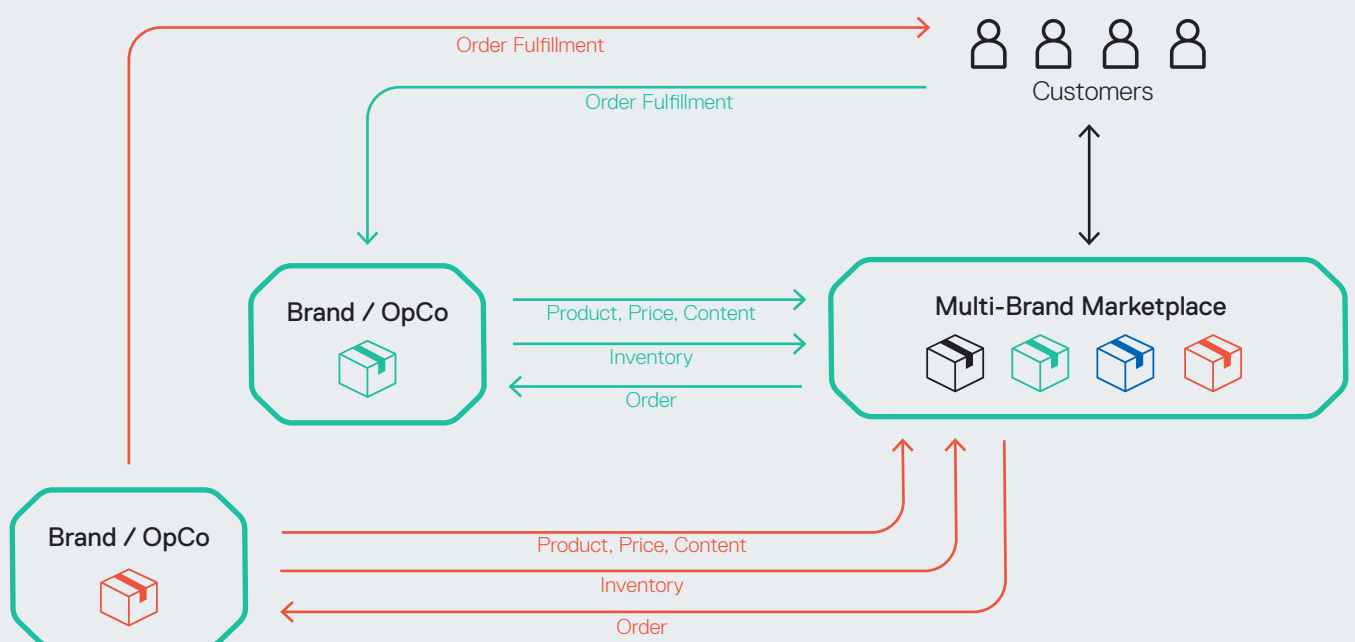
Each brand acting as a merchant will **keep their existing fulfilment and supply chain processes**, as orders are split by merchants and individually fulfilled. This makes it very easy and quick to onboard new brands, and doesn't interrupt current processes.

For all brands involved, **the marketplace would act as an additional revenue stream, and would work alongside their existing sales channels**, rather than disturbing current business.

Once the multi-brand enterprise marketplace is up and running, umbrella companies can then decide whether to **extend the marketplace to more third-party sellers** within the niche vertical from other organizations.

This would **further increase the product offering** for your customers, and extend your reach, but does come with added management and due diligence, since these brands will not be 'pre-approved' like the businesses already owned by the umbrella company.

Multi-Brand Enterprise Marketplace



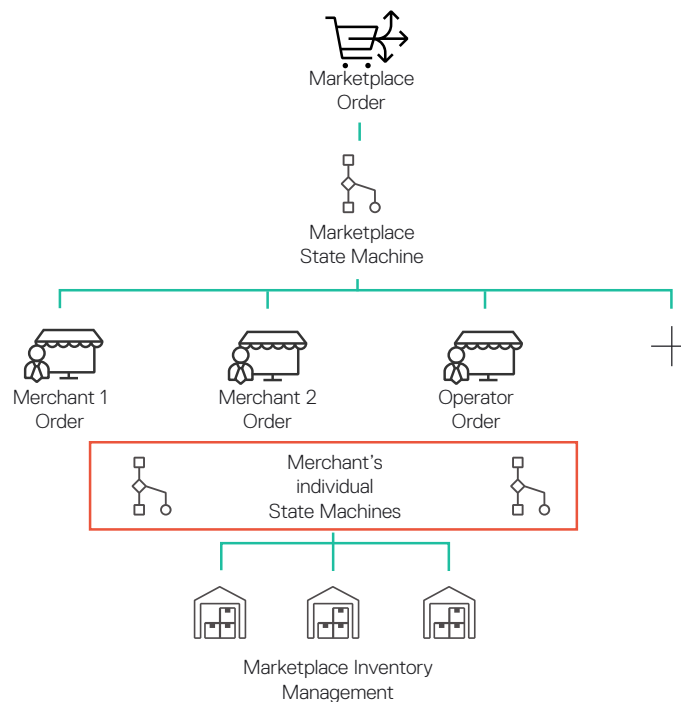
Concrete feature options

It's important when considering a marketplace solution to choose a platform provider which offers you the flexibility and composability to add features based on your complex business needs. Below we have outlined merely a small selection of potential feature options that are particularly beneficial to B2B enterprises to give you an idea of what's possible.



Order splitting

Orders on marketplaces can be split between multiple merchants. This means that each order can be independently fulfilled by different merchants, from different warehouses, at different times. Return management is then handled by each original merchant.



Volume pricing

Within the marketplace model, you have the option to utilize a volume pricing feature in order to incentivize your buyers to make bulk orders. This particularly appeals to B2B buyers who are historically used to negotiating bulk dealers with sales representatives.



Multi Currency pricing

If you have a global business or are looking to expand into an international market, this feature allows you to add net and gross prices in multiple currencies.



Customer-specific pricing

This feature allows you to specify pricing according to contractually agreed negotiations with specific customers. This is especially useful for B2B companies, where prices may have large variations between customers. For more information about complex pricing in B2B, we have a [guide which includes real customer stories and how they solved complex pricing](#) which you might find useful.



User roles & permissions

By allowing multiple carts per user, specific cart roles and permissions, your buyers can reflect their company structure within the marketplace and share carts between employees. This helps to mimic the real-life buying process in many B2B industries.



Approval process

Enable an approval process feature from within your marketplace to help your B2B customers follow their internal buying processes and purchasing limits.



Request a quote

With this feature, customers can request a quote for certain products and enter into several negotiation rounds all conducted through the marketplace platform.



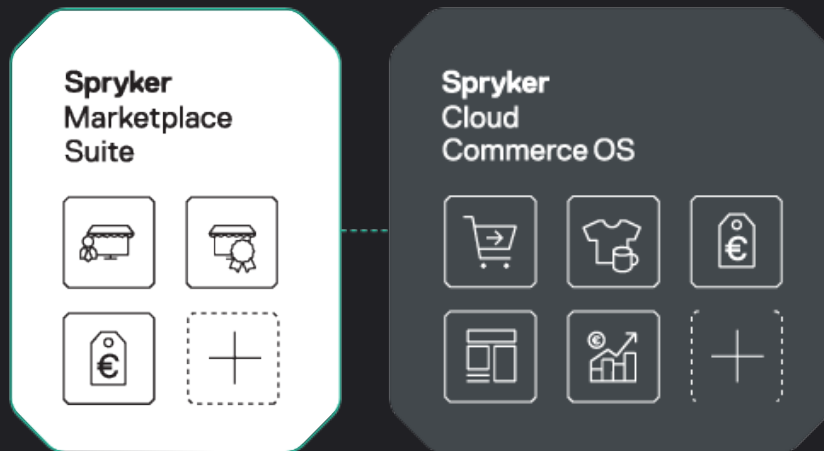
Cross and up-sell

This feature is particularly relevant for the multi-brand enterprise use case. While several sister brands under the same umbrella operate as merchants on the same marketplace, they can share customer data which better informs cross and up-selling opportunities.

Alongside these outlined features, there are many available marketplace functionalities that are beneficial to both B2B and B2C companies, including the following:

- Inventory management
- Wish & shopping lists
- Quick add to cart
- Ratings & reviews
- ...and much much more.

Spryker Enterprise Marketplace Solution



In order to launch a successful multi-brand enterprise marketplace, your organization needs a platform provider with the skills and technology to solve all your complex business needs. To give you an idea about how Spryker could help, here are some key facts about our Marketplace Solution:

- Spryker Cloud Commerce OS is one of the only commerce platforms offering B2B, B2C, D2C and marketplace functionality out of a **single technology stack**.
- Fast and easy to maintain **centralized system utilizing headless technology**.
- Single technology that **avoids complex integration** and licensing issues that often arise when using different e-commerce platforms.
- Seamless and **consistent end-customer experience**.
- Potential to make **any use case come to life**, no matter the complexity.
- **Easily upgrade or extend** your current B2C or B2B stores, whether with Spryker or an alternative commerce platform, with the Spryker Marketplace Solution



Conclusion

Umbrella companies with several sister brands operating in the same niche vertical have a **unique opportunity to utilize marketplace technology to create the go-to store for their industry.**

Marketplaces are only growing in popularity within e-commerce, especially in B2B, so it's **important to act fast if you want your organization to win the top spot.** By launching a first-party marketplace with all umbrella company-owned brands, you can have a quick time to market and generate a brand new revenue stream **without disrupting existing business.**

What's next



➔ Interested in how exactly a marketplace might benefit your business? Take a look at **“Why a B2B Marketplace on Spryker is Your Next 10x Initiative”.**



About Spryker

Founded in 2014, Spryker enables companies to build sophisticated transactional business models in unified commerce including B2B, B2C, and Enterprise Marketplaces. It is the most modern platform-as-a-service (PaaS) solution with headless & API-based architecture that is cloud and enterprise-ready and loved by developers and business users worldwide. Spryker customers extend their sales reach and grow revenue with a system that allows them to increase operational efficiency, lower the total cost of ownership, and expand to new markets and business models faster than ever before. Spryker solutions have empowered 150+ companies to manage transactions in more than 200 countries worldwide. Spryker is trusted by brands such as Toyota, Siemens, Hilti, and Ricoh. Spryker was named the most innovative and visionary of all new vendors in the 2020 Gartner Magic Quadrant for Digital Commerce and named a major player in B2B e-Commerce by IDC and is the only commerce platform to provide full B2B, B2C, D2C, and Marketplace capabilities out of one stack. For more information about Spryker please visit [Spryker.com](https://spryker.com).

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