



Handout

Marketplace Solutions for the Manufacturing Industry



In recent times, several B2B buyers have undergone a drastic attitudinal shift. More and more of these buyers are beginning to favor online purchasing, and in response, traditional B2B companies are slowly morphing into e-commerce powerhouses.

Businesses that have embraced selling via digital channels have witnessed massive revenue growth. In 2020, the global B2B e-commerce market was valued at **\$ 7.35 Trillion**, and now, experts predict¹ that figure might rise to about

\$18.57 Trillion by the end of 2026.

The B2B e-commerce market is showing no signs of slowing down. What's more, we're seeing marketplaces emerge as significant growth accelerators for B2B companies.

Aside from an unsurprising **spike in revenue of the leading B2B marketplace giants** such as Alibaba and Amazon Business, massive investments are being made into early-stage B2B marketplaces. **This year alone, B2B marketplace startups have raised² more than one billion US dollars.**

Despite the adoption of marketplaces within the B2B industry, many manufacturers are yet to fully recognize or embrace the value that an online marketplace adds to their business.

Labor shortages, supply chain instability, and increasing demand for goods are just a few of the challenges that manufacturers are currently facing. For manufacturers in the US, the concept of offshoring has created additional impediments

during this global pandemic. Furthermore, businesses within the manufacturing industry are being forced to answer complex questions around **sustainability, the importance of geographical proximity trade, and what steps they are taking to balance the constant tussle between the manufacturing workforce and machines.**

As far-fetched as it may seem, **building a digital marketplace could be the answer to some of the common problems plaguing the manufacturing industry.** However, to capitalize on the opportunities, stakeholders within the manufacturing sector must first take a close look at their businesses and consider if a marketplace business model is the right fit for them.

Marketplace As A Business Model for Manufacturers

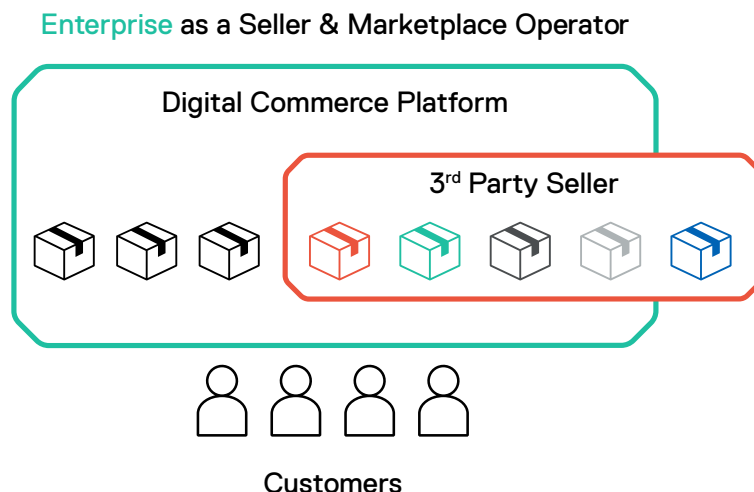
An online marketplace is a manufacturer’s window to a broader audience. Traditionally, manufacturers have heavily relied on offline procurement activities and relationships. However, with an online marketplace model, **manufacturing businesses have an opportunity to involve more stakeholders, expand their business offering and reach more customers in a shorter amount of time.**

Manufacturers choosing to build a marketplace could opt for a **1st & 3rd party marketplace model**. In a 1st and 3rd party marketplace, **the manufacturer plays both the role of a merchant and marketplace operator**. The manufacturer or marketplace operator manages the activities of 3rd party merchants (sellers) and also offers products of their own to buyers.

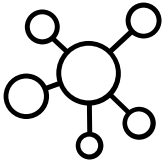
Additionally, third-party sellers could act solely as fulfillment mediums that ensure the manufacturer's products get to the consumer. The merchants could be re-sellers or dealers who house the manufacturer’s inventory in a physical location and give buyers the opportunity to test out or inspect items before completing the purchasing process. Manufacturers within the automotive industry will particularly benefit from this marketplace structure.

In a typical B2B environment, a company that produces packaging materials for consumer goods might decide to build a marketplace to serve businesses looking to buy a wide range of packaging materials. In a manufacturer marketplace, other independent manufacturers could be invited to concurrently sell their packaging materials to prospective buyers. In addition to working with these independent manufacturers to make a broader selection of packaging materials available, the marketplace owner would also offer products at competitive prices. Thus, giving room for greater product availability and more opportunities to drive revenue.

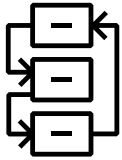
1st & 3rd Party Marketplace Model



Benefits of Marketplaces for Manufacturers



Increased Revenue Streams: With an online marketplace, manufacturing companies can further increase their revenue by charging a commission on sales made by sellers on their platform. There is also an opportunity to charge upfront product listing fees to sellers who might want their products to be displayed on more visible pages of the platform.



Streamlined Procurement Process: Bringing suppliers together can help solve some supply chain issues that manufacturers currently face. By giving buyers access to multiple suppliers, marketplace owners can reduce wait times and ensure product availability.



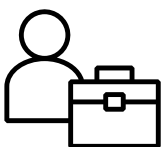
Lower Operational Costs: Running a marketplace where other stakeholders are equally responsible for inventory and fulfillment can help lower operational costs. Manufacturers wouldn't have to bear all the risks of doing business when they implement a marketplace model.



Access to New Buyers: By enlarging product offerings and making products available at competitive prices, manufacturers can attract a new set of buyers. Additionally, constant product availability will increase repeat or automated purchases and even lock in new buyers on a long-term basis.



Detailed Insights into Buyer Trends and Habits: Opening up a marketplace to other manufacturers could give businesses a more informed view of what products buyers gravitate towards. These insights are necessary for manufacturers looking to improve their processes or even expand to new markets.

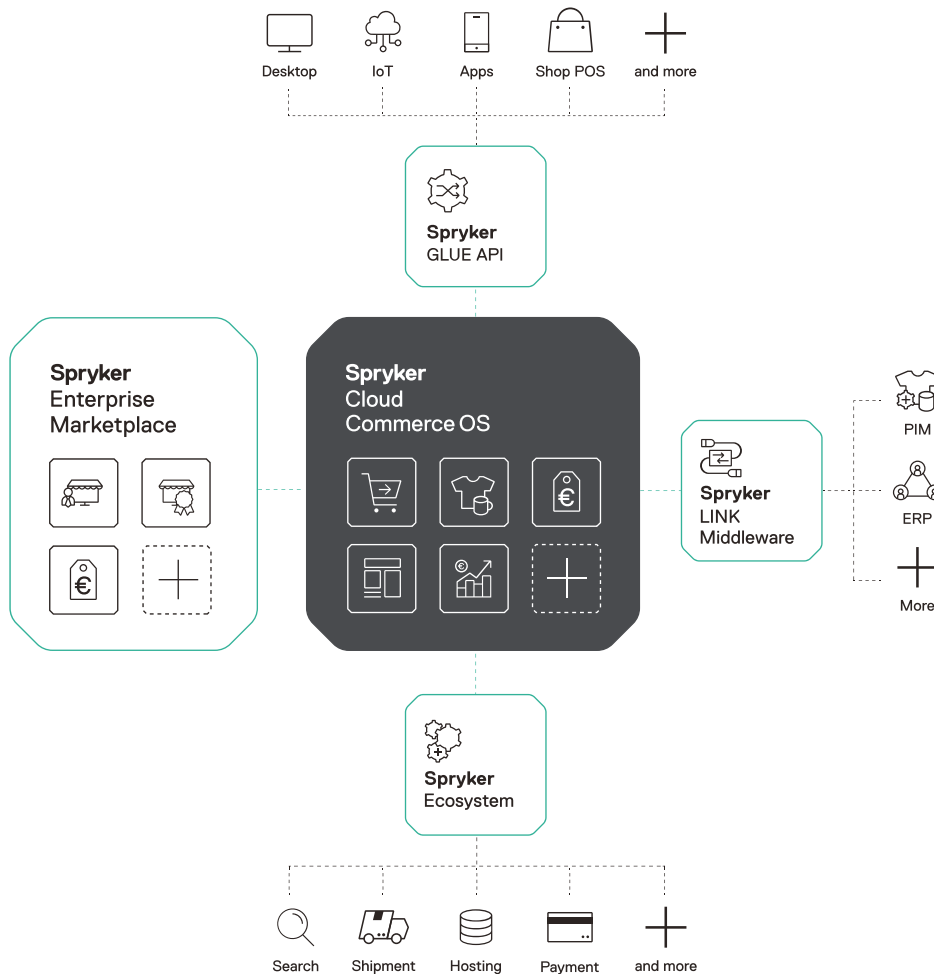


Opportunity to Attract New Talent: With processes surrounding assembly lines being automated, manufacturers are tasked with exploring new ways to contribute to workforce development. An online marketplace provides a unique opportunity to attract tech talent by diversifying the pool of interest in the manufacturing industry.

Spryker's Enterprise Marketplace Solution

Spryker Cloud Commerce OS exists to enable manufacturers implement the marketplace model. It is the first e-commerce platform with **fully integrated Enterprise Marketplace capabilities**.

Extensive new capabilities ensure that all **the needs of running a manufacturer marketplace are met** – from additional back-office functionalities and a brand-new merchant portal to well-arranged shop integrations.



While building the marketplace solution, Spryker developers have taken the time to ensure a **consistent user experience for the buyers, sellers, and manufacturers (or marketplace operator)**. Manufacturers who already have a Spryker operated shop can effortlessly upgrade their B2B e-commerce platform to a complete and competitive marketplace.

Sources

1 - "Business-to-Business (B2B) E-commerce Market Size to Grow Over 18.70% CAGR, to Reach USD 18.57 Trillion by 2026, Globally: Facts & Factors", GlobeNewswire, 02 November 2021 | 2 - "Leading B2B marketplace startups in the United States as of 2nd quarter of 2021, by capital raised", Statista, 29 November 2021