

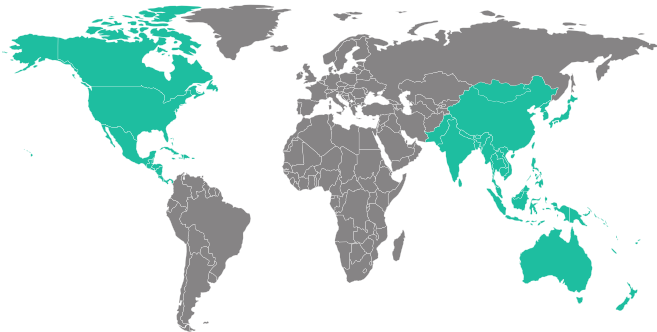


Handout

Marketplace Solutions for the Wholesale Industry



The wholesale industry has encountered its own unique set of challenges within the past year. With retailers and manufacturers trying desperately to optimize their operational costs and make goods available to buyers in a shorter amount of time, **there has never been a more uncertain period for B2B wholesalers**. The threat of being eliminated from the supply chain process has further intensified competitiveness within the industry, leading to a decline in profit for some wholesale businesses.



Despite the industry-specific limitations, experts speculate that the global wholesale market¹ is projected to reach **\$64.33 Trillion in 2025**, with the **Asia Pacific and North American markets** primarily driving this growth.

To be at the forefront of this expansion, wholesalers must begin to think outside the box. While significant, offering value-added services alone might not be a good customer retention strategy. Resisting the urge to compete and instead channeling more efforts into re-igniting the interest in the wholesale sector could be a more effective approach.

Larger B2B wholesale businesses can make a case for the industry's relevance by utilizing their resources to create a stronger community of wholesalers who actively facilitate the trade between manufacturers and retailers. One way to do this is by investing in a fully functioning B2B Wholesale marketplace. Before getting started, a wholesaler must carefully consider if the marketplace model is the right strategy for their business.

Marketplace As A Business Model for Wholesalers

An online marketplace is a wholesaler's window to a broader audience. Traditionally, the wholesale industry has relied heavily on offline procurement activities and relationships. However, with an online marketplace model, **wholesale businesses can involve more stakeholders, expand their business offering and reach new retailers in a shorter amount of time.**

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

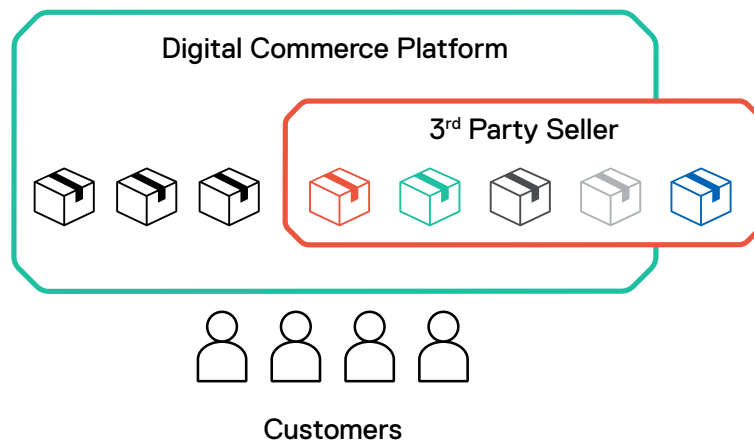
A company that specializes in selling auto parts (in large quantities) might decide to build a

marketplace to serve retailers looking to buy a wide range of auto parts. In a B2B wholesale marketplace, other independent wholesalers could be invited to sell their auto parts to prospective retailers concurrently.

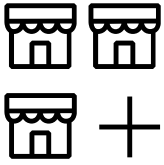
In addition to working with these independent wholesalers to make a broader selection of auto parts available, the marketplace owner would also offer products at competitive prices. Thus, giving room for greater product availability and more opportunities to drive revenue.

1st & 3rd Party Marketplace Model

Enterprise as a Seller & Marketplace Operator



Benefits of Marketplaces for Wholesalers



Access to New Retailers: By setting up a B2B marketplace, a wholesaler could instantly gain access to new retailers offering products within many different categories. Merchants could invite retailers they already have an existing relationship with, thereby building a broader community of retailers and wholesale distributors.



Better Pricing Strategy: An online marketplace gives wholesalers a chance to develop more effective pricing strategies. In a traditional environment where wholesale distributors tend to operate in silos, it is difficult to know the industry standard for setting prices. A marketplace creates an opportunity for competing merchants to offer products to customers at reasonable prices.



Additional Revenue Stream: B2B wholesalers can earn extra revenue by opening up their platforms. There is a chance to generate income from commissions and product listings created by merchants.



Streamlined Ordering and Fulfillment Process: An online marketplace provides retailers with access to more wholesalers that could potentially offer quicker delivery times and prices that meet their expectations. B2B Wholesalers can begin to build new relationships with retailers (who they would have otherwise not had access to) by providing an efficient ordering and fulfillment process. A marketplace offers the transparency retailers need to make effective decisions.

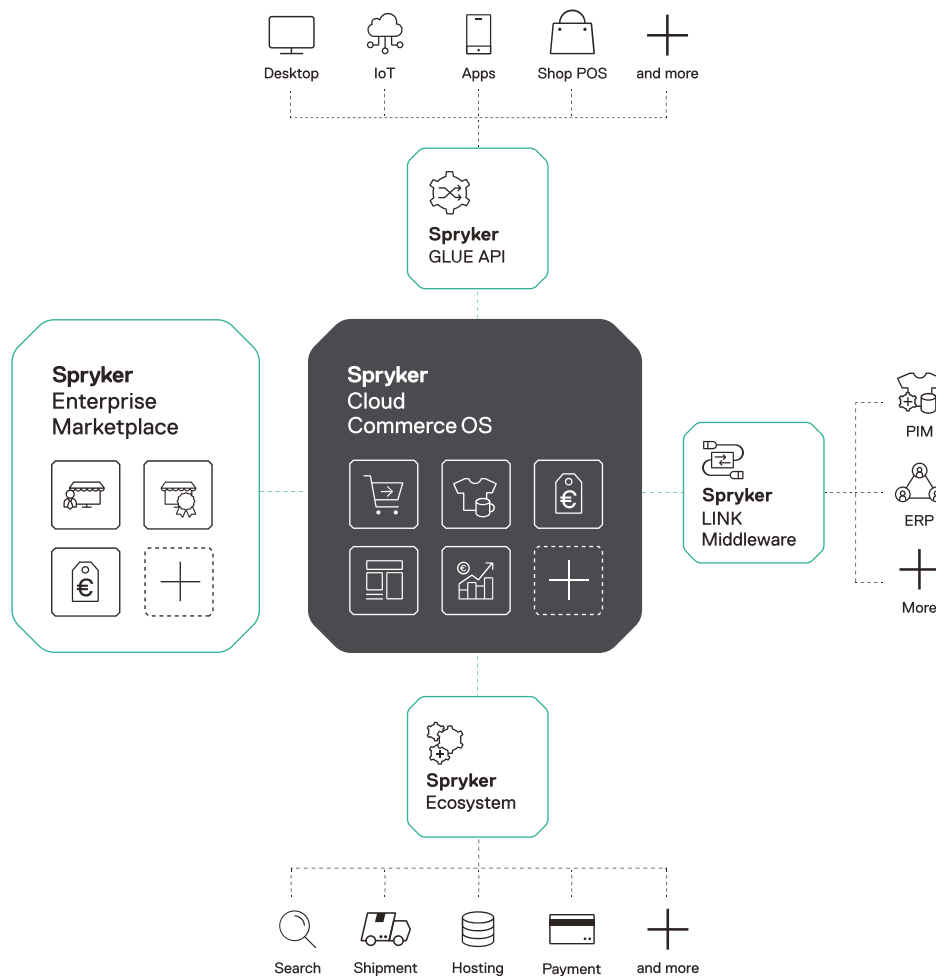


Detailed Insights into Buyer Trends and Habits: Marketplace operators can collect detailed insights such as the average product volume ordered by retailers per product category. Having such knowledge could benefit wholesalers as they decide on the product volume to order from manufacturers. Working with the information gathered can go a long way to prevent overstocking, decrease waste, and improve cost savings.

Spryker's Enterprise Marketplace Solution

Spryker Cloud Commerce OS exists to enable wholesalers to 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 B2B wholesale 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 retailers, merchants, wholesaler (marketplace operator)**. A B2B Wholesaler who already has a Spryker operated shop can effortlessly upgrade their B2B e-commerce platform to a complete and competitive marketplace.

Source

1 - "Wholesale Global Market Report 2021", The Business Research Company, December 2021