

Choosing the right B2B e-commerce model

 By [Nick Durrant](#), issued by [Bluegrass Digital](#)

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Customer behaviour has changed significantly since the introduction of global restrictions and lockdowns. B2B sales organisations have quickly embarked on a digital transformation journey to meet customer demands and to sell goods and services online.

Gartner says 80 percent of B2B sales interactions between suppliers and buyers will occur in digital channels by 2025. According to a study conducted by [Grand View Research](#), the global B2B e-commerce market size is estimated to reach US \$25 trillion by 2028.

In a B2B e-commerce model, businesses sell products or services to other businesses online. The sales cycles normally take longer but they do have higher order values with more recurring purchases. The main reasons why B2B customers prefer ecommerce is the ease of buying online, convenience, access to an online catalogue with available inventory and delivery times.

The e-commerce domain is rapidly improving through digital transformation, making it more efficient for vendors, manufacturers, wholesalers and distributors. For example, e-commerce innovators have replaced traditional catalogues and order forms with e-commerce storefronts. However, trying to get them online could be a real challenge.

Although digital advertising, content marketing and SEO are effective methods to drive traffic, increase revenues and ensure a good ROI, they are not nearly as effective without understanding B2b e-commerce needs.

Businesses have quickly realised that they need to choose the right model if they want to compete with established B2B e-commerce players in the market. According to McKinsey, 83 percent of B2B leaders believe that omnichannel selling is a more successful way to prospect and secure new business than traditional 'face-to-face only' sales approaches. It says this is a notable sign of confidence, given the higher cost and hurdle of acquiring new customers.

Furthermore, the study states that two thirds of buyers made clear they prefer a cross-channel mix, choosing in-person, remote, and digital self-serve interactions in equal measure. It is estimated that B2B e-commerce revenues are six times those of B2C.

B2B e-commerce companies that want to succeed need a solid business plan, intuition, knowledge of their market and thorough understanding of their products and business models.

One of the biggest challenges for newcomers, is understanding the various e-commerce business models and how they are set up. Here are a few examples:

Wholesaling

Wholesale ecommerce is a model where businesses sell their products to buyers in bulk at a discounted rate through online platforms. Online e-commerce platforms such as Amazon Business and Shopify allow B2B businesses to automate their



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manual selling processes which improve the buying experience through its efficiency and speed.

Dropshipping

Dropshipping is a model where businesses use e-commerce to sell products without ever actually stocking the items themselves. Instead, the catalogue items are purchased from a third-party supplier, usually a wholesaler or manufacturer, and shipped directly to the customer. This means the business doesn't have to stock or own inventory.

This model provides a lower-risk approach for businesses to trial new products without having to purchase them upfront.

White-labelling

White-labelling is an e-commerce model that allows a B2B company to sell their products under another online company platform. White labelled companies allow your business to place your brand on the e-commerce platform and have the operation and management of the platform handled by the second company.

This e-commerce model allows your company to expand your client base, increase the distribution of your products, and reduce time and resources spent on marketing initiatives.

Subscription model

This is the perfect model for businesses that sell products or service on a recurring subscription revenue. The subscription model ensures a steady, recurring revenue stream. It also allows businesses to enhance their products and services to suit their customer's needs.

Making the right choice

E-commerce isn't just about digitising old sales processes, it's more about reinventing it for future growth. To choose the right B2B ecommerce model, one needs to put the customer at the heart of every decision. The digital experience must reflect the brand and satisfy all the customer's needs.

ABOUT NICK DURRANT

Nick Durrant is MD at Bluegrass Digital, a digital solutions company with offices in Cape Town, Johannesburg and London. We are experts in crafting web and mobile products and platforms. After spending 17 years in working the tech industry in the UK and setting up the Bluegrass in London in 1999, Nicholas now runs the company from Cape Town, developing the business into Africa and Europe offering world class digital solutions.

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