

B2B Research

What is B2B

B2B (Business to Business) is a term that encompasses all companies that create products and services geared toward other businesses. This includes SaaS products, B2B marketing firms and overall business supply companies. B2B companies are supportive enterprises that offer raw materials, finished parts, services or consultations that other businesses need to operate and profit.

There are B2B companies in every industry, from manufacturing to retail. An example is that of an automobile manufacturing market. In every model of a car are dozens of other companies' products. These include and are not limited to, the tires, hoses, batteries, and electronics that are essential for the final consumer product – the vehicle to operate. Therefore, when one buys a car from a company, they are purchasing parts created by dozens of other companies from around the world.

Different models of B2B sites

There are three basic B2B models under which a business can choose to operate. These three models are the supplier oriented, customer oriented and intermediary oriented marketplace models.

- i. Supplier oriented marketplace: Also known as eDistribution, in this model there are more buyers than there are suppliers and suppliers have a wider customer range like having the same market for individual customers and businesses. This type of business becomes successful by having the large number of loyal customers and by managing of product distribution well with the high demand.
- ii. Buyer oriented marketplace: eProcurement, is when there are more suppliers than buyers, in most cases there is one main buyer who manages stock from different suppliers. The buyer gives suppliers a platform to display their products hence the buyer's market includes products from a wide range of suppliers with different prices which individual customers can compare to get the most convenient price for them. Businesses using this model become successful by having good marketing of their platforms to suppliers and high purchases made from their platforms.
- iii. Intermediary oriented marketplace: This model (eExchange) is a platform where suppliers and buyers can do business with each other on par. Neither party has more marketing power over products with business done directly between the supplier and buyer without a third party (customers). This model can be viewed as a business-to-business portal. *Alibaba*, a portal that connects Chinese suppliers with overseas buyers, is a good example of a successful company using this model.

Choice and design of model for project

The chosen model to use when implementing a website for *Freelights* in this project is the buyer oriented marketplace/model. This model has been chosen because the website required should

have a dropshipping function, discussed below, where customers can purchase a product from a different supplier through Freelights. In order for customers to see the products available for sale the products should be marketed by the Freelights website using the buyer oriented model. The customers have a wide range of supplier options for the product they want to purchase and an additional requirement is that the customers should be able to purchase the products online through the website. Therefore the design of this website includes a login option for suppliers which leads to where they can leave company details and details of the products they want to market as well as a customer login option which leads to the products available for sale and to a purchasing process.

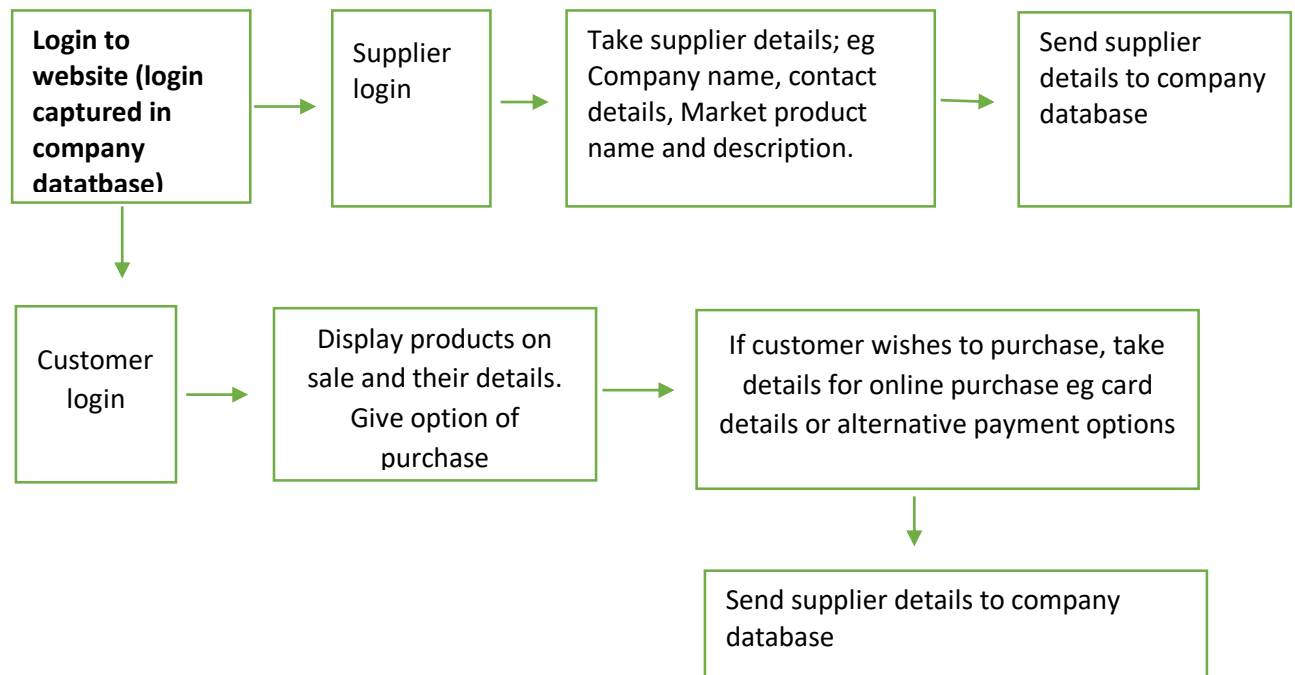


Figure 1: Basic design of website based on buyer oriented model

Marketing Strategies for a B2B company

To improve B2B marketing, the following are a few things to consider when interacting with other businesses:

- A well-trained and knowledgeable sales team will allow to build effective relationships.
- Set the tone of messaging accordingly as they are addressed to high-level company decisionmakers, not average consumers.
- The emphasis in B2B marketing communication should be building relationships, not extending brand voice by leveraging social networks.

Digital B2B companies

The rise of B2B e-commerce solutions has redefined the relationship between businesses and suppliers. A product of the digital revolution, these businesses sell products directly to other companies using e-commerce platforms, while also sharing data and updates for products or

services. There are many types of B2B e-commerce companies, but three of the most common are web development, supply, and procurement exchanges, and infomediaries.

Web development

Every business needs a website, but few business owners have the time or skill set to build an optimized site from scratch. Web development companies (and, more generally, digital marketers) are B2B services that handle the creation and maintenance of company websites, plus digital advertising services like content creation and search engine optimization. These services are indispensable in the ever-expanding digital environment that dominates the modern business landscape. Though web development companies did not exist until a few decades ago, they've become essential partners for any business ready to get off the ground.

Supply and procurement exchanges

Otherwise known as e-procurement sites, these companies serve a variety of industries and often focus on a niche market. A company purchasing agent can shop for supplies from vendors, request proposals and even make bids for purchases at specific prices. These B2B websites enable the exchange of product supplies and procurement.

Specialized or vertical industry portals provide a sub web of information for a specific industry or vertical, such as healthcare, construction, or education. These sites provide product listings, discussion groups and other features. Vertical portal sites have a broader purpose than procurement sites, though they may also support purchasing.

Brokering sites fulfil companies' supply and procurement needs in another way. These sites act as intermediaries between service providers and potential business customers. For example, a construction company may need to lease equipment. A broker site can help the construction company find an equipment

manufacturer that is willing to lease out the needed equipment. Brokering sites and services include companies like Axway B2B Integration.

Infomediaries

There are also information sites, or infomediaries, that provide specialized information on specific industries for companies and their employees. These specialized search sites can include trade and industry standards organizations' sites.

No one-size-fits-all

Though B2B services are critical to the success of many industries, when considering your company's potential, do not limit yourself to one model. B2B, B2C and C2B models need not be mutually exclusive: Combining their strengths could generate great opportunities for your business.

to its business customers and clients," Walker said. "In a consumer-driven marketplace, such a service can be "A business can package consumer insights and consumer-centric solutions to sell or provide as a value-add extremely valuable to a business."

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Dropshipping

Defining dropshipping



When a store sells a product using the dropshipping model, it purchases the item from a third party and has it shipped directly to the customer. As a result, the seller does not need to handle the product directly.

Benefits of dropshipping

Dropshipping is a great business model for aspiring entrepreneurs to start with because it is accessible. With dropshipping, you can quickly test different business ideas with limited downside, which lets you learn a lot about how to choose and market in-demand products. Here are a few other reasons why dropshipping is such a popular model.

1. Less capital is required

Probably the biggest advantage to dropshipping is that it's possible to launch an ecommerce store without having to invest thousands of dollars in inventory up front. Traditionally, retailers have had to tie up huge amounts of capital purchasing inventory.

With the dropshipping model, you do not have to purchase a product unless you've already made the sale and have been paid by the customer. Without significant up-front inventory investments, it

is possible to start sourcing products and launch a successful dropshipping business with very little money.

2. Easy to get started

Running an ecommerce business is much easier when you do not have to deal with physical products. With dropshipping, you do not have to worry about:

- Managing or paying for a warehouse
- Packing and shipping your orders
- Tracking inventory for accounting reasons
- Handling returns and inbound shipments
- Continually ordering products and managing stock level

3. Low overhead

Because you do not have to deal with purchasing inventory or managing a warehouse, your overhead expenses are quite low. In fact, many successful dropshipping stores are run as homebased businesses, requiring little more than a laptop and a few recurring expenses to operate. As you grow, these costs will likely increase but will still be low compared to those of traditional brick-and-mortar businesses.