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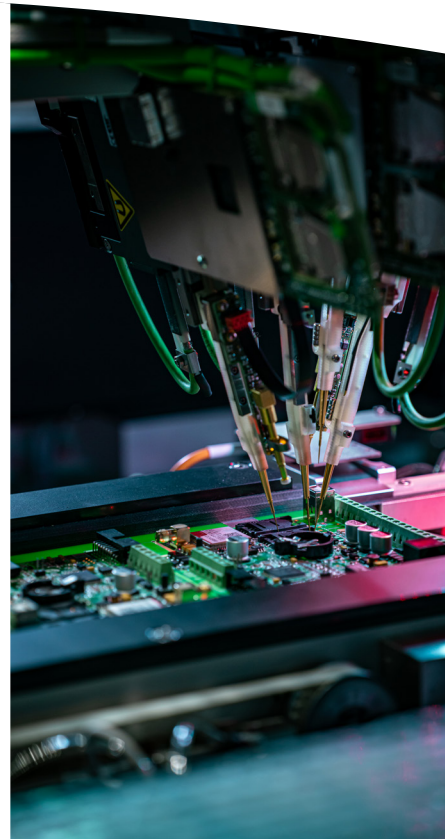
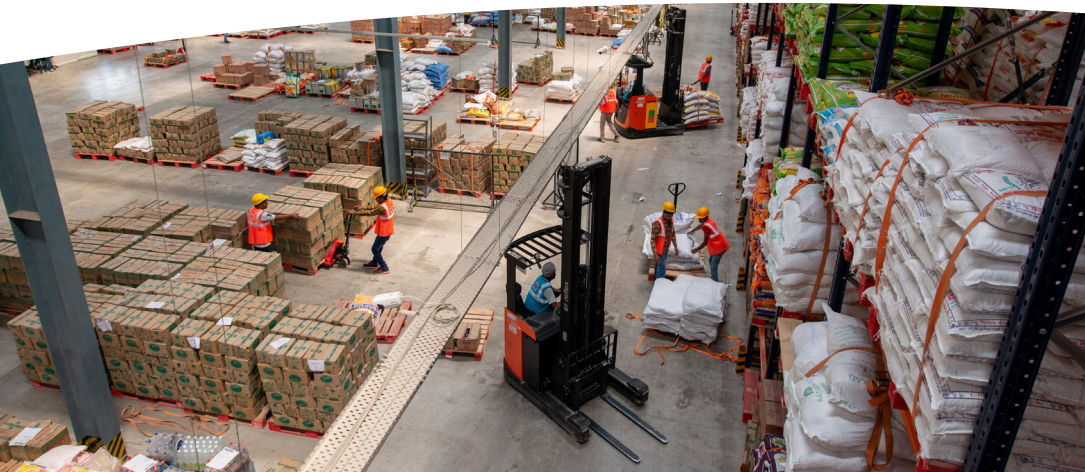
# DIGITAL B2B

COMMERCE 360

August 2022

# 2022 B2B MARKETPLACES: GROWTH AND TRENDS

Data and analysis of the marketplaces shaping  
the future of B2B digital commerce



Compliments of



# EXECUTIVE SUMMARY

Made for each other: B2B ecommerce and marketplaces

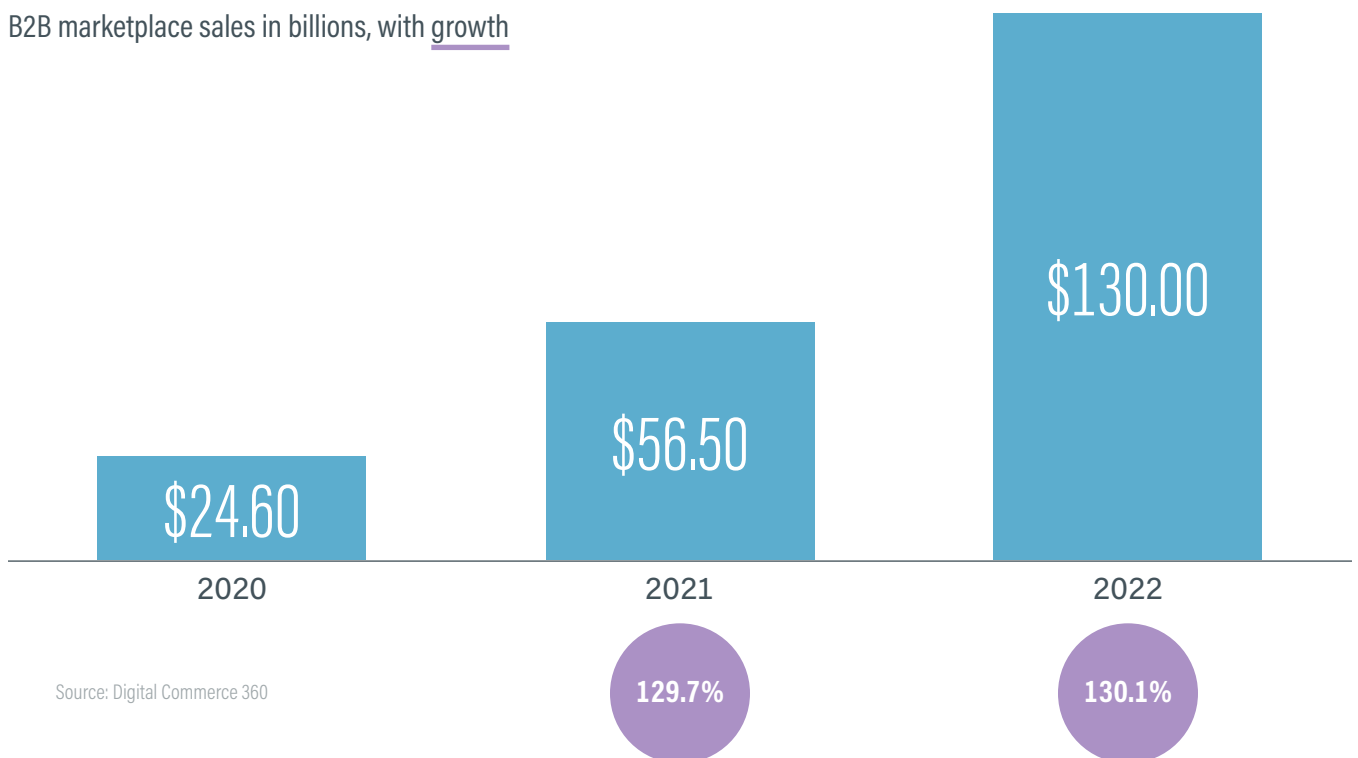
The B2B ecommerce industry has had a love/hate relationship with marketplaces over the last 20 years.

From late 1999 through 2001, B2B marketplaces went looking for love from B2B buyers and sellers, but the resulting affair was short.

The idea was sound: Bring together diverse groups of buyers and sellers in a particular industry or market and give them the online platform to do business en masse with each other.

## B2B MARKETPLACE SALES ARE THE FASTEST GROWING DIGITAL COMMERCE SALES CHANNEL

B2B marketplace sales in billions, with growth



Source: Digital Commerce 360

But the technology was inadequate to nonexistent, buyers and sellers on a wide scale were not interested, and competitive differences kept industry marketplace coalitions from working successfully together.

Fast forward to 2022, and B2B buyers and sellers are in love once more with marketplaces. And the feeling from marketplace operators is mutual.

The ongoing COVID-19 pandemic forever changed how buyers want to do business with ecommerce sellers. A younger and more online-oriented business buyer is primarily a digital-first customer. And where this rapidly growing audience wants to do business is online — and on marketplaces.

B2B marketplaces are now the fastest-growing channel in B2B ecommerce, based on a market projection from Digital Commerce 360.

Consider these facts:



Three years ago, Digital Commerce 360 was following about 75 to 100 B2B marketplaces. Today, the forthcoming B2B Marketplace 400 research report has metrics and analysis on 400 commercial and vertical marketplaces. They are spread across 18 industries.



Sales on B2B marketplaces shot up 131% to \$56.5 billion in 2021. And they are projected to increase at a similar pace to \$130 billion in 2022.



Despite challenging economic conditions, investors continue to pump funding into B2B marketplace companies, says investment firm Bowery Capital, which specializes in digital commerce. In 2021, there were 111 deals completed, and the pace has not fallen off so far in 2022. Through May, there have been a total of 63 deals.

“Companies that were pre-digital before COVID-19 are getting more digital now,” says Tyler Ellison, CEO of ChemDirect. ChemDirect is a three-year-old B2B marketplace that links buyers and sellers of chemical products in a dozen industries ranging from automotive, paint and coatings to health care to building/construction, printing/packaging, and agriculture. “Millennials and Generation Z employees are moving into procurement management roles, and they are not checking their Amazon-like expectations at the door. They want the same user experience on the job they are accustomed to at home.”

No longer is the B2B marketplace movement an on-again, off-again relationship. This time the relationship among buyers, sellers and marketplaces is long-term and serious, and the chief reason B2B marketplaces are now a mainstream digital commerce business channel.

The B2B Marketplace 400 report describes in detailed data and analysis how B2B marketplaces are blossoming. ❁

# OVERVIEW

## B2B marketplaces: The new mainstream channel

Buyers and sellers once viewed B2B marketplaces only as a hazy image on the B2B ecommerce landscape. But these days, droves of digital-first buyers use marketplaces to source and pay for business goods and services in the wake of ongoing supply chain disruption. B2B marketplaces are now a mainstream digital sales channel.

### B2B MARKETPLACE SALES<sup>1</sup> ACCOUNT FOR A BIGGER SHARE OF TOTAL B2B ECOMMERCE SALES

2020

1.8%

B2B marketplace sales  
portion of all  
B2B ecommerce sales

\$24.60 BILLION

B2B marketplace sales

\$1.390 TRILLION

Total B2B ecommerce sales



2021

3.5%

B2B marketplace sales  
portion of all  
B2B ecommerce sales

\$56.50 BILLION

B2B marketplace sales

\$1.600 TRILLION

Total B2B ecommerce sales



2022

6.9%

B2B marketplace sales  
portion of all  
B2B ecommerce sales

\$130.00 BILLION

B2B marketplace sales

\$1.890 TRILLION

Total B2B ecommerce sales



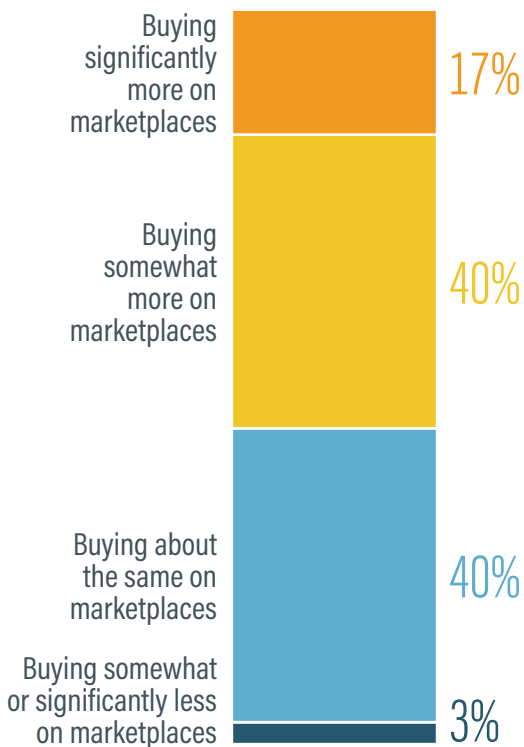
1. Projection Source: Digital Commerce 360

B2B marketplaces are also the fastest-growing ecommerce channel, with sales on all types of platforms, including commercial and vertical industry marketplaces. Sales on B2B marketplaces shot up 131% to \$56.5 billion in 2021. And they're projected to increase at a similar pace to \$130 billion in 2022.

B2B buyers, like consumers, turned to websites to make purchases when the COVID-19 pandemic struck in early 2020, making face-to-face transactions impossible in many cases. When Digital Commerce 360 asked business buyers in May 2021 how the pandemic changed their buying behavior, the top response, selected by 52%, was that they went to “ecommerce sites as they

#### B2B BUYER INSIGHTS

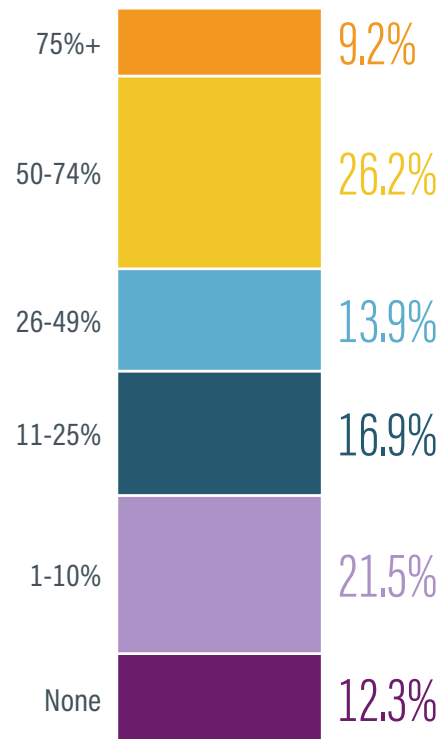
### HOW HAS YOUR MARKETPLACE PURCHASING CHANGED AS A RESULT OF COVID-19?



Source: Digital Commerce 360 and Bizrate Insights survey of B2B buyers, March 2022

#### B2B BUYER INSIGHTS

### WHAT PERCENTAGE OF YOUR B2B BUYING IS CURRENTLY DONE VIA MARKETPLACES?



Source: Digital Commerce 360 and Bizrate Insights survey of B2B buyers, March 2022

have more selection.” And many times, the ecommerce sites they purchased from were marketplaces. In the same survey, 57% of buyers said they were purchasing more from B2B online marketplaces during the pandemic, and 17% said they were buying “significantly more” than before.

That is showing up in the results of B2B marketplaces.

Despite challenging economic conditions, investors continue to pump funding into B2B marketplace companies, says Bowery Capital. In 2021, there were 111 deals completed and the pace did not fall off so far in 2022. Through May, there have been a total of 63 deals.

“We have not seen a huge slowdown even as the market matures,” says Michael Brown, Bowery Capital founder and managing partner. “There are still so many problems in the industry cloud segments that B2B ecommerce can solve.”

Three years ago, Digital Commerce 360 was following about 75 to 100 B2B marketplaces. Today, the B2B Marketplace 400 research report has metrics and analysis on 400 commercial and vertical marketplaces spread across 18 different industries. They range from automotive parts, chemicals, energy, and construction supplies to labor and logistics.





# Building a successful B2B marketplace requires commerce, fintech and logistics

An executive conversation with **Ryan Lee**, CEO, Nautical Commerce

B2B marketplaces are becoming a necessity. They offer companies a myriad of growth opportunities as the fastest-growing segment in B2B ecommerce. When considering marketplace strategies for the first time, B2B companies often weigh the pros and cons of participating in an existing marketplace or launching their own. To discuss the value these organizations can draw by launching a company-owned marketplace and how to successfully launch a B2B marketplace, Digital Commerce 360 B2B spoke with Ryan Lee, CEO of Nautical Commerce.

## How can B2B companies leverage a company-owned marketplace inside of their business?

Marketplaces in general are a great business model because you're finding additional ways to monetize your network through digital enablement. Different types of B2B companies use the marketplace model in different ways. For brokers and distributors, it lets them digitize their business, which is fundamentally already an undigitized marketplace model. And for manufacturers, marketplaces help them directly service their end customers and find additional monetization levers alongside their core products.

## What tools do these companies need to launch their B2B marketplace stack?

Many B2B companies have been looking at marketplaces as a commerce problem. But a marketplace really sits at the intersection of commerce, fintech and logistics. To successfully operate a marketplace, companies must take all three into account.

- Commerce is essentially about the buyer experience; removing the friction to buy.
- Fintech involves vetting vendors, being able to pay them out and recognizing revenue appropriately.
- Logistics means making sure your marketplace vendors adhere to your brand promise through fulfillment and delivery.

With regard to tools, you have to find a marketplace platform that covers all three aspects. Otherwise, it's incomplete.

## What typical challenges do B2B companies face in operating a marketplace?

The biggest challenge is navigating the regulatory hurdles around a marketplace model. How you identify vendors from a taxation perspective and ensuring you're tax compliant is not straightforward.

The second challenge is the technology, which has largely not existed in a way that allows an organization to launch a marketplace end to end. Because most companies view marketplaces exclusively through a commerce lens, they try to build it themselves into their commerce platform — leaving out the fintech and logistics part of the process. That's generally why marketplace initiatives fail.

## What strategies and technologies help them overcome these challenges?

On the taxation side, understand the dynamics of marketplaces in your industry and how to be compliant. The fastest way to get shut down is to run afoul of the tax regulations.

Secondly, companies should embrace a platform that was designed intentionally for marketplaces. When you want a race car, you don't build your own. You look for the experts who build it.

Nautical Commerce helps companies launch a company-owned marketplace by taking a three-phase approach — concept, pilot and production — so companies realize maximum value. In the concept phase, we verify it's a viable business model. In the pilot phase, we test the first few thousand orders to make sure they'll generate value. And in the production phase, we apply what we've learned in the launch of your marketplace. That's what agility is about: learning and tweaking the process for the best outcome.





# 79%

of suppliers have built, are planning to build, or are considering building a marketplace

McKinsey  
& Company

# \$3.6 Trillion

Estimated B2B marketplace sales globally by 2024



# 7X Growth

B2B marketplaces grew 7x the rate of overall B2B commerce in 2020



## Join Leading B2B Businesses Who Have Launched a Company-Operated B2B Marketplace

With Nautical's multi-vendor marketplace platform, you can launch your company-operated B2B marketplace in days without the cost of custom code



Scale marketplace operations effortlessly, without technical complexity



Leverage a feature-rich platform built for B2B transactions



Implement a marketplace without disrupting your existing business lines

Speak with a B2B marketplace expert at Nautical about your marketplace strategy today!

 [hello@nauticalcommerce.com](mailto:hello@nauticalcommerce.com)

 [nauticalcommerce.com](https://nauticalcommerce.com)

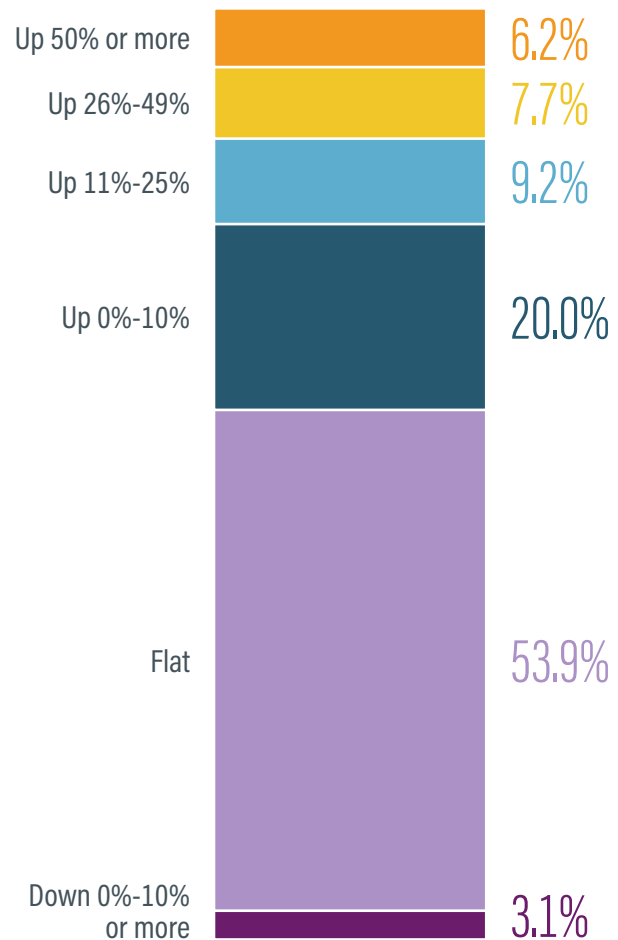
B2B marketplaces can take shape according to multiple ecommerce ownership arrangements. But there are two categories of marketplace types: Industry (vertical) marketplaces that bring together buyers and sellers in a particular industry such as automotive parts, steel, health care, and multiple other segments. The second are commercial third-party (horizontal) marketplaces, such as Amazon Business and Alibaba.

Amazon Business remains the single most dominant B2B marketplace. In 2022, Bank of America Securities projects Amazon Business will post \$41.5 billion in gross merchandise volume. That would be up 31.7% from a projected \$31.5 billion in 2022. Based on these projections, Amazon Business singlehandedly would account for 31.9% of all B2B marketplaces sales, or one in every three transactions, based on a Digital Commerce 360 estimate. As soon as 2025, Amazon Business could post annual gross merchandise volume of about \$83.1 billion, says BofA Securities.

“Amazon appears to have gotten over many of the B2B procurement system hurdles and has significantly grown its B2B reach over the past two years,” BofA Securities analyst Justin Post said in a 2021 research note. “Amazon Business is a B2B marketplace that gives procurement professionals the selection, convenience, and value that they have become used to on Amazon’s core B2C marketplace.”

### B2B BUYER INSIGHTS

HOW DO YOU EXPECT YOUR AMAZON BUSINESS VOLUME (TOTAL SPENDING) TO CHANGE OVER THE COURSE OF THE COMING YEAR?



Source: Digital Commerce 360 and Bizrate Insights survey of B2B buyers, March 2022

In 2022, Amazon Business has rolled out new features for its marketplace platform. For example, in January, Amazon introduced Amazon Business Punch-in, an online tool designed to let companies manage their buyers' spending on Amazon Business even when they don't start a purchase through their e-procurement software system. Amazon introduced the Punch-in product with procurement technology vendor Compleat Software.

"This new feature will simplify the buying process for many of our customers," says Todd Heimes, global director of Amazon Business. "For those companies with buyers who enjoy the familiar user interface and functionality of Amazon Business, Punch-in will enable them to start their journey on our website while remaining within their organization's buying policy guidelines."

Amazon Business is growing its B2B marketplace market share, but other ecommerce companies are targeting the space as well. Alibaba Group's international wholesale unit, Alibaba.com, accounts for just 2% of the giant ecommerce company's revenue — but it is one of the stars of the corporate empire. Revenue on Alibaba.com jumped 29% year-over-year — to \$760 million in the quarter ended Dec. 31 — on the strength of a 50% increase in transaction value, the company says.

Hangzhou, China-based Alibaba Group doesn't release its B2B gross merchandise transaction value figures, but Alibaba says a big part of the recent growth came from B2B ecommerce transactions in the United States.

"Our business is robust here in North America," Alibaba says. "The demand for 'Made in USA' is surging around the globe."

Nor does Alibaba release the number of U.S. B2B companies on Alibaba.com, but it says more than 200,000 suppliers are in its



Revenue on Alibaba.com jumped 29% year-over-year — to \$760 million in the quarter ended Dec. 31

ecommerce marketplace globally. Alibaba opened its ecommerce platform to U.S. manufacturers, wholesalers, and distributors in July 2019.

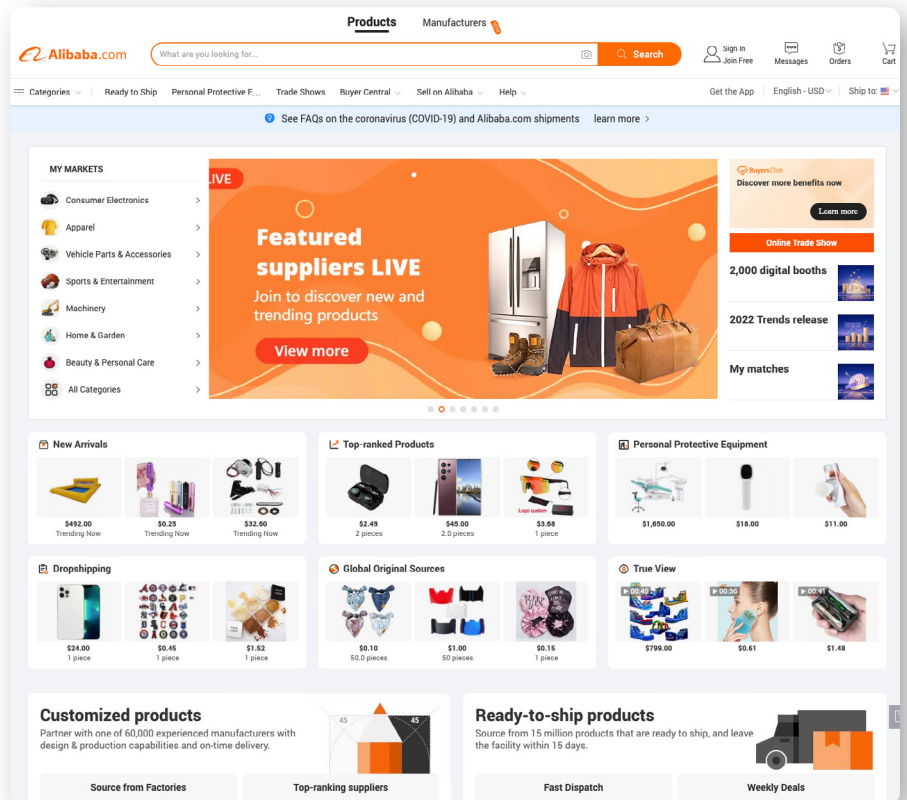
“Today, the United States is one of the fastest-growing seller regions on Alibaba.com,” the publicly traded company said in a recent investor presentation.

Alibaba.com’s U.S. ecommerce merchants are seeing especially strong demand for agricultural, food, health-and-beauty, electronic, and medical products, according to Alibaba.

“It’s largely things that go on your body or in your body, or high in technical sophistication,” the company says.

The COVID-19 pandemic that hit in early 2020 spurred demand for U.S. outdoor-related products, but according to John Caplan, who served as Alibaba’s president for North America and Europe from 2017 until late last year, Alibaba.com’s continuing B2B growth is independent of the pandemic.

“There’s the rise of the digital entrepreneur,” Alibaba says. “It used to be if you were a manufacturer or wholesaler, you essentially did business as far as your salespeople could drive in a day.” ❄️



Alibaba.com’s U.S. ecommerce merchants are seeing especially strong demand for agricultural, food, health-and-beauty, electronic, and medical products.

## CASE STUDY

# B2B ECOMMERCE IS A BIG DIGITAL GROWTH DRIVER FOR UNILEVER SALES

In the first half of 2022, B2B ecommerce grew 69% and is helping to grow overall digital sales, the company says.

B2B ecommerce is a digital growth driver for Unilever, one of the biggest and oldest consumer brand manufacturers and the maker of more than 400 products such as Dove soap and Lipton tea.

For the first six months of the year, total Unilever sales grew about 15% to 29.623 billion pounds (US\$35.998 billion) from 25.791 billion pounds (US\$31.341 billion) from January through June in 2021.

Ecommerce grew 25% in the first half and now represents 14% of total sales, Unilever says. Based on those metrics, Digital Commerce 360 projects that digital Unilever sales totaled \$5.039 billion from \$4.03 billion in the first half of 2021.

While the company did not break out specific metrics, B2B ecommerce was the primary growth driver for digital Unilever sales, the company says.

Unilever operates multiple B2B platforms such as Compre Ahora, a B2B marketplace in Spain.

The screenshot shows the homepage of the 'COMPRE AHORA' B2B marketplace. At the top, a purple banner reads '¡RECUERDA! ¡EN COMPRE AHORA TODOS LOS DESPACHOS SON GRATIS!'. Below this is a search bar and navigation icons. A main banner features a woman in a grocery store and the text: 'MÁS DE 15.500 ALMACENES YA SE ABASTECEN DE FORMA ONLINE'. Below the banner are three service highlights: 'OFERTAS Y DESCUENTOS EXCLUSIVOS PARA TU NEGOCIO', 'SERVICIO DE ENTREGA RÁPIDO', and 'COMPRA FÁCIL Y DE FORMA SEGURA'. The 'Destacados' section displays five product cards with 'COMPRAR' buttons: Malloja Salsa de tomate italiana 200g, Soft Suavizante líquido classic 1lt, Hellmann's Mayonesa DoyPack 670g, Axe Desodorante en aerosol marine 150ml, and Sedal Shampoo restauración instantánea 190ml.



“Ecommerce grew 25% in the first half, with growth coming from omnichannel retailers and our B2B platforms.”

—Alan Jope, CEO, Unilever

“Ecommerce grew 25% in the first half, with growth coming from omnichannel retailers and our B2B platforms,” says Unilever CEO Alan Jope. “Ecommerce growth has moderated in the U.S. as consumers return to physical stores and we see greater number of consumers researching online and then purchasing offline. And that emphasizes the growing importance of digital channels in the path to purchase.”

In the first half of 2022, B2B ecommerce grew 69% and is helping to grow overall digital Unilever sales, the company says.

“Worth noting that in just five years, ecommerce has grown from 2% of Unilever’s turnover to 14% in the first half,” Jope says. “We do continue to invest in channel expertise and the right technology and in channel-specific innovation.”

Unilever operates multiple B2B platforms such as Compre Ahora, a B2B marketplace in Spain.

Unilever produces 400 food, beverage, cleaning, hygiene, and personal care products sold in 190 countries and used by more than 2.5 billion people every day. ❁

## ABOUT THE AUTHOR

Mark Brohan is senior vice president of B2B and market research at Digital Commerce 360, covering B2B ecommerce trends. Prior to his current role, Mark was vice president of research for Digital Commerce 360 and editor of Internet Retailer's Top 500 Guide, Top500Guide.com and related research publications. Mark's previous experience includes leading new print and web product business development for Faulkner & Gray where he was web publisher and editorial director for DM Review magazine and its two websites: DMReview.com and dataWarehouse.com. He was also the founding editor of various Faulkner & Gray technology magazines, including Internet Retailer. Mark earned a bachelor's degree in secondary education and history from Western Michigan University and a master's in journalism and public affairs from the American University.



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