



MARKETPUSH

5 Key Challenges Distributors Face

and How a Marketplace Can Help

Scalability. Flexibility. Profitability.

Covid may be waning as a public health threat, but its effects on business persist. Redefined B2B buyer's journeys, supply chain delays, and labor shortages, to name a few. To thrive in today's environment, distributors must confront a handful of challenges. We've identified five of them and will discuss how an online marketplace platform can help relieve pain points while delivering a competitive edge.

Challenge No. 1: Meeting customer expectations

Satisfying customers has always been a top priority, but covid has turned that into a moving target. No one doubts that the pandemic has fundamentally changed the way business is conducted. Ecommerce B2B shopping has accelerated, partly in response to a growing aversion to in-person shopping. In turn, the prevalence of online shopping has raised the bar on shipping practices. Customers expect to receive products fast with rare exceptions. Today's shopping experiences must be efficient or customers will look elsewhere.

How a marketplace helps

For distributors, a marketplace empowers them to significantly increase product offerings without investing in additional inventory. All of these products get sold using the preferred method: ecommerce. A marketplace also provides a one-stop shop with the promise of simple, quick and on-the-go purchasing. Finally, you can meet the high bar for shipping expectations because, as a marketplace operator, you can set shipping standards for your suppliers.

Challenge No. 2 Supply chain delays

The supply chain crisis is real and protracted. Product shortages have reverberated throughout all industries, particularly the high-tech world. Spurred by the global pandemic, these issues have forced B2B buyers to expand their supplier list beyond tried-and-true vendors, as buyers desperately search for badly needed products. As a result, buyers have had to assume the added risk of working with unproven vendors. That's a circumstance that buyers want to change.

How a marketplace helps

Though not a cure-all for the supply chain crisis, a marketplace can alleviate your customers' pain. For example, by applying high standards of vetting to your seller recruitment, you can offer your buyers a collection of reliable sources, not unproven ones. It also helps you to avoid stock-outs! During this long period of uncertainty and shortages, customers will embrace this critical benefit. The more sourcing you can offer, the better the chance you can give customers what they need and entice them to come back for repeat business.

Challenge No. 3: Stiffer competition from outside industries and manufacturers

Individual manufacturers have stepped up their game. They understand that they can sell on Amazon, sell directly to customers, and bypass distributors altogether. This mitigates some of the built-in advantages that distributors traditionally have enjoyed. In addition, B2C businesses (e.g., Home Depot, Lowe's, Walmart) are exploring B2B opportunities. To stand out and win this competition, distributors cannot stand still; they must evolve, too.

How a marketplace helps

Facing this growing threat, distributors would do well to rely on two competitive tools: technology and business innovation. Through a marketplace, a distributor would be able to leverage existing technology to expand its offerings and market reach without the investments typically required when adopting new technologies.

Business innovation also comes into play because distributors can fight back with wider product availability. Launching a marketplace allows them to test out adjacent product categories, strengthening their position as a one-stop shop – a good way to retain customers. This is a great low-risk way to experiment with wider product offerings without making costly investments.

In general, your products will be more easily discoverable if you roll out a marketplace using your current ecommerce site. Customers searching for items in specific categories can find your products and can browse additional marketplace seller offerings without ever needing to leave your site.



Challenge No. 4s: Hiring to fill staffing needs

You've heard about "The Great Resignation" in America. Labor shortages continue to make it more difficult to acquire the product you need from the brands you trust. Even if you manage to get your product, keeping production, manufacturing, or service delivery on schedule requires adequate staffing levels. For distributors, hiring has been a particularly thorny problem due to a perfect storm of circumstances:

- this sector is not historically sexy
- innovation has come slowly
- the younger workforce is more interested in cutting-edge technologies
- millennials and GenX have different expectations of employers
- distributors are often generational organizations with long-time employees who have started to retire
- work from home is the new norm; WFH is a hot acronym

How a marketplace helps

By the nature of its operation, a marketplace enables distributors to provide efficient order fulfillment without increasing the warehouse staff. This more innovative business model will appeal to the younger generation, which has an affinity for technology and new business models.

Another advantage is that marketplaces provide the backend and the web development, with security baked into it. By offering products from multiple suppliers without the need to carry inventory, you have created efficiencies in your fulfillment process that competitors cannot match.

WFH opportunities abound in marketplaces, unlike the on-site requirements for traditional warehousing and distribution positions. Instead of a distributor using more warehouse space, the marketplace sellers are tasked with populating landing pages within the provided templates.

Challenge No. 5 Supply chain delays

With its deep pockets and hefty profits, Amazon has been buying up warehouses, driving up prices. Distributors, on the other hand, must carefully weigh the costs and benefits of adding warehouse space. This is clearly not a quick high-growth, low-risk proposition. But what's the alternative?

How a marketplace helps

The marketplace model eliminates the need to acquire – and justify to upper management – additional warehouse space. Your marketplace suppliers are fulfilling and shipping products for you. The need for additional headcount is greatly reduced. Conquer the twin costs of labor and real estate space at the same time.

B2B distribution faces a series of daunting challenges that threaten the bottom line and profit margins well into the foreseeable future. The best way to emerge from this environment is to expand through technology and innovation. Marketplaces score high on both scales and offer you affordable solutions to meet the high expectations of today's B2B buyers.

At MarketPush, our marketplace platform is designed for B2B distributors and wholesalers. That means we've streamlined our software to meet their needs in ways that prioritize usability, ease of systems integration, and proven seller-recruitment methodologies. Interested in starting a conversation about how we can tailor a platform to meet your unique needs?

Getting Started

Establish your very own profit-driving marketplace that you can manage with a flexible SaaS platform built for B2B distributors.

Contact us now at Sales@marketpush.com, or visit marketpush.com to learn how we can help you meet the needs of your customers.



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Profitability.*

