

HOKODO



Behind the scenes of winning B2B marketplaces: Insights and strategies from top European players



In partnership with...



LEMONWAY

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Foreword

In the world of consumer e-commerce, marketplaces are king. Amazon, eBay, Etsy, Uber, Deliveroo. The list goes on. These are all unique platforms, serving different purposes and needs, but intrinsically linked by their shared role of connecting buyers and sellers.

The explosion and penetration of major B2C marketplaces has forged a path for B2B commerce to follow. According to research by Mirakl, **75% of B2B companies are actively developing their marketplace strategy¹, either by building their own marketplace or selling products via a third-party platform.** Meanwhile, a report by Gartner and Mirakl estimates that **70% of existing enterprise marketplaces will be engaged in B2B transactions by the end of 2024².**

And it's not just sellers that have jumped on the marketplace bandwagon. With access to a plethora of trusted suppliers and seamless, digital-first experiences, it's not surprising that many B2B buyers are choosing marketplaces over their traditional suppliers. Research by Digital Commerce 360 found that almost 60% of B2B buyers conducted more than a quarter of their purchases on online marketplaces in 2023³, indicating growing preference for these "one stop shop" platforms.

However, the B2B marketplace model is still in a nascent stage and suffers from some teething problems. Founders and operators are still learning how to give the best possible marketplace experience to B2B buyers – and sometimes they miss the mark. A report by OroCommerce found that just 12% of B2B buyers prefer marketplaces to their traditional purchasing arrangements⁴.

With so much at stake, some burning questions arise:

- What can B2B marketplaces do to win?
- How can they attract and retain the right buyers and sellers?
- How can they cement their position as one of the key digital procurement channels of today and the future?
- How can B2B sellers and buyers choose the right marketplaces to trade on?

To answer these questions we wanted to provide marketplaces – and their buyers and sellers – with the Ultimate B2B Marketplace Knowledge Hub. A comprehensive collection of resources bringing together a map of all the major B2B marketplaces in Europe, tips and tricks for marketplace founders and, of course, this comprehensive report exploring marketplace success.

To uncover the strategies that have helped them succeed, and the mistakes they have learned from, we surveyed the founders and leaders of hundreds of European B2B marketplaces. C-suite executives, founders, and heads of departments responded to our survey, providing insights from a variety of sectors, including agriculture, food and beverages, automotive, construction and beyond.

Read on to find out what we learned.



Louis Carbonnier
Co-founder & President, Hokodo

¹ [Get Started with B2B eCommerce Marketplaces](#), Mirakl

² [Imperatives When Building an Enterprise Marketplace](#), Mirakl & Gartner

³ [B2B buyers flock to marketplaces, and not just Amazon Business](#), Digital Commerce 360

⁴ [B2B Buyer Preferences in the eCommerce Marketplace Economy](#), OroCommerce

A word from our partners: Lemonway



Martin-Pierre Gaultier
CCO & CMO, Lemonway



The comprehensive insights in this report highlight the critical factors driving success in the B2B marketplace sector. As a leading payment service provider (PSP) for marketplaces, Lemonway firmly believes that B2B companies will undergo a significant digital transformation in the coming years. Two key drivers of this transformation will be the way businesses experience online payments and how they comply with regulatory obligations (PSD2 / PSD3).

This report's emphasis is on adding end-to-end value and enhancing the user experience of B2B marketplaces. And, unsurprisingly, our experience with numerous marketplaces shows that the key differentiator between success and struggle lies in providing a full spectrum of additional services that cover the entire transaction journey. This aligns closely with Lemonway's mission and our partnership with Hokodo, which offers compliant, seamless, and secure payment solutions, fostering a trustworthy online environment.

In addition to merely selling online, establishing a marketplace with third-party sellers entails specific needs, particularly in the B2B space. Key challenges include accurately identifying sellers, managing diverse payment methods, handling potential cross-border transactions, and ensuring reliable and fast payouts to final beneficiaries. Mastering these aspects is crucial for maintaining platform loyalty, enhancing credibility, and fostering long-term relationships between the platform and its buyers and sellers.

Through our collaboration with industry leaders such as ArcelorMittal on their ground-breaking online distribution strategies, and strategic partnership with leading players such as Hokodo we have gained valuable insights.

We hope that B2B marketplaces will leverage the valuable findings in this report to enhance their online strategies. Lemonway remains dedicated to supporting and innovating with marketplaces throughout their digital transformation journey.

A word from B2B Marketplace Expert Colin Gardiner



Colin Gardiner

B2B marketplaces are becoming increasingly popular to build and for good reason. Many legacy industries are largely driven by brokers and direct sales relationships with antiquated product and billing experiences. There is also typically no easy way for suppliers to distribute their products or services and for buyers to find them. This is where B2B marketplaces can find a wedge to exploit and disrupt legacy industries.

B2B marketplaces often focus on facilitating sales at first, which often means that they look like tech-enabled brokerages to start. Sales are highly manual, with internal sales teams matching supply and demand, but they are more efficient than normal brokers with state-of-the-art software and automation. B2B marketplaces often scale rapidly with strong sales teams but can fail to cross the chasm into a self-service marketplace with a strong network effect.

Successful B2B marketplaces will build compelling product experiences for marketplace participants that solve a meaningful pain point, make them change their behaviour, and reorient buying and selling around the marketplace. These experiences can take many forms but typically involve a value-added service like invoicing, financing, insurance, or a SaaS product that manages inventory.

The goal of these product experiences is to embed with one side of the marketplace to increase usage and make it stickier. Building a self-service marketplace product is important, but without a network effect, the marketplace won't thrive.

Building network effects in B2B marketplaces is crucial for growth, defensibility, sustainability, and competitive advantage. Network effects occur when the value of a product or service increases as more people use it, creating a positive feedback loop. If a B2B marketplace focuses solely on its sales motion, it can fail to productize a network effect that helps it scale efficiently over time. The network effect can be slow to build and hard to capture which means architecting the marketplace correctly from the beginning.

B2B marketplaces are one of the most exciting segments for startup builders and investors. There are many opportunities to disrupt legacy industries and improve economic efficiency. To do that, B2B marketplaces will need to be more than tech-enabled brokerages and build compelling product experiences that encourage self-service, harness network effects, and change buying and selling behaviour.

Colin is the Founding Partner of Yonder.vc an early-stage fund investing in marketplaces that change the way we buy and sell. Previously, Colin was the CPO & CRO of Outdoorsy and Roamly. He also worked at Ancestry.com, Tripping.com, Justanswer, and the Federal Reserve Bank of San Francisco.



Unlocking the winning formula: 10 key takeaways for B2B marketplace success

Responses to our survey came from a broad variety of marketplaces of different shapes, sizes and sectors. However, a number of common themes emerged, which we have distilled to the following list of 10 core principles for B2B marketplace success.

1



Winning marketplaces provide end-to-end value

2



Think strategically about achieving critical mass

3



Marketplaces must engage in promotional activities that attract buyers and sellers

4



The needs of buyers and sellers are of equal importance

5



Very little is as important in marketplace success as trust, reputation and credibility



6



Don't underestimate the power of payments

7



Marketplaces must be intentional and solve a genuine pain

8



Marketplaces must offer value which cannot be found elsewhere

9



Demand is high for a top-quality user experience

10



Teams with vast knowledge run the most effective marketplaces





1. Winning marketplaces provide end-to-end value

If one thing is clear by the time you finish reading this report, it should be this: marketplaces are no longer just somewhere for buyers and sellers to meet. **They are full-service platforms that bring new and unique benefits to both parties in a transaction.** Nowhere is this more true than in those marketplaces that have taken the next step to provide a full end-to-end value chain to buyers and sellers alike.

The word on the street



A successful B2B marketplace should **offer value to customers from the beginning of a transaction until the end.** This means a **360° platform** that offers digital services such as ordering, financing, logistics, quality controls and post-sales servicing.

Ilias Sousis, CEO & Co-founder, Wikifarmer



It is important to have the full process, from buying the material to selling and delivering the material as the merchant of record under your own control with the necessary trade financing. Being a managed marketplace requires trade financing to be in place **to scale and grow the business profitably.**

Anonymous respondent

What does this look like in practice? Let's break the transaction down into three stages for a closer look at the end-to-end process.

The beginning (pre-sale)

This is the search and discovery phase of the transaction. That might be from the buyer perspective (finding somewhere to purchase something they need) or from the seller perspective (finding a marketplace on which to sell their goods or services).

They might use Google to search for what they need, or they might already know about your marketplace and go directly to your platform because they've seen the name on social media. This is where marketing and brand building (which we'll explore later) come into play.

Then, regardless of whether they're a buyer or seller, they have to register for an account and be onboarded. Sellers must then be able to easily list their products, while buyers need the ability to search and navigate – this all relates to user experience (UX) and interface (UI).

Throughout this period, customer service needs to be fast, efficient and responsive in order to build trust with your marketplace.



The middle (sale)

Still with us? OK, let's move on to the sale proper. At this stage of the end-to-end marketplace process, your buyers and sellers are fully onboarded and using your platform regularly to trade.

Buyers fill their baskets and head to the checkout. A smooth, seamless experience fills them with the confidence they need to hand over sensitive information and payment details. Embedded financial services – such as payments, insurance and lending products – are available at the point of need.

Meanwhile, sellers have an equally frictionless experience. A buyer portal or dashboard empowers them to access order details at the click of a button. Value-added services such as shipping, logistics and financing make their lives even easier.



Did you know...

83% of B2B buyers will abandon a purchase if suitable payment terms are not on offer at the checkout⁵. If your marketplace isn't offering trade credit and doesn't have a strategy in place to give buyers the payment flexibility they demand, while ensuring sellers get paid upfront, you could be missing out on potential revenue.

The end (post-sale)

We've arrived at the end of the transaction. The buyer has placed their order and you (or the seller) have shipped it. Payment has been arranged for collection in 30 days. The end... or is it?

You guessed it. In an end-to-end marketplace service, the end isn't actually the end. You'll be providing post-sale care in the form of customer service, support and success, ensuring all buyers and sellers are satisfied with the transaction. Something isn't right? Your returns policy is clear and refunds are easy to initiate. Buyers get personalised recommendations and offers via email, while sellers are asked for continuous product feedback.

Marketplaces that can pull off an end-to-end service like this are the ones able to add the most value to the professional lives of buyers and sellers. The result is simple: your marketplace becomes extremely sticky and customer churn becomes really low, resulting in repeat purchases and loyalty on both sides of the transaction. You win.



⁵ [The Definitive Guide to B2B E-commerce Buyer Demands in 2024](#), Hokodo



2. Think strategically about achieving critical mass



By Sameer Singh

Sameer is an early-stage investor focused on network effects. He is currently a Venture Partner at Speedinvest, an instructor at Reforge and writes about network effects at [Breadcrumb.vc](https://www.breadcrumb.vc).

Achieving critical mass of buyers and sellers is fundamental for the basic function of any marketplace. With too many buyers on the platform, they can't find the products they need. With too many sellers, the majority don't end up selling anything. Both scenarios lead to swathes of unhappy customers that will jump to your competitors at the earliest opportunity, so getting the right balance is really important.

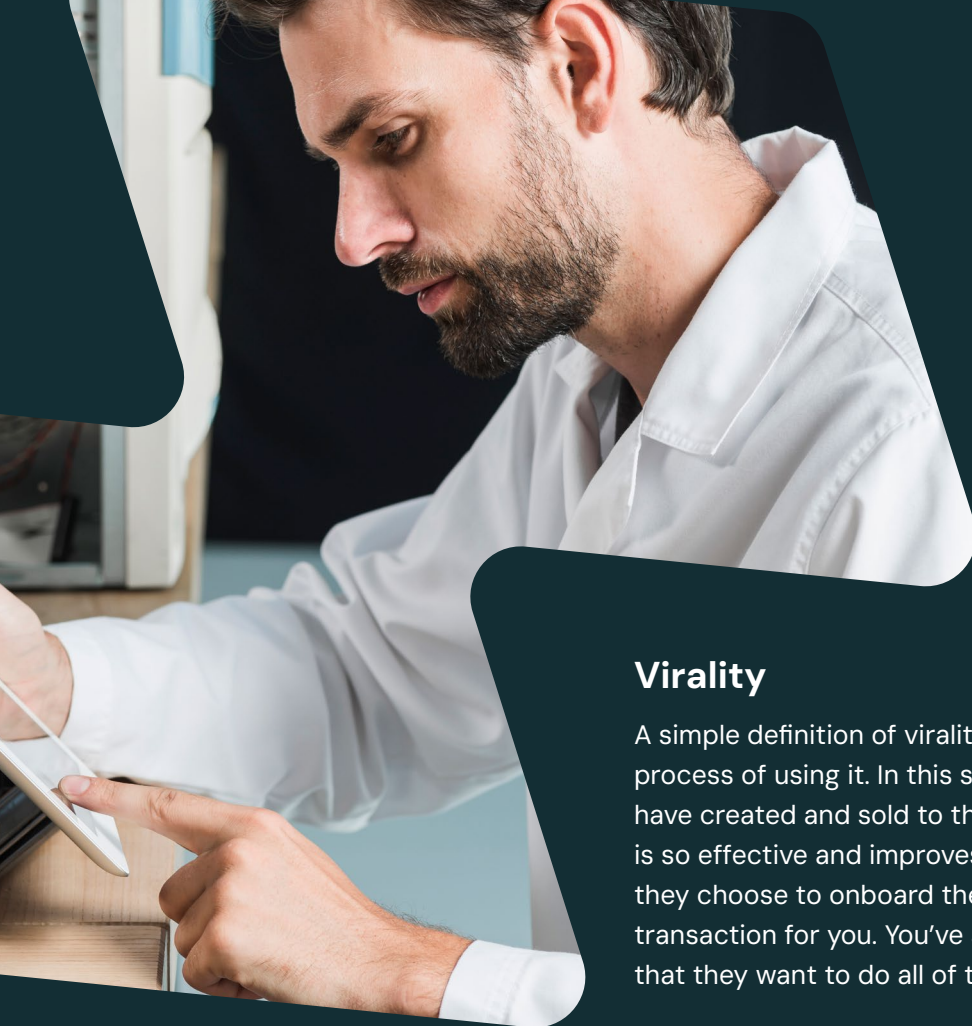
The problem is that establishing, maintaining and optimising critical mass is considerably challenging, even for relatively simple consumer marketplaces. For B2B marketplaces it can be even more difficult because the sales cycle is often longer and more complex, with several stakeholders and decision makers. Attempting to acquire both sides with direct sales makes achieving critical mass infinitely more difficult.

In my experience, there are three ways for B2B marketplaces to avoid this problem.

Scalable acquisition

Probably the simplest of the three strategies, scalable acquisition refers to a marketplace scenario where one side of the marketplace – buyers or sellers – are easily able to discover and use your marketplace without any human involvement.

An example of this is Alibaba, a B2B marketplace where the buyers essentially behave like consumers. They might search Google for the product they need, see an ad, or simply know the Alibaba brand. Either way, they easily find the site and are able to fill their basket, pay and get it delivered in a very similar way to how an individual might use Amazon.



Virality

A simple definition of virality is that users share the product in the process of using it. In this scenario, the product or service you have created and sold to the sellers or buyers on your marketplace is so effective and improves their workflow to such a degree that they choose to onboard the businesses on the other side of the transaction for you. You've added so much value to the transaction that they want to do all of their business via your platform.

An example of this might be Ankorstore, Faire or Qogita – B2B marketplaces that connect brands and retailers. Through offering payment terms that would be impossible for brands to offer off-platform, and creating a best-in-class platform, the marketplace becomes an easier, faster and more convenient platform on which to transact. Sellers decide to direct all their buyers to the marketplace, instead of their own e-commerce platform, and as the buyer pool grows, more sellers are attracted to the platform. Quickly, this virality populates the marketplace.

Side-switching

The third option is what I call side-switching. This is when a marketplace quickly populates the platform (and makes time and cost savings) by onboarding customers that are both buyer and seller.

This is particularly effective in resale markets. Take ACV Auctions, an online marketplace enabling dealers to buy and sell cars. They might onboard a dealer that has an inventory of cars that they want to sell and a wish list of particular vehicles that they want to buy. With these types of customers, critical mass is attained faster. To make this work, you need a high concentration of hybrid buyer/sellers at first, but 20% of customers playing this role is a healthy long-term target.

These three avenues are rarely seen in the B2B marketplace world. Crafting a product that takes advantage of these dynamics can give founders and operators a significant opportunity to reach and maintain critical mass.

3. Marketplaces must engage in promotional activities that attract buyers and sellers

Ok, let's take it back to basics. When you strip everything back to the bare necessities, what is a marketplace? It's a platform that connects buyers and sellers. Whether you're talking about a student purchasing textbooks on Amazon or peasants trading mutton for mead in a mediaeval market square; distilled to their purest form, marketplaces simply connect vendors and customers.

Of course, as we've already established, in today's digital world, the best marketplaces do a lot more than that. But we'll come back to that later. First, let's examine how successful B2B e-commerce marketplaces attract and engage with potential buyers and sellers.

The word on the street



[Marketplace success] requires superior user experience but also a **strong skill set in marketing and brand building** to establish yourself in the market.

Walter Masalin, Founder, Cronvall



Provide sellers the tools to leverage their own networks to build out the marketplace reach.

Anonymous respondent

The most popular marketing channels to target buyers are:

 Organic social media (69%)

 Email (69%)

 Events (66%)

The most popular marketing channels to target sellers are:

 Events (66%)

 Organic social media (66%)

 Email (52%)

So, what tactics can you employ to replicate their success?

Develop a marketing and brand-building strategy

Broadly speaking, there is no real difference between the promotional activities that B2B marketplace marketers use to target buyers and those they aim at sellers.

They tend to find success in organic digital marketing activities such as social media, content creation and email marketing. Conversely, responses suggest that paid marketing opportunities – such as advertising on Google or social media platforms – are not as popular of a choice. Industry events, which often require a fee to attend or exhibit, are the exception.

Walter Masalin, Founder of construction marketplace Cronvall, highlights the crucial need for marketplace promotion, saying that marketplaces require “a strong skill set in marketing and brand building” in order to establish themselves and thrive.

Achieve critical mass (it's not as scary as it sounds)

Many of the marketplace representatives we spoke to told us about the importance of “critical mass” when it comes to buyers and sellers. But what does this mean exactly? It's all about attracting the minimum viable number of buyers and sellers for your platform to function. It's going to be different for every marketplace, but it's essential to understand so your marketplace doesn't flop before it's had a chance to get to the top.

(Psst, check out Sameer Singh's chapter earlier in the report for expert advice on how to achieve critical mass on your B2B marketplace!)

Utilise your sellers' buyer networks

When it comes to attracting buyers and sellers to your B2B marketplace, the buck doesn't stop at marketing. One respondent suggested that marketplace founders should take advantage of the existing buyer networks that sellers bring: “Provide sellers the tools to leverage their own networks to build out the marketplace reach.”





4. The needs of buyers and sellers are of equal importance

Hear us out: marketplaces have two types of customers. You have type one, the buyers, who purchase goods or services, and you have type two, the sellers, who provide the aforementioned goods or services. As the “middleman” the marketplace has a unique responsibility to provide a service to *both* these groups.

The mistake that many marketplaces make is focusing on one type of customer more than the other. Usually, it's the sellers who end up suffering. In our conversations with marketplaces, this came up time and time again.

The word on the street



Offering curated, top-tier services that **cater excellently to the needs of both buyers and sellers**. This should be supplemented with best-in-class customer service in order to make the experience **as efficient and successful as possible for both parties**.

Guy Metter, Startups & Scaleups Manager, Passionfruit



Becoming a successful B2B marketplace requires building a robust platform that [...] **continuously adapts to meet the evolving needs of both buyers and sellers in the business ecosystem**.

Michal Laskowski, CEO & Co-founder, CottonBee

So, what can you do to make sure you give all your customers what they need?

Invest in service, support and success

One of the key takeaways from our survey is the importance of customer service, support and success in retaining buyers and sellers. When asked about the most important factors contributing to their success, 40% of marketplace representatives included customer support in their top three.

Elsewhere, Julia Heineking, Head of Marketing at CheMondis, said that “exceptional customer service” is one of the key pillars of marketplace success, while Jan Klauer, Co-founder and CMO at 1-2-Taste, told us about the importance of building a customer success team that has deep industry expertise and knowledge of the market.

Show the oldies some love

Something else to keep in mind while juggling the demands of the buyers and sellers on your platform is to make sure you’re giving enough attention to your existing cohort of customers.

Sure, new business is important, but so is nurturing those who have been loyal to your marketplace. Loyal customers provide you with a consistent and reliable stream of repeat purchases. Reward them with special discounts, personalised content and other tokens of appreciation that convey the message “Hey, thanks for sticking around.”

Don’t try to boil the ocean

And remember, you can’t solve every problem for every buyer and every seller at once.

“Don’t try to please every single customer demand,” one respondent who wished to remain anonymous told us. “Identify their biggest challenges and the strongest needs that must be solved, then work from there.”



5. Very little is as important in marketplace success as trust, reputation and credibility

"The B2B food ingredients industry is a very traditional industry where relationships have always been crucial in success," says Jasper Schouten, CEO and Co-founder of ingredients marketplace 1-2-Taste.

But it's not just the food and beverages industry – digital marketplaces in all sectors must respect the B2B tradition of relationship-building and trust if they want to be successful.

The word on the street



The marketplace needs **to be credible** and hold a **good reputation**.
Anonymous respondent



Becoming a successful B2B marketplace requires **building a robust platform that fosters trust** [...] We believe that **building trust is crucial** for B2B marketplaces.
Michal Laskowski, CEO & Co-founder, CottonBee

The question, of course, is "how?"

Traditional B2B sellers develop trust through face-to-face meetings and in-person transactions with a relatively small number of customers each receiving a tailored service. For online marketplaces, where face-to-face interactions are rare and the number of customers far greater, how can credibility be built? Here's three of the main ways that the marketplaces we spoke to have built trust with their customers.

Vetting and onboarding

In order to build trust, you need to implement "a world-class vetting and onboarding process", says Mike McGrath, CEO of Kwayga. Being in control of which buyers and sellers are operating on your marketplace fosters trust among all parties. Knowing that sellers and their products or services have been assessed for quality satisfies buyers, while sellers are assured that they're going to get paid for their work because they are dealing with vetted buyers.



Keeping the human element in onboarding



B2B marketplaces, particularly those selling complex products, should not try to automate *all* processes. Customer onboarding and qualification via phone can drive later sales conversion by generating trust early in the process.

Nicolas Lohr, Founder & Co-CEO, E-FARM

Transparent information

Transparency builds trust. In our recent B2B E-commerce Buyer Demands report, we found that many buyers struggle with a lack of transparency when it comes to procurement. 44% said that sellers need to be more transparent about shipping costs and other fees at checkout, having been met by a number of surprising additional charges at checkout. 40% said that they've experienced issues around a lack of real-time product availability⁶.

Buyers want as much information as possible about the products they're buying, the total price they will pay and when their order will arrive. Sellers want details about the logistics of transacting on the platform, who they are selling to and when they will get paid.

And what do you want? You want to build trust with buyers and sellers, so you need to be transparent and provide as much information as possible.

Gather reviews

Think about your shopping habits as a consumer. When trying out a new brand or store for the first time, there's a good chance that you take a look at Google or Trustpilot reviews before committing to a purchase. This is because you trust the opinions and views of other customers or users in a different way to how you trust the seller. Fellow customers don't have any reason to lie or exaggerate about a product, so you are more likely to take their word at face value.

But that doesn't mean your B2B marketplace can't piggyback off that trust. An active review gathering strategy can help to build your authentic reputation in the market – try sending review requests to recent buyers, new suppliers and customers that have recently been in touch with your support team. You could even encourage them with some kind of incentive such as a free product or discount code.

⁶ The Definitive Guide to B2B E-commerce Buyer Demands in 2024, Hokodo



6. Don't underestimate the power of payments

Payments (and the checkout in general) have emerged as some of the most important aspects of the B2B e-commerce journey. Innovative sellers have elevated payments from a dusty back-office process to a key position in their e-commerce strategies. The forward-thinking and digital-first nature of marketplace creators means that they have readily adopted this stance and are at the forefront of the B2B payments revolution.

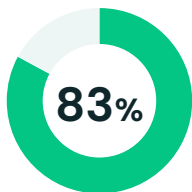
The word on the street



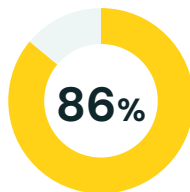
Payment facilities and guaranteed payment [are essential for marketplace success].
Alix Truelle, B2B Development Manager, Pourdebon



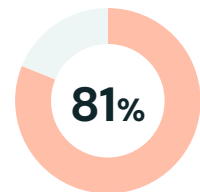
Being a managed marketplace **requires trade credit** to be in place **to scale and grow the business** profitably.
Anonymous respondent



of B2B buyers will **abandon** an e-commerce purchase **if payment terms are not available**.⁷



of buyers agree that **payment terms are an important consideration** when choosing a vendor or supplier.



would **open a trade account** with their main supplier(s) if offered.

So, what are the **payment expectations of your buyers and sellers**? And what can you do to meet them?

Offer (the right) payment terms

The vast majority of buyers agree that payment terms are an important consideration when choosing a new marketplace to purchase from – but offering any old payment terms is not the play.

In B2B, 30-day payment terms come as standard. However, advanced digital capabilities and new solution providers make it possible to offer **extended payment terms, instalment plans** and **trade accounts**.

There's demand for a variety of different types of payment terms, so you need to make sure your offering is hitting the mark. Speak to the buyers and sellers on your platform to learn about preferences and competitive practices in your industry.

⁷ [The Definitive Guide to B2B E-commerce Buyer Demands in 2024](#), Hokodo

Provide instant credit decisions

Gone are the days when buyers would be happy waiting extended periods to find out the result of their credit application. Now, the vast majority (83%) expect a credit decision in less than a day, including 22% that expect a decision in under an hour, and 19% that expect an instant result.

As instant payment terms on first purchases become the norm rather than the exception in B2B, these figures will surely continue to climb. Right now, you have the opportunity to differentiate your payment terms offering from the competition by providing instant credit decisions at the point of need.

Optimise the settlement method offering

If payment terms are about when buyers pay for their order, settlement methods are the how. Payment terms are no good to buyers or sellers if they're not accompanied by a selection of carefully considered settlement methods.

As you may expect, settlement methods like bank transfer (76%), credit card (69%), debit card (56%) and Direct Debit (49%) are all popular in B2B. However, it is increasingly important for marketplaces to consider newer and lesser-known settlement methods such as mobile payments and specialist regional options, like iDeal in the Netherlands or SOFORT in Germany. As buyer and seller expectations evolve, we anticipate demand for innovative settlement methods to grow.

Clearly, payment terms are pivotal at the B2B marketplace checkout, but there are three key reasons why you may have not yet found an effective way to offer trade credit to buyers:



It's risky. The anonymity and scale of marketplaces means that it can be difficult to know which buyers can be trusted to stick to their payment terms.



It's complex. From credit scoring and fraud detection, through to financing, payment processing, insurance and collections, trade credit is made up of several complex components.



It puts pressure on cash flow. Offering credit off your own balance sheet can have a significant negative impact on your marketplace's working capital.

In recent years, payment terms solutions such as those offered by **Hokodo** have emerged as a safer, simpler and more sustainable way for marketplace buyers and sellers to access the benefits of trade credit. With Hokodo providing the financing and handling every step of the trade credit management process, buyers get the credit they deserve while sellers get paid upfront and in full, even if a buyer is unable or unwilling to pay. Simultaneously, offering a streamlined, safe and simple way to pay increases the stickiness of your marketplace. Everyone wins.

7. Marketplaces must be intentional and solve a genuine pain

Many of the marketplace operators to whom we spoke agreed that some marketplaces fail because they do not understand well enough their sector or their place in the market. Would-be marketplace operators take note: when establishing a new platform, do so with intention and only if you're sure it solves a real pain point.

The word on the street



Marketplaces **must have a clear USP** (unique selling proposition), differentiated from competitors and **addressing a real pain point**.

Alex Collart, Managing Director, Outvise



A marketplace needs to **serve a clear purpose**.

Anonymous respondent



Some marketplaces do not **fully understand their place in the market**, and end up with an incorrect business model.

Mike McGrath, CEO, Kwayga

So, what can you do? Here's the advice we sourced from your marketplace peers.



Keep an eye on *all* the competition

Successful marketplaces are those that differentiate their offering from the competition. But remember: you're not just competing with other marketplace platforms. In fact, more than half (52%) of the marketplaces we surveyed said that the biggest threat faced by their platform today is competition from traditional, offline suppliers – not other marketplaces.

Know who your customers are

One of the common traits shared by successful marketplaces is a well understood and thoroughly documented ICP (ideal customer profile) for buyers and sellers.

An ICP defines the characteristics of businesses that are likely to become your most valuable customers. Knowing who these customers are makes it easier to grow the number of businesses operating on your marketplace.

Advice from the COO of a heavy equipment marketplace is to “identify the seller and buyer ICPs that will magnify your marketplace’s network effect,” thereby increasing the value of the marketplace significantly with each customer acquisition.

Educate your team

Several of the marketplace operators we spoke to highlighted the need for a team with a deep understanding of the market. If you're selling car parts, your team needs working knowledge of the automotive industry; if you're selling ingredients, your team should know the latest trends in the agri-food sector. Investing in educating your team will help your marketplace to serve its purpose – you can only solve pains and problems if you really understand the nitty gritty.



8. Marketplaces must offer value which cannot be found elsewhere

“The biggest mistake a marketplace can make, in my opinion, is making the marketplace the goal in itself,” says Minck Hermans, COO of Vonwood. “It isn’t. The marketplace is a means to an end, so keep your eye on the ball of adding value to buyers and sellers.”

In this short quote, Minck encapsulates the feelings of many of the marketplaces we spoke to. For a marketplace to be truly successful it must go beyond the simple connection of buyers and sellers by offering some kind of value that both parties wouldn’t get from transacting independently. Otherwise, what’s keeping them on your platform?

“Make sure you add value and give customers something they cannot have elsewhere – that is the only way to ensure engagement. Making sure you make life easier than the current procurement method is key to buyers. Making it possible to access buyers that aren’t otherwise available makes all the difference to suppliers,” Minck adds.

The word on the street



You need to **provide value above simply the connection of buyer and seller**. This value needs to be really strong for the buyers and sellers for each transaction to not go off-platform and make a direct contract.

Jakub Kovac, CEO, Cyrkl



If the marketplace **does not add sufficient value** to the market participants and makes it easy to bypass the platform, **leakage will be significant**.

Anonymous respondent



You need to provide **an experience that is superior to the purchasing experience outside of the marketplace**, allowing access to supply that isn’t readily accessible, solving a real problem for both sides.

Anonymous respondent

To prevent buyers and sellers from doing business outside of your marketplace, you have to offer them something that they’re simply not going to find elsewhere. Here’s a few suggestions.



Value-added services

As part of the survey, we asked respondents to name three things that have helped their marketplace attain success. Almost half indicated that offering value added services was among the top reasons for their success. Often, value added services are provided in an attempt to prevent platform bypass (otherwise known as leakage or disintermediation), with 48% of respondents saying that they use value added services to keep sellers on the marketplace.

But what is a value-added service? Think about extras that you can offer which will enhance the lives of your customers: logistics, shipping fulfilment, packaging, financing, insurance and on-platform marketing are just a few examples.

Better products and/or prices

Meanwhile, marketplaces can create value for buyers by curating a product catalogue that is more expansive and of a higher quality than can be found elsewhere (perhaps explaining why platforms with a specific industry focus are more successful in B2B).

Alternatively, marketplaces can differentiate by offering a better price than can be found elsewhere. However, this comes with the caveat that a lower price should not come at the cost of quality.

If you're considering cutting the cost of products, be careful. Ilias Sousis, CEO and Co-founder of Wikifarmer, suggests that marketplaces should avoid offering low cost products at their own expense, as this strategy rarely pays off.

"One of the biggest mistakes a marketplace can make is to offer services or goods at a lower price, hoping that it will attract and retain customers. In most cases, business customers will stop buying once these lower prices stop being offered."

Instant, flexible payment terms

Our recent research paper found that 83% of B2B buyers will abandon a purchase if payment terms are not available at the checkout⁹, but due to cash flow restrictions, risk factors and other complexities, sellers are often unable to offer the instant credit that buyers expect. That's where your marketplace comes in.

If you can provide buyers with flexible payment terms at the point of need, all while empowering sellers to get paid upfront and in full, then you're onto a winner. Most marketplaces are growing fast and don't have the spare cash to finance transactions, so partnering with a dedicated payment terms provider is the best way to add differentiating value at the checkout.

9. Demand is high for a top-quality user experience

As the workforce is increasingly made up of digitally native Millennials and Gen Zers, the demand for a superior online B2B experience grows. Having grown up with the internet at their fingertips, these workers have been spoiled for choice, convenience and speed when it comes to e-commerce. Now, they expect the same when buying stock, materials or services for work.



38% of marketplaces said that they prioritise user experience (UX) and user interface (UI) projects in an effort to retain sellers, while 28% said the same for buyers, indicating that sellers may be more intolerant of poor online journeys, or that the seller experience requires more work to get right.

The word on the street



[Marketplaces must provide] a **good user experience** on an **intuitive, seamless, and user-friendly** platform.

Julia Heineking, Head of Marketing, CheMondis



The biggest mistake a marketplace can make is not caring enough about the customer journey. Each industry is different but **the customer must find the experience seamless and productive.**

Anonymous respondent



Ultimately you must **lower transactional friction** to your buyers. This requires **superior user experience.**

Walter Masalin, Founder, Cronvall

⁸ [The Definitive Guide to B2B E-commerce Buyer Demands in 2024](#), Hokodo

So, how exactly do you go about bringing the UX of your platform in line with the digital expectations of your customers?

Improve navigation and searchability

This is about as basic as it gets, but you might be surprised by how many B2B marketplaces get it wrong. Buyers need to be able to find what they want to buy, whether that's by typing in the name of a product or clicking on a product category.

You need to implement robust search capabilities with filters for various parameters like product categories, price ranges, delivery times and seller ratings. The goal is to make it as fast and easy as possible for buyers to find exactly what they need.

Simplify the onboarding process

Do you offer an online registration for buyers and/or sellers? Great! Does it require them to fill out pages and pages of information? Not so great.

We know that you need to gather certain information about a prospective seller or buyer, but there is a good chance that you don't need **everything** you're currently asking for. Revisit your registration process, reduce the number of steps required and make the whole process as intuitive as possible.

Upgrade the checkout

There is nothing more unappealing to a buyer than a sketchy checkout. It's at this point in the customer journey that the trust, credibility and reputation of your platform is most important – and UX has a big part to play.

A checkout that loads quickly, shows order information and displays security certificates is going to assure buyers that their money and private information is in safe hands. Similarly, a variety of secure settlement methods and payment options – including trade credit – will help create a sense of trust.

Conversely, a checkout that crashes or shows error messages, has no ability to navigate back to the basket and a complete lack of payment security signals? No, thanks, we'll try your competitor.

10. Teams with vast knowledge run the most effective marketplaces

In an earlier section of this report, we discussed how marketplace operators should invest in improving their team's industry knowledge in order to properly solve customer pains. But, actually, it goes beyond that.

Throughout our conversations with B2B marketplaces, many founders and other leaders agreed that the deep industry knowledge within their teams is foundational to their success. For example, Jasper Schouten said that 1-2-Taste has become a leading food and beverages marketplace thanks to "a deep understanding of the market dynamics, innovation processes and market" within the team.

The word on the street



[Successful marketplaces] **understand their industry vertical and adapt to its needs** and the requirements of buyers. Customer Success people with knowledge of the market [are essential].

Jan Klauer, CMO & Co-founder, 1-2-Taste



The **biggest mistake** to make is to **approach the B2B market the same way as the B2C**.

Jasper Schouten, CEO & Co-founder, 1-2-Taste



The **biggest mistake** for a marketplace is to **grow the seller side too fast** compared to the buyer side. **Keeping a healthy ratio is very important.**

Ciro Di Lanno, Co-founder & CEO, Mirta

Let's take a closer look at the advice from our marketplace respondents.

Instil industry insights

Building a team of industry experts is critical for marketplace success. With an understanding of the minute details of the sector, your team will be empowered to make the decisions and do the work necessary to solve customer pains and take your marketplace to the next level.

If you can hire individuals with existing knowledge and experience in your sector then that's great, but if not, make sure to provide training and learning opportunities that allow all team members to become industry experts. The benefits will far outweigh the time and resource costs.

Tailor your platform for B2B

It's not just about the industry. Deep knowledge of the B2B sector in general is also crucial for the success of any business-to-business marketplace. Yes, B2B businesses are taking cues from the popularity of B2C marketplaces, but that's where most of the similarities end. In execution, audience, payments, risk and so many other ways, B2B is a very different beast.

"The biggest mistake to make is to approach the B2B market the same way as the B2C," says Jasper Schouten, highlighting just how tailored a B2B marketplace strategy must be.



Strike the right balance of supply and demand

According to many of the marketplaces we spoke to, a fatal mistake is not understanding the supply and demand of your sector. If you have too many buyers, the sellers won't be able to keep up with demand; on the other hand, if you have too few buyers, you risk a surplus of unsold goods and a cohort of unhappy sellers.

"In my view, one of the most significant mistakes a marketplace can make is failing to adequately balance supply and demand," says Michal Laskowski, CEO and Co-founder of CottonBee. "When there's an uneven distribution, either an excess of supply or demand, it can lead to inefficiencies, dissatisfaction among users, and, ultimately, hinder the growth of the platform."

"The key to ignite is to trigger the supply-demand match; the key to success is to turn that into a positive feedback loop," adds Eleonora Borando, Head of Product at Wikifarmer.



The bottom line: keep adding value



The biggest mistake a marketplace can make, in my opinion, is making the marketplace the goal in itself. It isn't. The marketplace is a means to an end, so keep your eye on the ball of adding value to buyers and sellers.

Minck Hermans, COO, Vonwood

Minck's quote above sums it up. The best marketplace founders don't build marketplaces because they want to build marketplaces.

No, we're not trying to be philosophical. And we know how ironic it is to spout the unimportance of marketplaces after 6,000 words about marketplaces...

But seriously, the best marketplace founders build marketplaces **to add value to the buyers and sellers**. Marketplaces – at least, the ones driving real change and value – are not just platforms where buyers and sellers connect. **They are full-service e-commerce solutions that bring new and unique value to both parties.**

It's tough out there. To compete (and win) in this new and constantly evolving market you must:

- **Add so much value** to every transaction that **your marketplace becomes the single chosen place to transact**
- **Craft a seamless end-to-end customer journey**, from discovery through to payment, post-sale care and beyond
- Take every opportunity to **build trust, credibility and reputation**
- **Attract and retain** the right balance of customers by **catering to the needs of both buyers and sellers**
- **Know your industry** inside out and **educate your team** to become experts on solving customer pains

Better get to work, eh?



About Hokodo

Experience game-changing payment terms for European marketplaces with Hokodo. Amplify growth, simplify operations, and effortlessly tackle cash flow obstacles with a payment journey crafted to keep customers coming back for more.

Offering payment terms on marketplaces isn't easy. From credit scoring and fraud risk mitigation to financing, insurance and payment processing – there are lots of moving parts supplied by different vendors. And that's before you've even thought about collections...

But offering credit is important. It accelerates marketplace growth by encouraging more purchases, higher conversions and loyalty from buyers and sellers alike.

Bringing all the elements of trade credit management onto one platform, Hokodo enables buyers to access payment terms instantly while you and your sellers get paid upfront and in full, risk-free. The end-to-end and pan-European nature of our solution means that you only need to work with one provider to cover everything in all your markets. Talk about convenience.

Want to learn more about how Hokodo's B2B payment solutions can accelerate the growth of your marketplace? Click below to speak with the team today.

Get in touch



About Lemonway

Lemonway is a pan-European Payment Institution offering a solution dedicated to marketplaces, and alternative finance platforms looking for a payment processing and collection system on behalf of third parties in a secure and regulated framework. Regulated by the ACPR and benefiting from the European passport in 29 countries, Lemonway is based in Paris and Hamburg.

400 marketplaces already trust Lemonway. The fintech manages 1.3 million wallets for users of its partner platforms and has raised €50m from Breega, SpeedInvest, and Toscafund.





Some of Europe's biggest B2B marketplaces and merchants offer payment terms with Hokodo

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

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