



B2B could prove a port in a storm

While the squeeze on consumer spending continues to reduce traditional consumer footfall into retail stores, you may wish to explore alternative channels.

The B2B sector, which includes businesses and the public sector, has many advantages over selling to consumers (B2C), not least in sheer scale and the likelihood of more predictable demand.

The UK public sector, which includes national and local government, the MoD and NHS, is clearly a vast market, with c. £236 billion spent on goods and services in 2009-10. Despite the cutbacks planned for the foreseeable future, it will always offer huge potential for suppliers – and one that is hardly likely to go out of business. The government makes it easy to find public sector contract opportunities worth £10,000 or more via its Contracts Finder. For instance, a quick search under ‘brown goods’ and ‘white goods’ identified contracts with the Ministry of Defence (for fridges and microwaves), and fridges for council residential estates. There’s even a free online e-learning course called “Winning the Contract” available at www1.learn-direct-business.com/business-courses/winning-the-contract/.

Other advantages to selling to public sector organisations is that there are transparent tender processes that give fair chances to small businesses; and that you can expect to be paid promptly within the agreed contract terms. Of course, in return, you would be expected to provide the taxpayer with value for money.

Outside the public sector, selling to private businesses is also likely to be less unpredictable in demand terms than selling to consumers. Some of our customers are having great success targeting private businesses in sectors as diverse as healthcare (e.g. private hospitals and nursing homes), hotels, brewers, insurance and construction.

One of the options you have is to create “white label” websites. These can be created at modest cost, but you need your own e-commerce website as a starting point. Critically, your website would also need to be fully integrated



with your retail operations so that all transactions are handled seamlessly from a single database.

So what is a “white label” website? Let’s take the example of an organisation such as a Friendly Society, which has a sizeable staff plus an extensive membership. You could set up a special website (a portal) for them which offers their employees and members preferential rates on a selected catalogue of electrical goods.

The website would be “badged” as belonging to the Friendly Society, but it would be your goods that are displayed and your retail system that processes all sales. Other organisations that may welcome a “white label” site include charities, trade unions, corporates, Banks and Universities.

Another opportunity in the B2B sector is to sell directly to businesses wanting electrical goods as part of their own core business. Hotels, housing associations, and insurers spring to mind.

If you are reluctant to sell directly to organisations in either the public or private sectors, there are intermediaries with which you can establish “affiliate” or partnership relationships. One such is Affiliate Window (www.affiliatewindow.com),

an affiliate marketing company with over 750 merchants on its books. Through the Affiliate Window website, these merchants can link to a vast network of affiliates (other businesses) who generate sales for them in exchange for a commission. It’s not cheap to join as a merchant, but you could obtain hundreds of affiliates to push potential customers towards your website and only charging you if their link generates a sale.

With effective IT, you will be able to manage all of these routes to B2B opportunities. If you have several “white label” sites, for instance, you could offer each of your business partners unique terms, exclusive products and special prices. Your software should be able to handle all of these complexities.

Of course, nothing is easy and diversifying into B2B means serious planning and hard work. That includes market research and effective promotions to likely prospects; maybe even employing or re-training a salesman; or appointing a specialist agency to do the prospecting for you. However, the rewards for embracing alternative routes to market could be high. You may also have little choice in the changing world of retail as, unfortunately, it’s no longer enough to put some enticing offers in your shop window and hope that consumers will walk inside and buy.