

eMarket Services makes it easier for you to use electronic marketplaces for international business

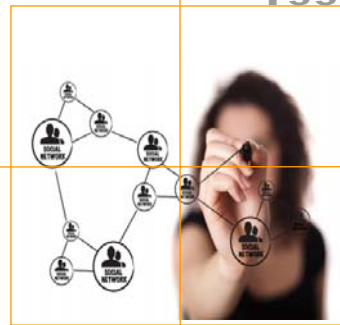
B2B SOCIAL NETWORKS, EMARKETPLACES EVOLUTION

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Abstract

The new generation of electronic markets is being created as social networks for companies, which incorporate the sales functions of the traditional format of Web 2.0 tools in order to further facilitate the relations and contact between companies in the network.

In this article we look at how this has occurred, what these markets offer to companies and the advantages of joining them.

Same suit, different cloth

Web 2.0 has been a revolution that has given us new ways of looking at relations between people and companies. It has changed communications from one-directional to two-directional, in which the initiator and the recipient alternate roles and are on an equal footing in a dialogue between one and another.

The flag bearer of this revolution has been the social networks, led by the giant [Facebook](#), although numerous other projects have now sprung up and the trend is towards more specialization, with platforms differentiated by age segment (Spain's [Tuenti](#) for adolescents, [Sigojoven](#) for people over 40...), by theme ([Minube](#) for travel, [esfutbol](#) for football fans...), etc.

But this has not been a new concept for [electronic markets](#) – or even a major revolution – because many of them started out with simple and direct communication between equals as the basis for their B2B relations on the internet, even before the term “social network” was coined and the specific concepts that go with it. The only parts that have changed are the format, the type of platform on which this communication takes place and the channels available for communication.

Although some consider social networks to be an enemy of traditional electronic markets, others have adapted the eMarketplaces business model to these new tools, or have added new functionality to existing platforms, or have simply used existing social networks to research and attract new clients.

The leading business social networks put an emphasis on business professionals, connecting people to people based on shared work interests. The success of networks such as [LinkedIn](#) or [Xing](#) are examples of attractive models that in addition to allowing users to make contacts related to their current job, enable companies to search for new employees since users' profiles act as a showcase for CVs, recommendations from other employers, etc.

Entrepreneurs also have their niche, creating networks for sharing ideas or for searching for sponsors to finance projects, such as [Cofounder](#), [Startup Nation](#) or [Entrepreneur Connect](#).

This has resulted in mixed networks in which users can register a personal profile as well as adding details of the company that they work for, the company's latest offers or the product catalogue, such as [Bizzinco](#).

Companies come into play

With the development of all types of social networks, platforms specifically aimed at companies are being developed, which leverage their communication potential for B2B business. Josep Alberti, CEO and founder of [Grera.net](#), a pioneering social B2B network in Spain, says that he decided to create the company based on the potential he saw for small companies from using networks as marketing tools. “Furthermore, the generalist networks were clearly B2C and were not designed for business between companies, since plenty of companies register on these networks hoping to passively do business, and this is obviously not happening”, says Alberti.

In addition to the general advantages that can come from using the internet (immediacy, constancy, transparency, ease of use), it enables good segmentation, allowing users to contact companies in numerous sectors and locations, to display the company’s product catalogue, to supply contact details and to send and receive quotes.

Grèra’s CEO says that the key to this platform is based on an in-depth understanding of the user company, knowing what it supplies and what it is interested in procuring, and therefore enabling it to not just actively search for what it is looking for, but to passively suggest other companies to it that may be of interest, and in turn to be suggested to others. This is one of the main differences compared to traditional electronic markets, since it uses automatic processes to periodically propose interesting potential clients, suppliers, offers and quotes.

Another difference compared to electronic markets is the contact method, because it offers greater functionality such as internal mail, working groups or business events as well as other functions that enable interaction, such as ratings of other users – although at the moment the site is mostly used to make initial contact while transactions are done outside of the network.

Another example of a new format B2B social network is [Yes I can do B2B](#), founded by Perre Grossman, a 71-year-old Brazilian. Compared to Grèra, which was started with the objective of bringing Spanish companies together but which has expanded internationally on requests for inclusion from companies outside of Spain, the Brazilian platform was created with an export focus from the start.

In this case, as well as enabling the publication of catalogues or suggesting possible collaborating companies, the whole transaction process can be completed within the social network itself, since it enables real-time negotiating and even online payments.

In Peru, the Development Department of COFIDE, the development finance corporation, aware of the potential of these networks, created a social network for SMEs in January 2011 focused on exports and is expected to end the year with more than 12,000 registered companies. According to Luis Terrones, Director of COFIDE’s Development Department, in comments to the news agency RPP Noticias, “The site will enable Peruvian companies to display their exportable products and services, as well as working together to take on large orders through virtual clusters and providing services to third parties”.

Add new functionalities to eMarketplaces

In the case of electronic markets based on bartering, Acambiode.com was launched in 2001 as an exchange network with numerous functions for enabling and facilitating business contacts and relations. What has the social networks format provided them? Jaime Martínez, founder and CEO of the company says that they have redesigned their platform to further strengthen this network image and to make using the tool simpler and extendible in terms of communications.

“Everyone knows how social networks function and takes into account Facebook, Twitter or LinkedIn, and any user knows how to create a network of friends or contacts to interact with”, says Martínez. By adapting this concept, Acambio.com allows users to create a network of business contacts that they are interested in exchanging products or services with.

Companies can state the type of companies they are interested in, indicating a precise profile to encourage better ‘matching’ of mutually interested companies. Once the barter network has been created, users can make proposals for specific exchanges and start negotiating, rating their activity on the platform, etc.

With this new focus, this platform is now halfway between a professional network and an electronic market, and it has also added the possibility of drafting and implementing online contracts. Through the same platform, the two companies negotiating an exchange can jointly draw up a document that will be legally valid when it is printed and duly signed, which “provides greater security in transactions”, says the founder.

“Social” is the key

What is clear from looking at the current evolution of the internet is that companies have to adapt to this new communications concept in order to offer clients greater possibilities of doing business, and the tools provided by social networks encouraging these relations – the “social” aspect – are a good way of expanding these opportunities.

According to Jaime Martínez, “The internet is increasingly social. Both private individuals and companies are looking to the internet for another way of establishing and strengthening relations, and companies view the internet as a more convenient and cheaper method for contacting other companies around the world without having to travel or incur transport or courier costs”.

Consequently Josep Alberti says that it is important to define, and above all to adapt, to what “social” might mean to your business. “But the new generation of youngsters entering these companies are all internet users and they use these tools as their principal channel, rejecting the traditional channel”, says the CEO of Grèra. Having a presence on the internet, and on social networks, is therefore increasingly important for any company.