

Amazon sees massive growth potential in B2B ecommerce

Article

The strategy: Amazon plans to grow its high-margin, high-growth B2B ecommerce division, Amazon Business, by expanding into new markets in Europe and elsewhere, [per](#) Reuters.

- The retail giant launched Amazon Business in the US in 2015, before expanding into Germany, Britain, Italy, Spain, and France.

- “We believe that we’ve only scratched the surface of what’s possible to date, and plan to keep building the features our business customers tell us they need and want,” [wrote](#) Amazon CEO **Andy Jassy** in his letter to shareholders.

Building off a sizable base: Amazon Business has more than 6 million active customers, including 96 of the companies listed in the global Fortune 100, wrote Jassy, who also noted the division drives roughly \$35 billion in annualized gross sales.

- Amazon Business' gross sales in Europe grew at a compound annual rate of 25% from 2020 to 2022, **Alexandre Gagnon**, vice president, told Reuters.
- In the US, we expect **Amazon Business product sales to grow 20.7% this year** to \$43.05 billion.

A major growth channel: While Amazon is in the midst of a slew of aggressive cost-cutting measures that include [layoffs](#) and [pausing construction](#) on its HQ2, it continues to invest in areas such as B2B ecommerce where it sees significant growth opportunities.

- **B2B ecommerce is a massive market.** Our [US B2B Ecommerce Forecast](#) expects nearly \$1.9 trillion in B2B product sales over ecommerce websites in the US alone this year.
- **Amazon has room to grow its share.** Even though Amazon Business is the leading US third-party marketplace, we expect it to account for just 2.3% of the US B2B ecommerce market this year.
- **B2B ecommerce offers higher margins than its main consumer business.** Businesses buy in large quantities. That enables Amazon Business to make fewer deliveries than for its consumer business, which requires it to deliver millions of small parcels to customers’ homes.
- **European workers have returned to their offices.** While US office occupancy rates remain stagnant around 40% to 60% of prepandemic levels, it's a different situation in Europe and the Middle East where rates range from 70% to 90%, per JLL data reported in The Wall Street Journal. In some Asian countries rates range even higher, from 80% to 110%, which means some workers are spending more time in their offices than they did before the pandemic.

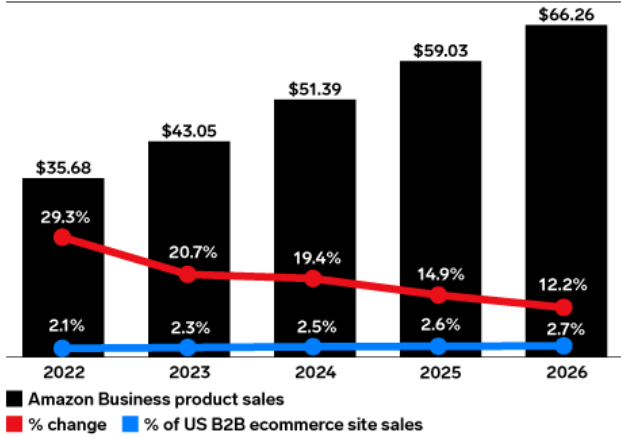
The big takeaway: B2B ecommerce represents a huge market without any dominant players.

- That’s why it’s a natural place for Amazon to generate growth both domestically and abroad.

Go further: Read our [US B2B Ecommerce Forecast 2022–2026](#) report.

US Amazon Business Product Sales, 2022-2026

billions, % change, and % of US B2B ecommerce site sales



Note: represents the gross value of products sold on Amazon Business (browser or app), regardless of the method of payment or fulfillment; excludes travel and event tickets, Amazon Web Services (AWS) sales, advertising services, and credit card agreements; includes direct and marketplace sales; B2B ecommerce sales are the sale of physical products from one business to another that occurs over the internet via an ecommerce site, including sales directly from a supplier website or indirectly through third-party online stores like marketplaces

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