

**Executive profile: Howard Rosenberg, CEO, B-Stock Solutions**

## Helping Groupon Goods launch a European B2B auction site

By Nona Tepper Associate Editor, B2B E-Commerce

**HOWARD ROSENBERG, CEO OF B-STOCK SOLUTIONS, A DEVELOPER OF BUSINESS-TO-BUSINESS E-MARKETPLACES, HAS HAD HIS EYES ON EUROPE FOR GROWING E-MARKETPLACES, AND WITH GROUPOON GOODS HE FOUND AN OPENING.**

“We’ve always been really interested in the European market, and we view this as a really great opportunity for us to start investing,” Rosenberg says.

Groupon Goods, the online retail site of online coupon marketing company Groupon Inc., is reaching into new territory with a liquidation auction site for Europe developed by B-Stock. Groupon Goods Global GmbH, the retailer’s Switzerland-based unit that retails and ships general merchandise from Europe, has launched a business-to-business e-marketplace—Groupon Goods Liquidation Auctions—where merchants and other businesses can buy excess merchandise.

Rosenberg says his company also builds liquidation marketplaces for hundreds of other retailers, including Wal-Mart Stores Inc., The Home Depot, Wayfair Inc., and Gregg Appliances Inc., which operates online and in stores under the brand hhgregg.

B-Stock Solutions also helps its client retailers to build bases of buyers from its own network of companies. “We’ve got a very significant database

of buyers located in 173 countries globally, and this is really important because demand is what creates higher prices,” he says. “If you don’t have bidders in an auction then it doesn’t work very well. Our job is to create demand for our clients’ inventory.”

For Groupon Goods Global, “We expect to build a base of many thousands of buyers,” Rosenberg says. “I don’t know how to predict how quickly the buyers will ramp up because it’s sort of a new territory for us, given that the inventory is in Europe. But, when we launch a site we typically get thousands of buyers in a matter of days.”

The B2B auction site, located on the web at [GrouponGoods.bstocksolutions.com](http://GrouponGoods.bstocksolutions.com), is Groupon’s first European marketplace where retailers and other business buyers can bid on excess merchandise initially allocated to the Groupon Goods European e-commerce site at [Groupon.co.uk/goods](http://Groupon.co.uk/goods), including products that were returned by customers or that Groupon was unable to deliver to customers. Businesses can buy anything on the B2B auction site from furniture to flip-flop shoes, and all items are sold for a fraction of their retail price.

The retailer’s European inventory is located in facilities in the United Kingdom, Belgium and

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Switzerland, and inventory lots range in size from single pallets to full truckloads. There is no fee to buyers for creating an account on the B2B auction site, and buyers from around the world can bid on goods on the site—not just those located in Europe.

“All buyers just need to have a resale certificate. It’s a document that says, ‘I’m buying this stuff to resell it, not to consume it,’” Rosenberg says. “You have to provide that to whomever you buy from so they don’t charge you sales tax.” Once a buyer is approved for the site, he can go to any auction page and start bidding on Groupon Goods products.

Rosenberg says the auction site is a good example of how his company builds an e-commerce site to suit a client’s needs. Buyers type in the highest amount they are willing to pay for an item, and the system automatically manages the bidding for them. The current bid displayed on each item is equivalent to the second highest amount offered, plus one bid increment of 25 euros (US\$27.37).

If a buyer is interested in buying a TV priced at 1,000 euros without any bids on it, for example, and chooses to bid 5,000 euros, the individual will then be winning the auction at 1,000 euros. If another bidder places a bid for 1,100 euros on the same item, the previous buyer will win the auction at 1,125 euros. The system automatically continues to outbid other customers, but will never exceed



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the maximum proxy bid of 5,000 euros.

When the site launched, B-Stock Solutions sent an email notifying its own network of buyers that the Groupon Goods B2B auction site was open for business.

Rosenberg says the experience of Groupon Goods Global is indicative of the potential for growth in Europe of B2B e-marketplaces focused on excess merchandise. “We definitely see a need in Europe, the retailers there are just like they are in the United States,” he says.

The company charges a monthly percentage fee based on what is sold on the e-marketplace, and the percentage charged varies by volume. If a seller ends up selling more than the set amount indicated by B-Stock Solutions, then the monthly percentage B-Stock Solutions charged decreases. “The

percentage charged goes down the more volume you do,” Rosenberg says.

B-Stock Solutions’ gross transaction volume runs between \$100 million and \$900 million per year for merchandise across the network, Rosenberg says. He declines to report the company’s revenue, but says it has been growing in recent years at an annual clip of 100%. ♦