



CASE STUDY

Wayfair: Building a Scalable B2B Marketplace Solution

Challenge

Wayfair, one of the world's largest online destinations for home furnishings and décor, was experiencing a higher volume of customer returns and other excess inventory due to explosive growth in sales. The inventory – consisting mostly of truckload-size quantities of home goods, including bedroom, kitchen, and dining furniture, upholstery, home décor, and other household items – was currently being sold to a small group of buyers for a pre-negotiated price. As the volume of inventory grew so did the need for more qualified buyers.

In need of a liquidation solution that could effectively scale with its primary business while maintaining good recovery numbers, Wayfair turned to B-Stock Solutions with the following goals in mind:

- Maintain or increase current recovery rates for the higher volumes of inventory
- Increase demand for the inventory to handle anticipated volume growth
- Move the inventory as quickly as possible, reducing the need for more warehouse space and freeing up working capital

Solution

B-Stock launched a customized, private-label B2B liquidation marketplace platform for Wayfair via the B-Stock Sourcing Network, enabling large numbers of approved business buyers from across the U.S. to bid directly on inventory via competitive online auctions. Data-driven auction strategies were applied to maximize price, while accommodating the substantial increase in volume. This included:

- Optimizing lot configurations to match demand
- Adjusting how and when auctions were scheduled
- Updating auction descriptions to include more detailed information

Additionally, category-specific marketing and PR programs were implemented to drive new buyers to the marketplace while B-Stock's account team performed ongoing analysis of buyer behavior to identify and target the right buyers for each individual auction lot in order to extract the highest willingness to pay.

QUICK FACTS

138%

increase in
inventory volume

31%

overall increase in
recovery rate

1000's

of new business buyers



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Results

B-Stock's flexible and scalable online auction platform easily handled the 138% increase in inventory volume over the first five quarters, allowing Wayfair to sell truckload-size quantities of merchandise to thousands of approved business buyers quickly and effectively. Since inception, B-Stock's customized data-driven methods have generated a 31% increase in gross merchandise value (GMV) over Wayfair's previous solution and target recovery goal - with the latest quarter generating a 59% increase in GMV. Meanwhile, B-Stock's demand generation services have driven thousands of new, qualified business buyers to the marketplace, increasing registrations by an average of 33% per quarter.

By selling its returned and excess merchandise directly to these buyers via its own B2B marketplace platform, Wayfair is no longer reliant on the small group that was originally purchasing the inventory. What's more, by building a sustainable solution for its returned and excess inventory, Wayfair is able to avoid traditional liquidation methods allowing consistently higher recovery rates, a faster sales cycle and more control over how its brand and inventory enters the secondary market.

“B-Stock Solutions has been a great strategic partner for Wayfair and continues to enable scale for our liquidation inventory while driving recovery prices higher at the same time.”

-Kate Fratar
Senior Manager,
Global Inventory Planning
Wayfair LLC

