B2B vs B2C vs B2B2C

Idea In Short

Every founder building a product eventually asks the same question: who pays, and who does the company actually serve. Business-to-business (B2B) models sell to companies, business-to-consumer (B2C) models sell to individual buyers, and business-to-business-to-consumer (B2B2C) models do both at once through a partner. The choice shapes sales cycles, pricing power, marketing spend and how fast a company can scale. B2B rewards patience and deep relationships. B2C rewards speed, branding and constant reinvention. B2B2C rewards platforms that can satisfy two different customers under one roof. Instacart shows how the hybrid path works in practice: it partners with grocery retailers to reach household shoppers and earns revenue from both sides of that relationship. The right model depends less on preference and more on where the product creates value and who is willing to pay for it.

Three Doors, One Decision

Every business idea eventually forces a choice about who writes the check. Business-to-business (B2B) means selling products or services to other companies. Business-to-consumer (B2C) means selling directly to individual buyers. Business-to-business-to-consumer (B2B2C) means selling through a business partner that in turn serves the end consumer. None of the three is inherently better than the others; each fits a different product, cost structure and growth path, and picking the wrong one can waste years of runway.1

Selling to the Business Buyer

In a B2B model, the buyer is a company, and the person signing off is usually a manager or a procurement team weighing budget against risk. Salesforce sells customer relationship management software this way, and a furniture maker selling office chairs to a design firm follows the same logic: the buyer is not the end user of every chair, but a business trying to serve its own customers better. Deals take longer to close and demand data, references and case studies rather than a catchy tagline, but the payoff is recurring revenue and larger order values once trust is established. The market itself is not small either; U.S. B2B e-commerce sales topped 2 trillion dollars in 2023, growing faster than the broader retail sector.2

> Trust built over months rarely disappears overnight

Selling to the Individual Customer

A B2C company sells straight to the person who will use the product, whether that is a commuter grabbing coffee at a cafe chain or a shopper buying a phone at a retail store. Feedback arrives instantly, sales cycles shrink to minutes and marketing can experiment freely across social platforms, since a single post can reach thousands of potential buyers overnight. That speed comes with a cost: competition is fiercer, margins run thinner and brand loyalty can evaporate the moment a cheaper or trendier option appears, as plenty of once-popular consumer startups have learned the hard way. Building a B2C brand means reading emotion and trend as closely as any spreadsheet.3

The Hybrid Path Through a Partner

B2B2C sits between the other two, selling to a business that then delivers value to its own customers. A meal-delivery app illustrates the idea well: it signs up restaurants as business partners, then serves the diners who order through the app, collecting a share of revenue from both sides of that exchange.4 The model widens market reach and builds visibility across two audiences at once, but it also multiplies the moving parts, since integrations, brand consistency and customer support all have to work for two groups rather than one. Get the balance wrong, and the retailer or the consumer can walk away, taking the other side's trust down with it.

Trust, Cycles and Where Money Moves

The clearest way to separate these models is to track how long a sale takes and how many people have to agree before money changes hands. A B2B deal might involve a procurement committee and a multi-month evaluation; a B2C purchase might take thirty seconds on a phone. B2B2C sits in between, since a retailer's decision to join a platform can take weeks, while the shopper who uses that platform decides in an instant. A large meal-delivery marketplace built its restaurant network the same way, signing up hundreds of thousands of merchants over several years while consumers kept ordering with a single tap.5

> A platform is only as strong as its weakest side

Matching the Model to Your Strength

Choosing a model starts with three honest questions: who benefits most from the product, how that audience is reached, and what revenue rhythm the founder can tolerate, steady contracts or fast individual sales. A founder who is strong in data, networking and long-term problem-solving tends to do better in B2B, where relationships compound over years. A founder who reads trends and builds community fast tends to do better in B2C, where attention is the scarce resource. When a product naturally connects two markets, such as a marketplace, app or platform, B2B2C often gives the fastest path to scale, because growth comes from partnerships rather than one sale at a time.6

Instacart, the Hybrid in Practice

Instacart is a useful case study because it commits fully to the B2B2C structure rather than treating it as a side channel. The company partners with more than 1,400 grocery and retail banners across North America, giving them an online storefront and delivery capability they would struggle to build alone. Those retailers, in turn, reach the household shoppers who open the Instacart app to order groceries, while Instacart earns money from both the retail side and the consumer side of the transaction. The canvas below breaks down how each part of that business fits together.

Key Partners

Instacart depends on a wide bench of grocery and retail chains that supply the products shoppers order, from national chains to regional grocers. Independent gig shoppers who pick and deliver orders form a second, equally important partner group, since Instacart owns no warehouses or delivery fleet. Consumer packaged goods brands and advertisers partner with the platform to reach shoppers directly inside the app. Payment processors and logistics technology providers round out the network that keeps orders moving.

Key Activities

Matching each order to the right shopper and routing it efficiently is the platform's central activity, since delivery speed and accuracy drive repeat use. Integrating with retailer inventory and point-of-sale systems keeps product listings and prices accurate in real time. Running the advertising platform that lets brands bid for placement inside search results and category pages has become an increasingly important activity as that revenue line has grown.

Key Resources

The Instacart app and website form the core resource, since nearly every order, payment and delivery instruction flows through that software. Data-sharing partnerships with retailers give Instacart visibility into inventory and pricing that a smaller competitor could not easily replicate. Its network of independent shoppers, recruited and scheduled across hundreds of markets, is the resource that actually gets groceries to the door.

Value Propositions

For shoppers, Instacart offers convenient grocery delivery without a trip to the store, often within an hour of ordering. For retailers, it offers access to an online sales channel and delivery capability they would otherwise have to build from scratch. For brands, it offers new revenue through advertising and shopper behavior data. Across the retailer network, it offers a wide selection spanning grocery, retail and specialty stores in one app, plus flexible earning opportunities for the shoppers who fulfill those orders.

Customer Relationships

Household shoppers interact with Instacart mostly through self-service tools in the app, backed by customer support for order issues. An Instacart+ membership program builds a more direct, recurring relationship by waiving delivery fees for a flat annual charge. Retail partners get a different kind of relationship, managed through dedicated account teams that handle onboarding, pricing and performance reviews.

Channels

The primary channel is the Instacart app and website, where shoppers browse, order and track deliveries. Retailer-branded storefronts, built on Instacart's technology but styled to match each grocery chain, serve as a secondary channel that keeps the retailer's own brand visible. In-app advertising placements and partnerships with outside platforms extend Instacart's reach to brands looking to influence purchases before an order is even placed.

Customer Segments

Everyday grocery shoppers looking for convenience make up the largest customer segment, spanning busy households, older adults and anyone who would rather not carry groceries home. Regional and national retail chains form a second segment, using Instacart as their e-commerce and delivery arm. Consumer packaged goods brands make up a third segment, paying to advertise inside the app. Independent gig shoppers form a fourth group, relying on the platform for flexible earning opportunities rather than for something they buy.

Cost Structure

Shopper payouts and incentive bonuses make up a large share of Instacart's costs, since delivery quality depends on keeping enough shoppers active in each market. Technology development, marketing and platform operations, including customer support and retailer integrations, account for most of the remaining spend. Payment processing and insurance for the shopper workforce add a smaller but steady cost on top of both.

Revenue Streams

Instacart earns money from delivery and service fees charged on every order, along with membership fees from Instacart+ subscribers who pay annually for reduced fees. Retailer commissions on completed orders provide a second revenue line, and advertising sold to consumer brands has grown into one of the company's largest and most profitable streams. Together, these revenue sources let Instacart earn from the retailer, the shopper and the brand within a single transaction.

- 1How to design a winning business model
- 2US B2B e-commerce sales
- 3What is B2C
- 4What is B2B2C
- 5Celebrating 1 million merchants on Uber Eats
- 6Innovation in business

Summary

Choosing between B2B, B2C and B2B2C is not a branding decision; it is a structural one that determines who a company negotiates with, how long deals take to close and where its costs concentrate. B2B suits founders comfortable with long cycles and procurement teams. B2C suits founders who read consumer trends quickly and can defend thin margins with volume. B2B2C suits founders whose product naturally sits between two markets, such as a platform, marketplace or app that only works when both sides show up. Instacart built its business on that middle ground, turning a partnership with retailers into a service that millions of households now use each week. Whatever the starting idea, the model should follow the value chain, not the other way around.