



Enterprise Marketplace Index

March 2021 Release | Global Retail

by  MIRAKL



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About

The Enterprise Marketplace Index (“Index”) was created to analyze the shopper, seller, and retailer activity on Mirakl-powered retail marketplaces across the globe to benchmark the state of enterprise marketplaces today and quantify the key growth drivers.

The Enterprise Marketplace Index is the industry’s largest compendium of third party-marketplace data, representing 60 global retailer marketplaces generating billions of dollars in Gross Merchandise Value (GMV) across more than 50,000 sellers offering over 60 million products.

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Executive Summary

The digital-first - at times, digital-only - era accelerated in 2020, as eCommerce penetration increased by years in a matter of weeks. The result: **traditional retailers were squeezed by dueling forces that could either cement their leadership or threaten their existence.** On one side, the digital giants, like Amazon, secured their position as market leaders, appealing to shoppers as their de-facto 'everything store.' On the other side of the retailing spectrum, a group of savvy and agile digitally-native brands (DNVBs) reached new heights by catering to the latest trends and tastes. During a time of massive digital growth, many legacy retailers were caught in the middle, losing a two-front battle.

However, a pioneering group of retailers brought innovation to the traditional model of retail. They built enterprise marketplaces - their own networks of third-party sellers to complement and expand their own assortment - while partnering with those very DNVBs to refresh and broaden their collections. The Index found that these **marketplace retailers outperformed peers and competitors in 2020 by growing 81%** year-over-year, doubling the rate of eCommerce growth of 40%, even during a period of massive digital acceleration.

Marketplaces gave these retailers a clear advantage: achieve scale and agility through a curated ecosystem of quality third-party sellers. **This network of sellers exploded, increasing by an average of 46%** year-over-year, as retailers recruited and onboarded at an accelerated pace to meet immediate shopper demand. Concurrently, alongside the rise in sellers, the **GMV per seller jumped 24%**. Together, these two factors - seller growth and growing sellers - produced the massive momentum of marketplace retail.

This spike in sellers freed retailers to scale the critical act of retailing: connecting shoppers with product. With **product assortment growth of 32%**, leading retailers offering marketplaces used their platform to create a shopping destination that provided ever-growing selection and choice to the benefit of all participants.

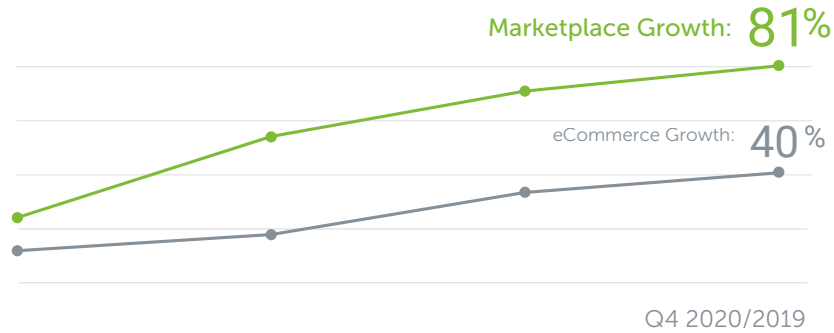
Importantly, the bottom-line impact helped retailers improve profitability. With a **GMV contribution of \$109,766** per seller factored by marketplace commission rates, retailers saw a **revenue net contribution of nearly \$15,000 per seller** that provided direct benefit to the bottom-line.

This is the true story of the rise of marketplace retailer growth.



Enterprise marketplaces grew at more than double the rate of overall eCommerce growth

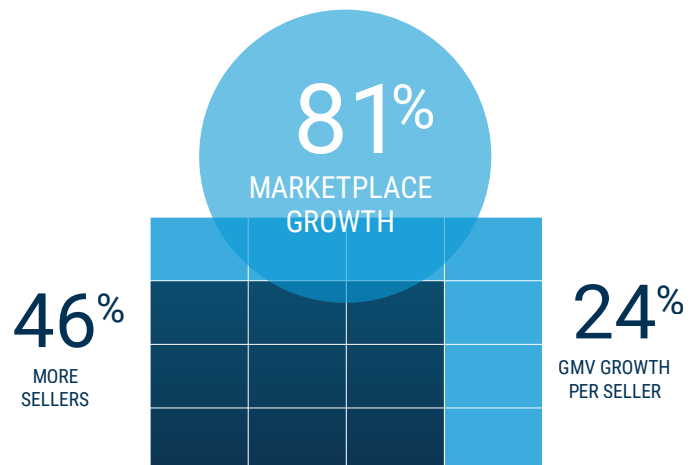
Amidst an unprecedented acceleration of digital transformation, marketplace growth far outpaced even the outsized growth rate of eCommerce. The 81% growth in marketplace GMV was carried by a spike in marketplace purchases of 106%. This order surge is a strong indication that these retailers are cementing their reputations as true shopping destinations.



What's behind marketplace growth? More sellers...and sellers growing

The Index data shows that sellers provide the foundation of marketplace growth. Instead of focusing solely on direct buying and stocking inventory, marketplace retailers are orchestrating growth by leveraging their third-party offerings - a more agile and scalable approach. And, a new class of seller supply has emerged; traditional brands and manufacturers seeking a path to digital, and digital-native brands aiming to accelerate their distribution to drive their growth mandate.

The result has been a competitive advantage for marketplace retailers, which rapidly expanded their network of sellers by an average of 46% in the past year. With this growing number of sellers, marketplace retailers position themselves to react to the urgent changes in retailing conditions, and rise up to capture the opportunity in 2020. Adding sellers provided a clear path to growth and accounted for two-thirds (2/3) of the year-over-year marketplace GMV growth.



[Seller Growth x GMV per Seller Growth = Marketplace Growth]

Seller GMV growth of 24% drove the remaining one-third (1/3) of marketplace growth. With the concurrent rises in seller count and GMV per-seller, marketplace retailers demonstrated that sellers do not cannibalize one another's growth. Rather, new marketplace sellers actually created incremental growth opportunities for existing sellers - inclusive of a retailer's traditional first-party product offering - such as cross-sell opportunities and repeat visits, which ultimately paid off with shopper loyalty.

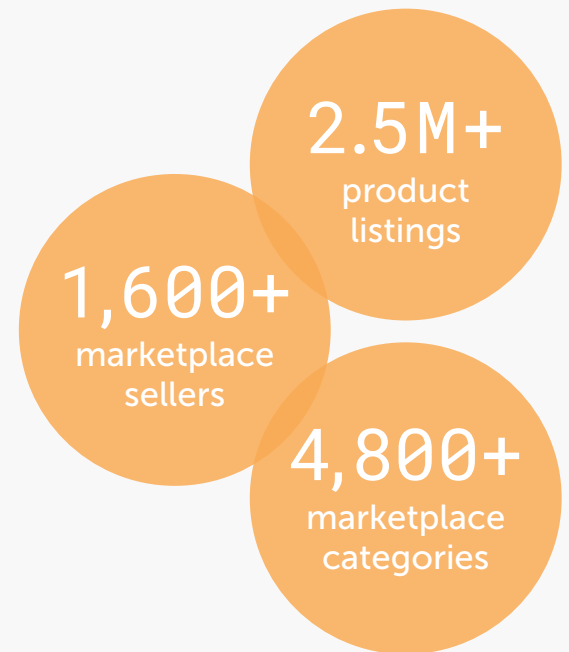
Sellers power marketplace growth



Catch is heavily invested in expanding its network of 1,600+ sellers, bringing brands like Dyson and Target onto the marketplace as vendors. The retailer works closely with marketplace sellers to fine-tune assortment, improving profitability in categories that weren't profitable under the first-party retail model.

Sellers offer more than 2.5 million products to Catch customers, filling gaps in existing and new categories. **As the marketplace assortment has grown, there has been a strong correlation with site traffic growth:** catch.com.au has gone from 750,000 active users when the marketplace launched in 2016 to more than 2.1 million in 2020.

This relentless focus on seller success has turned the marketplace into a growth engine for Catch, with millions of Australians making a purchase for the first time since the marketplace launched.



"The sellers on Catch's marketplace are the fuel powering our astronomical marketplace growth. We select our sellers with a focus on quality and trust, and our team works with each one to identify opportunities for growth.

This combination of sourcing new trusted sellers, and ensuring that every one of our sellers has the data & support they need to grow, are the key to Catch's success."

Pete Sauerborn, Managing Director, Catch



Connecting shoppers with products



Q4 2020/2019

As consumer eCommerce demand surged and buying behaviors repeatedly shifted during the past year, retailers sought agility. While the traditional retailing model of buying and owning inventory limits the speed and rate of product assortment expansion, marketplace retailers were prepared, turning to their seller ecosystems to meet shopper demand and prevent stock-outs. In Q4, marketplace retailers increased product assortment by 32%, tapping into their third-party selling partners to expand the breadth of their product catalog.

Another strong sign for retailers was the network effect of product growth. The increase in product assortment of 32% gave rise to an even larger gain in overall GMV of 81%, **proving that the increase in products doesn't cannibalize but rather is additive to the entire product catalog**, and in turn the entire shopping experience.

Expanding assortment with a curated approach

Madewell

With "Labels We Love," Madewell takes a highly curated approach to the marketplace model. Sellers are handpicked by the Madewell marketplace team to enhance Madewell's reputation as a destination for exploration.

The leading fashion and lifestyle brand works with its seller community to complement and thoughtfully expand its eCommerce assortment, always featuring the latest trending items that customers are seeking. The marketplace also gives Madewell a framework to partner directly with locally-owned and minority-owned businesses.



"At Madewell, we take pride in our Labels We Love marketplace being a true destination for discovery. The marketplace is carefully curated and features cool, design-forward brands and makers, all of which were hand selected by the Madewell team to ensure that we're offering high-quality products that have the same synergy as our distinct point of view and values. It allows us to introduce more brand we love to our customers, offer new product on a frequent basis and build out our assortment in new ways."

Derek Yarbrough, Chief Marketing Officer at Madewell

+91%

increase in product assortment

100+

marketplace sellers, with

160+

to be added in 2021

Key categories include women's apparel, accessories, and intimates

15%

of shelf space dedicated to Black-owned businesses by end of 2021

Meeting urgent product needs

The peaks of 2020's digital growth were also marked by urgent shopper needs, with runs on Personal Protective Equipment (PPE), food, and sporting goods to name a few. Shoppers clicked and tapped frantically to find stock, rewarding those shopping destinations that could fulfill their needs. The new emphasis for retailers was not just to offer the product, but also to be able to fulfill immediately, or, risk losing the sale, and the shopper. Marketplace retailers were primed to win in this environment, turning on more sellers, and importantly, more products with availability to sell.

Throughout the year, marketplace retailers steadily increased the number of price offers per product from 1.58 to 1.71. The increase provided mutual benefit. While more choice and price competition benefited the shopper, the increased availability gave retailers a greater likelihood - and confidence - that they could fulfill.



Q4 2020/2019

Increasing offers to attract & retain shoppers



By expanding its marketplace into core categories, Best Buy Canada continues to be the country's one-stop shop for consumer technology. With a team of more than 30 handling seller recruitment, onboarding and account management, Best Buy has grown the Marketplace product count by over 15X on BestBuy.ca. The time it takes to add new products to the site has been reduced from days to minutes with the marketplace.

One of the benefits of having a marketplace is traffic growth; it represents a 3-4% positive impact to overall traffic. Marketplace is growing alongside Best Buy's core assortment, and the vast majority of purchases that include marketplace products also include Best Buy's owned inventory.



"Our primary goal is to provide customers with the consumer technology that they want and need in a way that suits them. Whether they prefer to shop online, in-store or a combination, we want to ensure we have the best selection, at the best prices, available to them in the most convenient way. Marketplace helps us meet those needs and in doing so, ensures that our customers do not need to consider any other shopping experience [for consumer technology] outside of Best Buy."

Thierry Hay-Sabourin, SVP eCommerce, Marketplace & Technology,
Best Buy Canada

4M+

products created
on marketplace

95%

of total BestBuy.ca
SKU count from
marketplace

1 in 4
orders shipped
to a customer
from BestBuy.ca
is fulfilled by
a marketplace
seller

>25M

visits to BestBuy.ca
generated through
marketplace products
in 2020



Marketplaces boost site traffic

A more complete view of a marketplace’s impact on a retailer includes the boost effect to the entire eCommerce site, more specifically traffic growth.

Retailers with marketplaces saw a 34% increase in traffic to their core eCommerce sites in Q4, YoY, bolstering their status as shopping destinations, and outpacing even the elevated traffic levels seen across eCommerce.

During this period of inflated acquisition and traffic costs, marketplaces provide retailers with an alternative means of driving traffic; organic growth earned by expanding product choice and selection helped increase traffic without additional marketing spend.



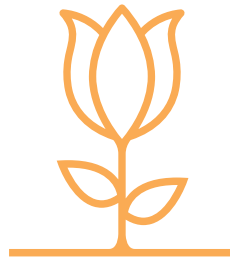
“In the first year that our marketplace was live, we tripled the number of offers on BestBuy.ca. This growing volume of relevant products boosted our results from SEO, leading to considerable year-over-year growth in organic traffic to the website during year 1. Our marketplace has played an essential role in our SEO strategy ever since.”

Thierry Hay-Sabourin, SVP eCommerce, Marketplace & Technology,
Best Buy Canada

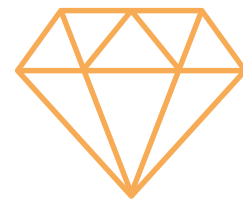
Marketplaces drive organic search with:



More product selection
and choice



More content freshness



More quality



Marketplaces deliver bottom-line growth

With owned inventory, retailers bear the full burden of carrying costs. And, during times of rapid and urgent change, these carrying costs can devolve into margin-deteriorating discounting or liquidation. Adding third-party sellers provides retailers with a means to alleviate the margin pressure by diversifying their retailing model and finding a new revenue channel.

The product of GMV per seller and commission rates provided the clearest measure of the direct impact of marketplaces: bottom-line revenue contribution.

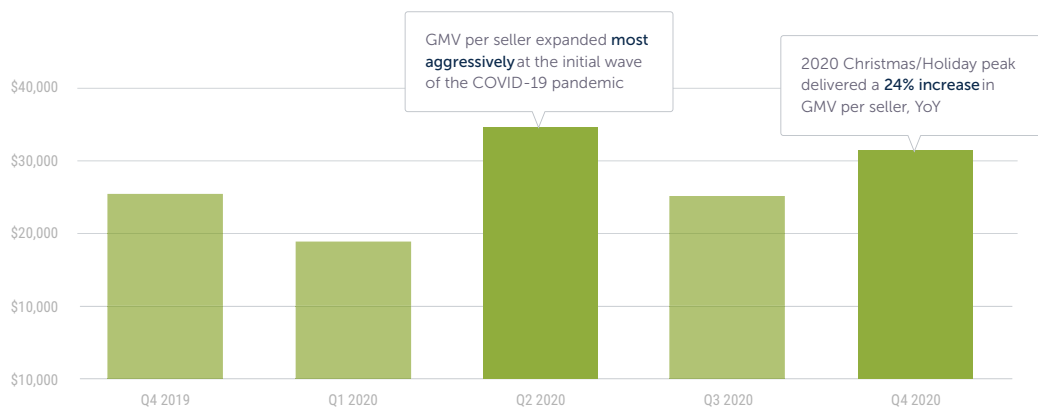
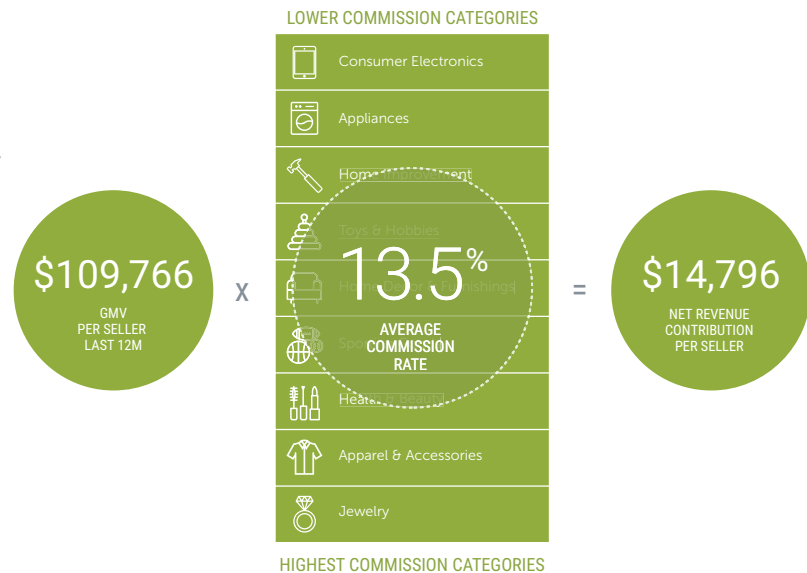
[GMV Per Seller x Commission Rate = Net Revenue Contribution]

Each seller, on average over the past 12 months, contributed \$109,766 in GMV.

Commission rates, across all marketplace transactions, settled at an average of 13.5%, with the middle 50% spanning from 11.2% to 18.4%. For vertical-specific commission rates, see the commission rate table in the methodology.

The result: On average, retailers earned \$14,796 of net revenue per seller during 2020. Extended, this meant that every 68 sellers yielded \$1 million in incremental revenue for marketplace retailers.

Above all, marketplaces are contributing to retailers' bottom lines. Retailers would be wise to think of their ability to deftly and swiftly recruit, onboard, and orchestrate their network of high-quality sellers as a core competitive differentiator. The faster their efforts, the faster they will pave a direct path to sustainable and scaled growth.



Conclusion

The near-exclusive digital focus of 2020 accelerated the eCommerce landscape. Innovative retailers operating an enterprise marketplace have paved a path to achieve higher - and sustainable - growth by turning to a curated network of third-party sellers.

Innovative retailers operating an enterprise marketplace have paved a path to achieve higher - and sustainable - growth: a curated network of third-party sellers.

These third-party selling partners provided retailers with:

- + Top-line GMV gains of more than \$100,000 per seller
- + Bottom-line revenue contributions of nearly \$15,000 per seller
- + Expanded product assortment, up 32% YoY
- + Boosted web traffic up 34% YoY

Marketplace retailers found a scale solution to the most central act of retailing: connecting shoppers to products, recasting themselves as something more: trusted shopping destinations poised to win in a rapidly growing but increasingly competitive environment.

Methodology

50k
SELLERS

The Enterprise Marketplace Index is a set of aggregated and anonymized insights of B2C marketplaces powered by Mirakl's platform. Strict aggregation measures are employed to ensure customer anonymity. These measures include requirements on comparison set size, diversity, and consistency, in order to present credible and reliable information that is insulated from concentration risk, and can not be reverse-engineered to identify any specific customer or marketplace.

60M
PRODUCTS

To qualify for inclusion in the analysis set, a marketplace must have transacted throughout the entire analysis period, in this case Q4 2019 through Q4 2020. Additional data hygiene factors are applied to ensure accurate metric calculation.

Data footnotes are noted throughout the report to provide additional clarity on analysis.

The Enterprise Marketplace Index is not directly indicative of the operational performance of Mirakl or its reported financial metrics, including GMV growth.

Marketplace growth is measured by GMV growth year-over-year, of same-marketplace-sales across 60 global marketplaces powered by Mirakl.

eCommerce growth is calculated as an aggregate average of leading eCommerce sources and/or sites from across the globe: Adobe Digital Economy Index, Amazon GMV growth, Ebay GMV growth, FEVAD, Salesforce Shopping Index, T Mall GMV growth, US Department of Commerce.

100M
OFFERS

Additional industry intelligence, including traffic analytics, is sourced via SEMRush.

Comission Grid

Category	Minimum	Maximum
Consumer Electronics	6.0%	10.0%
Appliances	8.0%	15.0%
Health & Beauty	10.0%	15.0%
Animals & Pet Supplies	12.0%	15.0%
Food	12.0%	15.0%
Home/Garden Furnishings	12.0%	20.0%
DIY	12.0%	20.0%
Apparel/Accessories	15.0%	25.0%
Sporting Goods	15.0%	20.0%
Toys/Hobbies	15.0%	20.0%
Jewelry	20.0%	25.0%