



# THE ULTIMATE GUIDE TO ONLINE MARKETPLACES

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BEST PRACTICES FOR ADOPTING THE WORLD'S  
MOST SUCCESSFUL **ECOMMERCE MODEL**



Online marketplaces have disrupted B2C markets and created new market economics. These same forces—featuring empowered customers with high expectations for personalization and a constant wave of digital innovations—are transforming industrial B2B markets as well.

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## INTRODUCING THE ONLINE MARKETPLACE

It won't be long until marketplaces will account for more than **50% of global online transactions**. That's because marketplaces provide a better way for online sellers to interact and engage with customers, offering a broader assortment of products and services at competitive prices.

An online marketplace is an environment in which third-party B2C or B2B merchants sell physical items or services on a marketplace website owned by another company—the marketplace 'operator.'

Today, online marketplaces are fostering global ecosystems of participants, which grow and improve the experience of customers, merchants, and marketplace operators alike. **Bloomberg** claims Amazon's annual revenue has nearly tripled since 2010. This is driven by third party sellers in their online marketplace which account for more than 53% of paid units as of 2018. Marketplaces like Alibaba and JD.com have driven

China's contribution to global eCommerce **from 0.5% to 42% in only 10 years**.

The marketplace revolution isn't limited to B2C markets. Amazon Business, Amazon's B2B offering, reached 1 million customers in 2017 and **surpassed \$10 billion in sales** in 2018. Some **analysts** believe Amazon Business could eventually become bigger than its consumer marketplace.



Amazon's rise to B2B eCommerce dominance

As a result, companies are rethinking their eCommerce strategies to respond to customers' new buying behaviors. Amazon and other online marketplaces have taught consumers they can have unparalleled product choice and high-speed fulfilment. Now, the online marketplace is enabling other brands, retailers and B2B companies to compete.

## MORE CHOICE LEADS TO BIGGER SALES

In 2018, [70% of leading retailers](#) claimed a large product range boosted their customer acquisition. Conversely, failing to expand assortment has consequences. Among 82% of shoppers that have experienced an out-of-stock product when shopping online, [71% completed that purchase on a competitor site](#). For about one-third of shoppers, the experience made them less likely to shop with that first retailer in the future.

According to [Gartner](#), 'Marketplace Integration and Management' helps eCommerce operators "nimble provide an outstanding experience without significant upfront investment." That's because onboarding third-party products and services at scale enables companies to meet increasing customer demand—without overinvesting in owned inventory.

While transformative, developing an online marketplace is easier and less costly than you might think. This guide will help you better understand the features and benefits of marketplaces, including insights into launching your own.

For more information on how consumers are demanding greater choice and flexibility in product options check out: [The Choice Revolution: Why bigger choice leads to bigger sales](#)



## HOW DOES THE MARKETPLACE MODEL WORK?

Transactional marketplaces help connect more buyers and sellers, giving marketplace operators the ability to offer more products & services, learn more about what customers want, and ultimately sell more with an increased profit margin. These marketplaces foster ecosystems of participants, which help marketplaces grow and improve customer experiences and appeal. *Soon, there will be as many marketplaces as traditional business models.*

The **operator** owns, manages, and realizes business value from their online marketplace. Third-party sellers leverage the operator's marketplace in exchange for a commission of their sales.

### Marketplace Model



# MARKETPLACE CAPABILITIES

## COMPLETE OWNERSHIP OF MARKETPLACE DATA

Marketplaces help you connect with and utilize all the data in your growing ecosystem. As an operator, you can use this data to deepen your knowledge of your customers and build value for them.



## SMART ASSORTMENT EXPANSION

Marketplaces enable companies to learn more about their customers and the categories from which they hope to buy. As an operator, you can build a compelling range of products by onboarding third-party sellers that meet your customers' demands.

## EASY ONBOARDING OF SELLERS AND CHANNEL PARTNERS

Traditional brands are also benefiting from these new platforms, driving transformation in all sectors and industries. Now, all the organizations in your value chain are open to joining your marketplaces as sellers.

## ENDLESS OPPORTUNITIES FOR GROWTH

Whether it's by increasing customer lifetime value, average order size, ROI on SEM investments, or even improved customer experience - there are a multitude of benefit categories which an online marketplace provides. It all starts with expanding your offer - not just of product but also value-added services - but doing it in a modern way. Expanding your assortment has never been more flexible, scalable, and free of risk. Your opportunities are limited only by what your customers desire.

How will these qualities add benefits to your eCommerce environment? What follows is a breakdown of unique benefits to both customers and operators as they buy and sell in new online marketplaces.

# BENEFITS THAT EXTEND TO YOUR CUSTOMERS AND STAKEHOLDERS

As a retailer, you know your success is determined by customer engagement and the appeal of your site. Marketplace provides the greatest possible value for your customers and stakeholders in ways unachievable with traditional eCommerce models.

## A SUPERIOR CUSTOMER EXPERIENCE

**Provide One-Stop Shopping.** Give customers product depth and the expanded assortments they want. Customers find everything they expect you to sell and more.

**Ensure the Best Possible Price.** The marketplace is a self-sustaining price competitive model. Sellers adjust to competitors in your environment so that customers always receive the best prices.

**Give Your Shoppers an 'Endless Aisle'** and never miss a sale due to being out-of-stock. Allow sellers to offer products in their core categories, openly showcasing alternative sellers and prices.

**Complete the Experience by Selling Services.** Enhance your offering with complementary services—such as installation of white goods, sports lessons or beauty services—alongside key products.

**Create deep customer relationships.** 90% of consumers say they are satisfied with their purchase from a marketplace. This drives loyalty, as 90% of customers say that they would shop with the same marketplace again when purchasing a similar product.

## BUSINESS VALUE THAT DRIVES REAL PROFIT

**Be Experimental.** Test new products and brands at no risk on your marketplace, then source directly and sell in stores for instant wins.

**Drive Successes Across Your Organization.** With the marketplace, everybody wins. *Merchandising teams* deliver sales at greater margins and build great relationships with more suppliers. *Marketers* capture more inbound demand through site activity and customer data. And executive leadership delivers greater revenue, driving profit by fulfilling customer expectations.

**Rapidly Integrate and Scale with Ease.** You don't have to go it alone. Overcome your limitations with a turnkey marketplace provider and achieve business value within your first year.



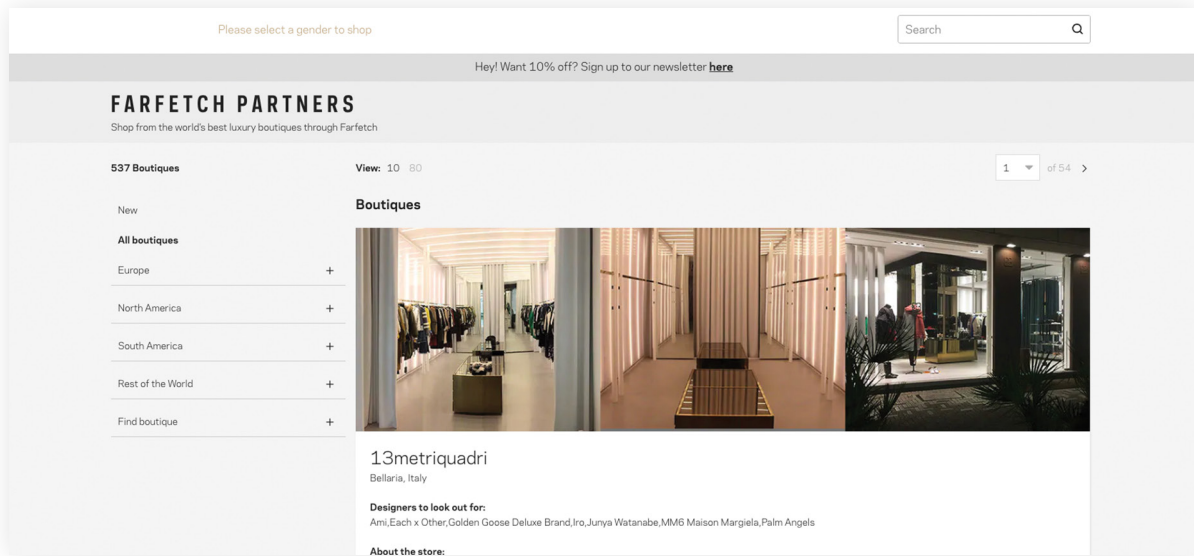
## EXPAND ASSORTMENT THROUGH EXPERIMENTATION IN B2C VERTICALS

The marketplace model allows B2C retailers to rapidly introduce and test products and sellers, providing deeper knowledge of their customers' expectations. They can even determine if they should introduce these new products themselves.

Since operators can test new offerings with minimal risk, this gives merchandising teams the agility to identify new opportunities to meet customer expectations - and launch those products in days online. For example, while marketplace found its initial success in consumer electronics, it has since spread into luxury fashion, fast fashion, department stores, specialty retailers like sports and leisure, and dozens of others verticals.

## FARFETCH BECOMES EXCLUSIVE MARKETPLACE FOR TRADITIONAL LUXURY BRANDS

**Farfetch** has partnered with over 700 luxury fashion brands and boutiques through its exclusive luxury marketplace. Many of these brands are selling online for the first time. Their marketplace already features upmarket luxury department stores, and they are adding more brand partners to the delight of their selective customers.



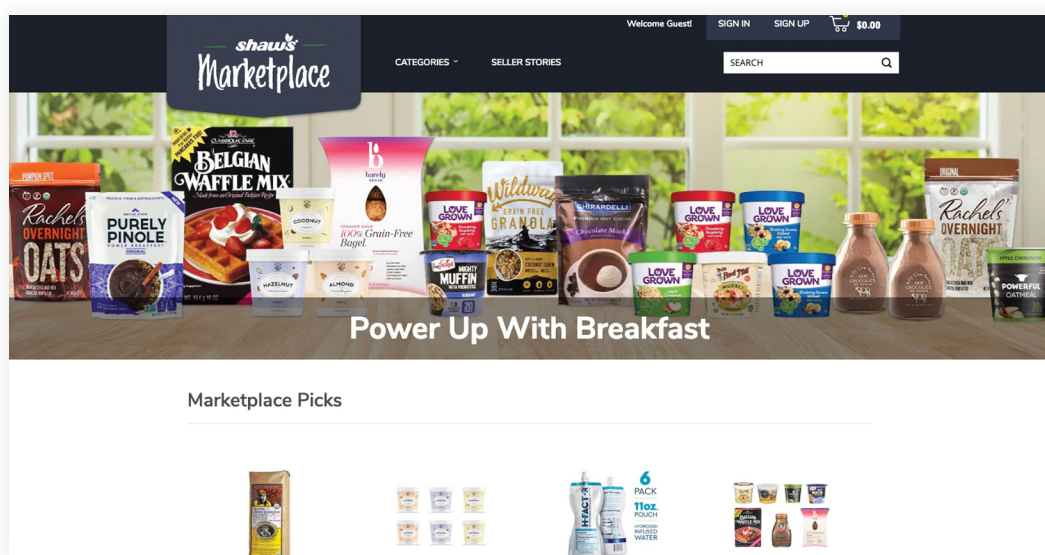
## BEST BUY CANADA REALIZES MARKETPLACE SUCCESS THROUGH EXPERIMENTATION

**Best Buy Canada's** core electronics customers wanted a convenient way to buy products in other categories from a brand they already trusted. The retailer made its first attempt to venture into these new categories using the marketplace model. The move immediately boosted online traffic and sales—22% of new-category orders were first-time buyers. The retailer's new 'Baby' category has become its #5 best-selling online category, competing with their televisions, laptops, tablets, and other core products.



## ALBERTSON'S LAUNCHES AN ONLINE MARKETPLACE TO ACCELERATE THEIR DIGITAL GROCERY STRATEGY

**Albertsons Companies** launched an online marketplace - [www.moreforu.com](http://www.moreforu.com) - to offer more food innovation, quickly, to their clients. This initiative accelerates their ability to address trending markets and offer hot new products. The data collected from the marketplace helps them identify shifting consumer interests, regionally-specific shopping needs and new food trends. Albertsons Cos. now has the agility to identify new customer needs and rapidly respond by adding assortment from its network of sellers.



### 5 KEY TAKEAWAYS FOR B2C RETAILERS

- Any B2C retailer that sells online can build and manage a marketplace
- You choose your third-party sellers and create the best environment for your customers
- Onboarding sellers is easy, and there are thousands of brands looking to expand online
- **86% of consumers** want more choice, and they've fallen in love with marketplaces
- The online marketplace model is the best way to capture the long tail, test new categories, and gain merchandising agility to offer hot new products in days.

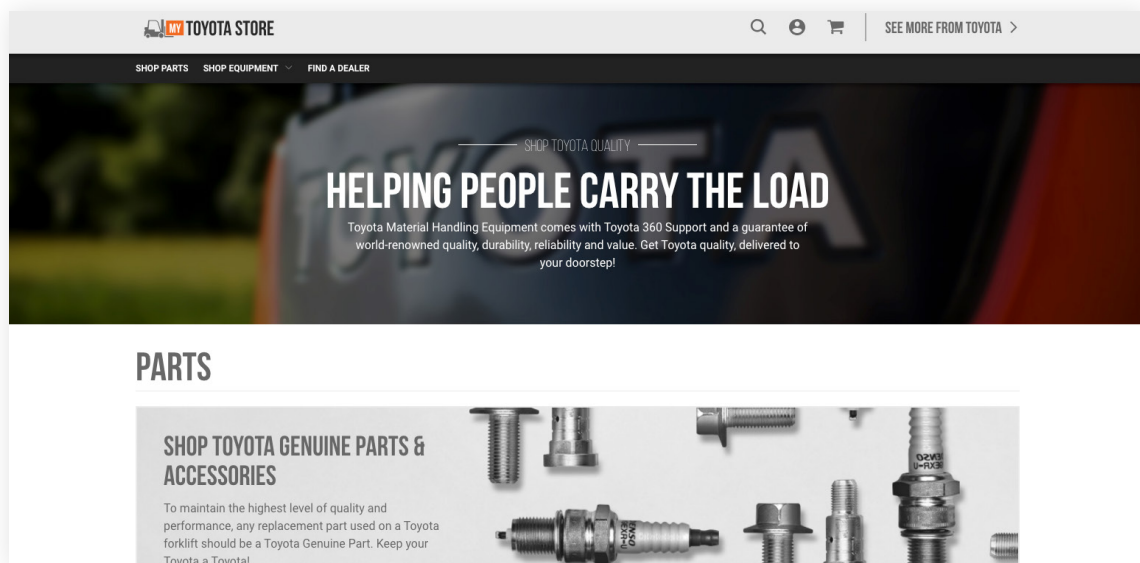
## ADAPT TO B2B BUYING TRENDS WITH FULL-SERVICE MARKETPLACE ECOSYSTEMS

B2B marketplaces are emerging across the globe. Now, **87% of B2B buyers** claim they regularly buy through online marketplaces, making it the most widely used channel for business products and services—even among longstanding traditional channels for buying.

B2B operators are creating full-service environments in which they can quickly onboard complementary products and services. This agile approach creates a more streamlined experience for customers who can ‘buy how they want to buy’ in any vertical.

### TOYOTA ONBOARDS ITS PARTNERS FOR A FULL-SERVICE ENVIRONMENT

Toyota created a marketplace that incorporates all dealers selling Toyota spare parts, compatible spare parts, and adjacent products. It was a major shift in strategy for a traditional manufacturer that nonetheless has a history of constant innovation.



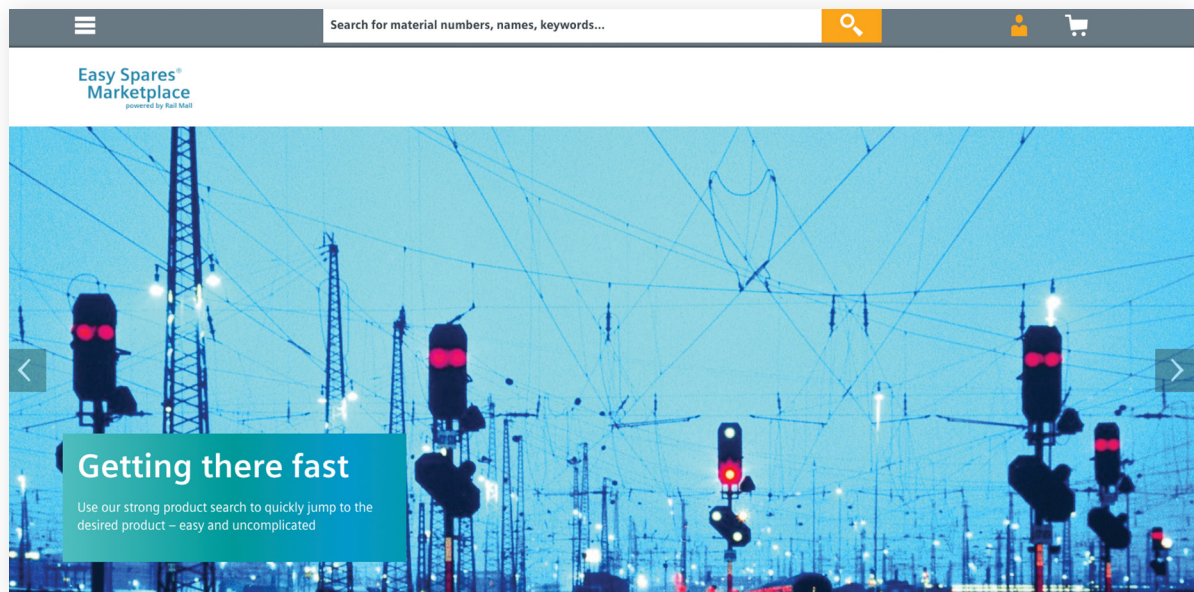
## CONRAD

Conrad, a leading electronic components distributor in Germany, launched Germany's first online marketplace for electronic parts. Their goal was to provide their customers with a much wider offer without having to invest more in inventory and logistics. They've significantly scaled assortment and will also launch services in 2019.



## SIEMENS MOBILITY HAS LAUNCHED A DESTINATION FOR AFTERMARKET PART & SERVICE SALES

Siemens Mobility has launched an online marketplace - [www.easysparesmarketplace.siemens.com](http://www.easysparesmarketplace.siemens.com) - which is a highly scalable one-stop shop for all material requirements in the mobility industry – from trains and infrastructure components to locomotives. By expanding the portfolio to include products from other vendors, it will help Siemens establish a “network effect” of even more sellers joining bringing more products. Ultimately they'll be able to make the customer's shopping experience noticeably easier.



## 5 KEY TAKEAWAYS FOR B2B RETAILERS

- Marketplaces are a collaboration that drive loyalties between operators and their partners
- The most successful B2B marketplaces put their customers first when making strategic decisions
- Operators create their own product catalogues, which sellers can use to map their offerings
- Working with partners gives you access to new releases and better pricing options down the line
- You don't have to disrupt your supply chain if you onboard your channel partners

A **Network Effect** is the positive effect that a good or service has on the value of other goods and services in a marketplace environment.



## 5 BEST PRACTICES FOR LAUNCHING YOUR OWN MARKETPLACE

With the right technology backbone and adherence to best practices, launching and managing a marketplace can help you quickly expand assortment, increase profit margins, and better serve your customers. Here are 5 best practices for launching a successful online marketplace:

1. Ensure full company commitment to the marketplace model
2. Enlist sufficient human resources
3. Integrate the marketplace into your existing eCommerce site
4. Target the right third-party sellers
5. Build trust through transparency

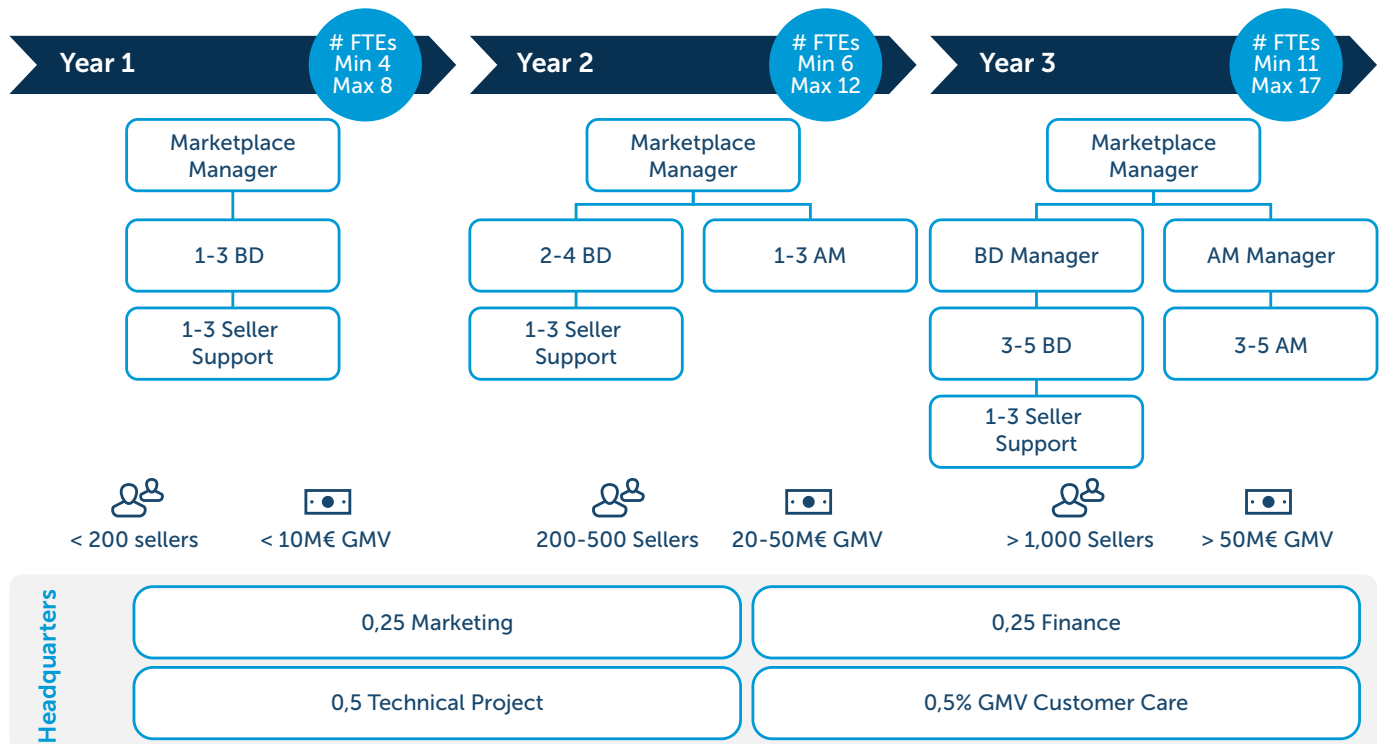
## 1. ENSURE FULL COMPANY COMMITMENT TO THE MARKETPLACE MODEL.

Buy-in from senior management, merchandising, and other departments prevents a silo and drives marketplace performance.

## 2. ENLIST SUFFICIENT HUMAN RESOURCES.

Dedicate specific employees to recruiting and managing sellers. In general, one marketplace manager can manage about 100 sellers.

### TYPICAL MARKETPLACE TEAM THE FIRST THREE YEARS



## 3. INTEGRATE THE MARKETPLACE INTO YOUR EXISTING ECOMMERCE SITE.

Your marketplace is a natural extension of your brand universe. That continuity ensures sellers align with your brand message. Some companies choose to launch new brands and digital experiences, and while that is an option, comes with extensive additive marketing costs to build the new brand and most importantly drive traffic. Traffic is one of the most critical components of marketplace success.



#### 4. TARGET THE RIGHT THIRD-PARTY SELLERS.

Recruit and work with sellers that can meet your quality standards. Explore ratings and reviews as a way to measure a seller's qualifications.

#### 5. BUILD TRUST THROUGH TRANSPARENCY.

Be open with customers about third-party offerings. They already know the value of choice, convenience, and prices through their familiarity with Amazon.



## CONCLUSION: ACCELERATE YOUR TRANSITION TO MARKETPLACE

From adoption to success, building your marketplace is a transformative process. But you can quickly leverage the benefits of marketplace without disrupting your existing eCommerce environment.

Companies that evaluate building their own marketplace solution quickly realize its complexity and their lack of in-house experience will slow their time-to-market. They need a global partner to roll out their marketplace solution successfully—as both a new technology and an ecosystem.

Mirakl's best-in-class marketplace platform fits easily into existing commerce environments. Companies choose Mirakl for their expertise and around-the-clock support, which creates a more accessible environment for partners and ensures a great customer experience.

By 2020, [over 50% of all online sellers](#) will adopt marketplaces or include third-party sales in their eCommerce ecosystems. Take the right step forward and become the marketplace leader in your vertical.



## WHAT WE DO AT MIRAKL

Mirakl has become the catalyst of a marketplace revolution that is transforming the traditional eCommerce landscape. The Mirakl Marketplace Platform™ is the only fully integrated, turnkey solution for lightning fast product expansion, increased customer reach, and improved vendor relationships—all with minimal resource investment. Mirakl enables distributors to quickly deploy a marketplace into their existing eCommerce website, taking advantage of external sellers or internal subsidiaries to provide customers a wider range of products and fulfillment options.



## THE MIRAKL ADVANTAGE

Mirakl enables companies to quickly and easily expand assortment, test new products and categories, and provide customers with enough selection to keep them from searching out additional suppliers. We support the creation of marketplace ecosystems that you can build with minimal risk, and gradually gain customer insights as your partnerships and assortments grow. With Mirakl, you can:

- Increase the amount of products you sell to customers
- Increase revenue from additional products and additional share of customer wallet
- Reduce risk
- Increase overall profitability
- Gain new capabilities to better serve customers, and learn more about what they want

Best of all, you can keep your customers happy without creating channel conflict. That's because success comes from adapting your technology to the behaviors of your buyers and partners—not the other way around.

Since 2012, over 200 companies in 40 countries—including Urban Outfitters, Hewlett Packard Enterprise, Best Buy Canada, Carrefour, and Walmart Mexico—have grown to trust Mirakl's proven expertise and technology. With over 40 integration and tech partners and 30,000 sellers, Mirakl ensures easy integration and alignment with your eCommerce objectives.

## READY TO LEARN MORE?

WE WOULD LOVE TO BE PART OF THIS JOURNEY WITH YOU.

FOR MORE ABOUT THIS OPPORTUNITY, CONTACT US: [info@mirakl.com](mailto:info@mirakl.com)