

# Opportunities in Today's eCommerce Marketplace Ecosystem

Exploring the Benefits of Online Marketplaces and How  
They Are Changing the Omnichannel Shopping Experience



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## Executive Summary

Brands are constantly seeking opportunities to increase sales and market share, especially as the digital age transforms how consumers shop. Online marketplaces provide brands with a unique way to reach new customers and grow their businesses.

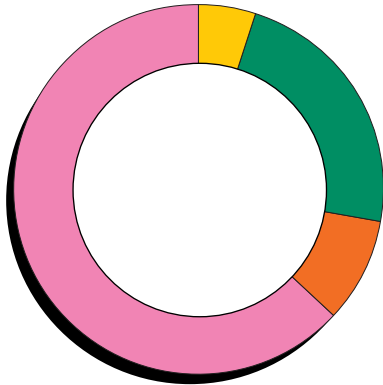
In this report, we explore the current retail landscape and how online marketplaces are impacting the way brands sell products to customers. The report also investigates the different types of marketplaces and their benefits to brands, including third-party marketplaces and proprietary marketplaces. Readers will find recommendations for expanding their online presence via unique marketplace-aligned opportunities.



# About the Respondents

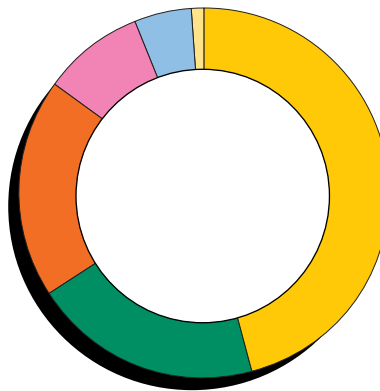
The WBR Insights research team surveyed 100 brand leaders from across the U.S. and Canada to generate the results featured in this report.

## What is your title?



- 5% C-Suite
- 23% Vice President
- 9% Department Head
- 63% Director

## What is your role?



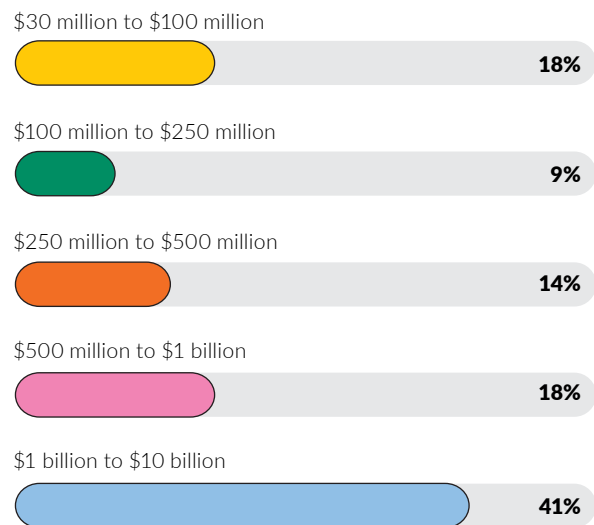
- 46% Marketing
- 20% eCommerce
- 19% Customer Experience
- 9% Customer Analytics
- 5% Marketplace Strategy
- 1% Affiliate

## What is your primary product category?



- 10% Home Furnishing
- 10% Toys & Hobbies
- 9% Specialty Products
- 8% Apparel
- 8% Entertainment & Travel
- 8% Hardware, Electronics, and Appliances
- 8% Sporting Goods
- 8% Health & Beauty
- 8% Pet & Animal
- 8% Food & Beverage
- 8% Auto & Transportation
- 7% Telecommunications

## What is your company's annual revenue?



# Key Insights

AMONG THE RESPONDENTS:

**55% sell products through one or more third-party marketplaces.**

- Among these companies, 51% acquire 25% to 49% of their total sales from third-party marketplaces.



**54% do not operate a proprietary marketplace where multiple vendors can sell products or services to a curated customer base.**

- Among these companies, 78% are at least somewhat interested in launching an online marketplace and 11% are already in the process of doing so.
- Among the companies who are interested in or already pursuing a proprietary marketplace, 44% say they hope to expand their omnichannel strategy and 42% hope to combat unfilled or abandoned shopping carts.



**46% Operate a proprietary online marketplace where multiple vendors can sell products or services to a curated customer base.**

- Among these companies, 43% acquire 25% to 49% of their total sales from their online marketplace.
- Among these companies, 67% are somewhat satisfied with their current marketplace solution or solutions, while 26% are very satisfied.



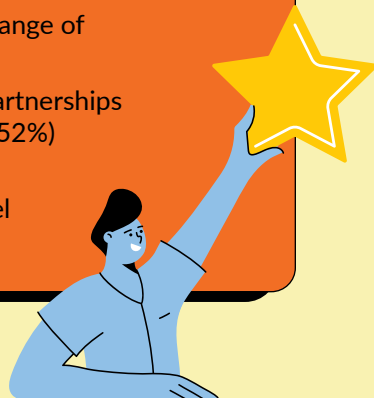
**The most important capabilities for a new online marketplace are:**

- Managing sellers (62%)
- Categorization and product merchandising (62%)
- Seller payouts and billings (56%)



**The most important benefits and opportunities of a new online marketplace are:**

- Customer loyalty (71%)
- Reaching a wider range of customers (57%)
- Generating new partnerships (e.g., with sellers) (52%)
- Delivering a better omnichannel experience (51%)



**The top concerns about operating an online marketplace are:**

- Maintaining brand loyalty amidst other sellers (64%)
- Product presentation and accuracy (60%)
- Product discounting issues (57%)



# The Top 3 Business Reasons Retailers Are Embracing Third-Party Sellers and Marketplace Offerings

At this point, if you're in retail, you've heard a lot about the marketplace model as an emerging channel strategy. From our vantage point, we're moving past the experimental phase to a serious shift in adoption. The reasons for implementing a marketplace vary. One thing that's for certain is brands and retailers are embracing and expanding through marketplaces and third-party sellers.

## The State of Retail-owned Marketplaces

Marketplacer collaborated with WBR Research on the eTail 2022 eCommerce Marketplaces to look at the current retail landscape and how online marketplaces are impacting it. Some results confirmed what we already know – over half of the responding companies in the study (55%) sell products through one or more third-party marketplaces (e.g., Amazon).

Interestingly, nearly half of companies in the study (46%) already own or operate an online marketplace where multiple vendors can sell and ship their products or services to a curated customer base. Of the respondents who do not own or operate an online marketplace, 89% said they are somewhat interested (44%), very interested (34%), or already in the process of launching (11%) an online marketplace.

Those are compelling data points and sales is a driving motivator. According to the report, among respondents whose companies own or operate an online marketplace, they derive anywhere from 25-75% of their total sales from their online marketplace.

## Driving Business Factors Behind Retailers Turn to eCommerce Product Expansion

A number of factors are pushing retailers to invest in a marketplace model channel strategy. Some retailers make their entire inventory third-party fulfilled versus holding physical products, others want to offer a clear blend, or integrate third-party with first-party to mimic physical retail experiences.

A marketplace model also allows retailers to expand business partnerships and revenue, and provides a platform for rapid response to trends and products that capture bigger checkouts. As part of the WBR Research retailers were asked to answer what drove them to create a marketplace. The following are three common business reasons given:

## Improving customer acquisition and relationships

Customers are the center of everything. Retailers need more direct-to-consumer channels for awareness and acquisition and marketplace offerings provide the solution. When offering more of what a shopper wants it improves customer loyalty and experience and attracts a wider customer base.

Beyond that, customers want their favorite retailers to offer adjacent products available in a single location. Retailers are seeing demand for multiple brands of products and categories by their shoppers. Engaging third-party sellers and marketplace shopping experience gives customers the liberty to purchase more than what retailers can offer with first-party fulfillment.

## Brick-and-Mortar and the eCommerce pipeline

Marketplace technology isn't just for ecommerce business lines, it also impacts brick-and-mortar. More and more retailers are looking to replicate their physical stores into an online marketplace platform. Retailers are also seeing marketplace and third-party fulfillment as potential bellwethers to test new product interest prior to committing valuable shelf space.

## The retailer - seller relationship

For many retailers, seller partnerships are just as important as the customer experience. Growing interest from brands to participate in a retailer-owned marketplace are also pushing retailers to adopt this model. In part, this is to provide a greater customer experience but also the desire to support brands they care about by providing access to interested and new customers. This is especially true with niche marketplaces that cater to a topic or vertical.

If you're a retailer looking to better compete, acquire new customers, expand product offering without carrying inventory, and deepend loyalty with your existing customer base, then exploring a marketplace model might be your answer.

# Most Brands Draw At Least Some Revenue from Third-Party Marketplaces

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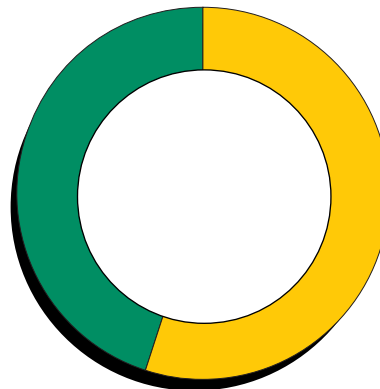
For consumers, giant online marketplaces like Amazon have become convenient, everyday spaces to buy products for pickup or home delivery. These online locations, typically operated by eCommerce companies, host products from a multitude of brands across the world.

Not every marketplace is the same. Walmart.com has a similar volume of choices compared to Amazon, but it is a proprietary marketplace controlled retailer that has its roots in physical sales. Manufacturers of consumer brands can themselves create marketplaces where thousands of other brands can sell directly to a curated customer base.

Nonetheless, not every brand manufacturer currently sells their products on third-party marketplaces like Amazon, and fewer operate their own marketplaces where multiple vendors can sell products.

Most of the respondents to this study (55%) say their companies sell products through one or more third-party marketplaces. Although this represents a majority of the respondents, it also represents a surprisingly small number considering the ubiquity of online marketplaces in general.

**Does your organization sell its products through one or more third-party marketplaces (e.g., Amazon)?**



● 55% Yes  
● 45% No

There are key benefits to selling on third-party marketplaces, but there are also pitfalls. Many brands would prefer to keep their sales operations centralized to exert more control over fundamentals like branding and pricing.

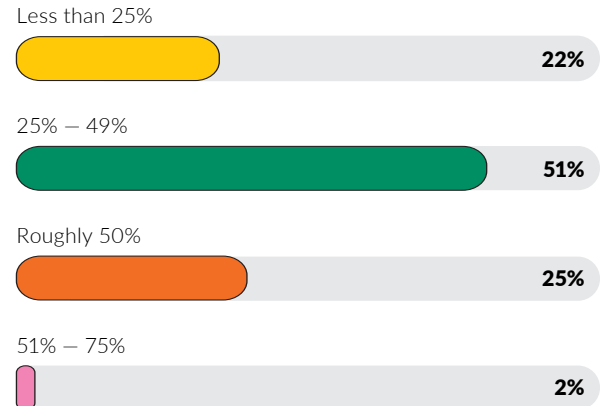
## Most Brands Draw At Least Some Revenue from Third-Party Marketplaces

Among the respondents who say their companies sell on third-party marketplaces, most (51%) make between 25% and 49% of their company's total sales through them. One-quarter say they earn roughly 50% of their total sales through third-party marketplaces, while 2% say they earn most of their total sales through them.

This suggests that brands that do sell through third-party marketplaces rely on them for a considerable amount of their business. They likely even depend on them for growth and access to certain markets.

Third-party marketplaces can certainly be a turnkey solution for attaining new customers. However, many brands are discovering that they can expedite growth by launching marketplaces themselves. Not only does a proprietary marketplace give the brand a means to showcase its products, but it can also generate additional revenue through partner sales, bundled products and services, loyalty programs, curated product selections, and more.

### What percentage of your company's total sales currently come from third-party marketplaces?





# Brands Show a High Level of Interest in Proprietary Marketplaces

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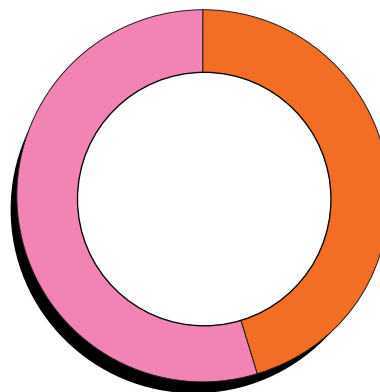
Selling products on third-party marketplaces comes with several benefits, but it also requires the brand to hand over a significant amount of control to another company. For example, Amazon sets its own rules regarding how products can be merchandized and has sole control over the site's algorithms, search features, metadata, and customer data.

Launching a proprietary marketplace gives the brand more opportunities to feature its products and create a space where a variety of customers like to shop. It also gives the brand complete control over the marketplace's various components, as well as much of the data generated by the marketplace.

Currently, most of the respondents (54%) don't operate an online marketplace where multiple vendors can sell and ship their products or services to a curated customer base. However, a significant portion of the respondents (46%) do.

Further analysis from the survey reveals that it isn't only large organizations (those making more than \$1 billion in annual revenue) that are operating online marketplaces. This suggests that launching a proprietary online marketplace is no longer the sole purview of eCommerce startups and large organizations like Walmart.

**Does your organization currently own or operate an online marketplace where multiple vendors can sell and ship their products or services to a curated customer base?**



● 46% Yes  
● 54% No

In recent years, it has become easier for companies to launch marketplaces thanks to marketplace platforms and other eCommerce solutions. This creates numerous opportunities for brands of all sizes to create niche online spaces that service a specific set of consumers.

## Brands Show a High Level of Interest in Proprietary Marketplaces

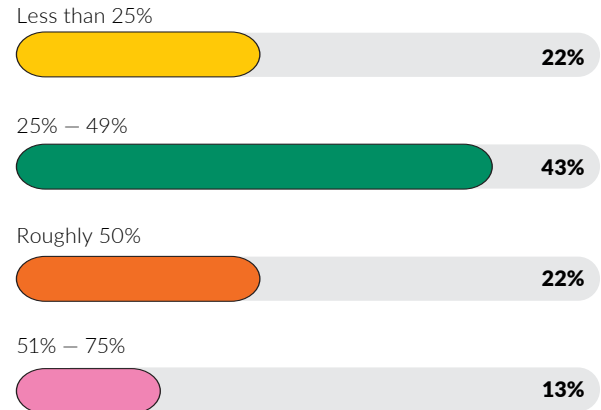
There is a significant difference in the revenue respondents generate from proprietary online marketplaces compared to that which they generate from third-party marketplaces. Specifically, 13% of those respondents who operate online marketplaces make most of their total sales through them. That's compared to 2% of respondents who sell through third-party marketplaces.

The respondents who operate online marketplaces also report relatively high levels of satisfaction with their current marketplace solutions. Nonetheless, there is room for improvement.

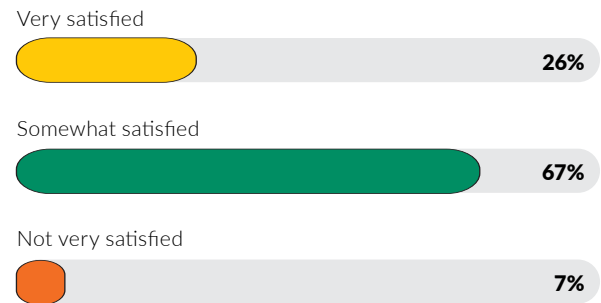
Most of these respondents (67%) are somewhat satisfied with their solutions, while 26% are very satisfied. As we will learn, there are specific capabilities brands look for in ecommerce marketplace solutions.

Solutions that don't deliver on these expectations could leave companies with fewer opportunities to differentiate their marketplaces from others in the landscape, or fewer options to showcase their products amid those of external sellers.

### What percentage of your company's total sales currently come from your marketplace?



### How satisfied are you with your current marketplace solution (or solutions)?



## Brands Show a High Level of Interest in Proprietary Marketplaces

In fact, **most of the respondents who say they don't currently operate an online marketplace show significant interest in pursuing one.**

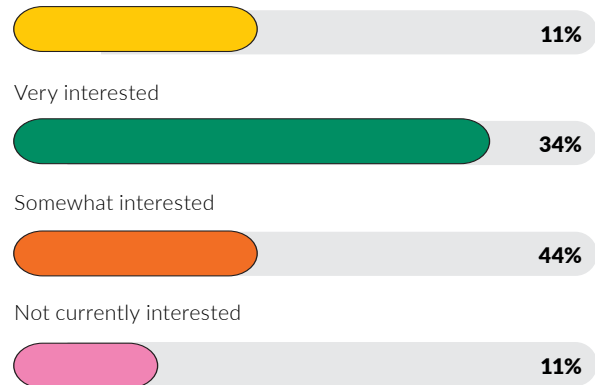
Although 11% of these respondents say they are not currently interested in launching their own marketplace, another 11% are already in the process of launching an online marketplace.

Another 34% say they are very interested in launching an online marketplace, while 44% say they are somewhat interested.

Based on these numbers, most brands have either already launched, are launching, or hope to launch an online marketplace in the future.

### How interested is your company in launching an online marketplace?

We are already in the process of launching an online marketplace.



## Brands Show a High Level of Interest in Proprietary Marketplaces

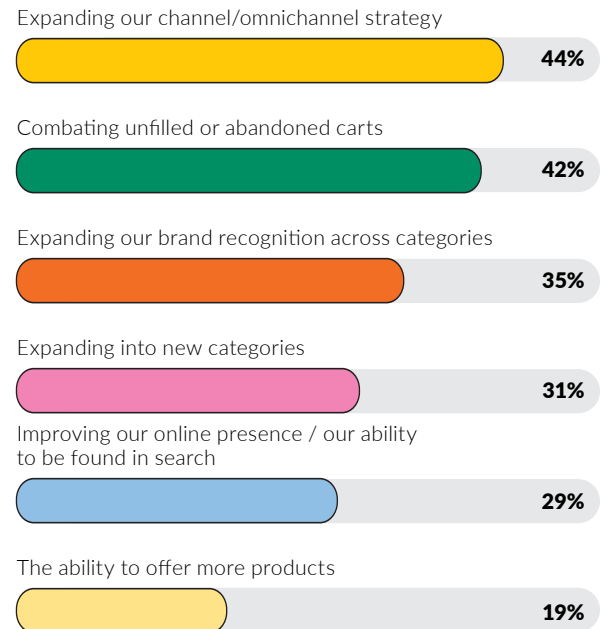
Those respondents who say they are interested in launching a marketplace, as well as those who are in the process of launching one, have a clear idea as to the rationale for doing so. When asked to select their top two reasons for launching a marketplace, significant portions of these respondents say they hope to expand their omnichannel strategies (44%) and combat unfilled or abandoned carts (42%).

Over one-third of these respondents (35%) also hope to expand their brand recognition across categories.

Launching an online marketplace would allow these brands to offer customers more options in their shopping experience, as they would share space with third-party sellers. Although this creates an environment in which the brand's products are competing with others, it also provides customers with a one-stop location for various products.

This could significantly improve the omnichannel experience, reduce cart abandonment rates, and help to expand brand recognition into categories not traditionally leveraged by the brand.

### Among respondents interested in launching or already launching an online marketplace: which among the following are your top-two reasons for doing so?



# Brands Need Effective Technology to Realize the Benefits of Marketplaces

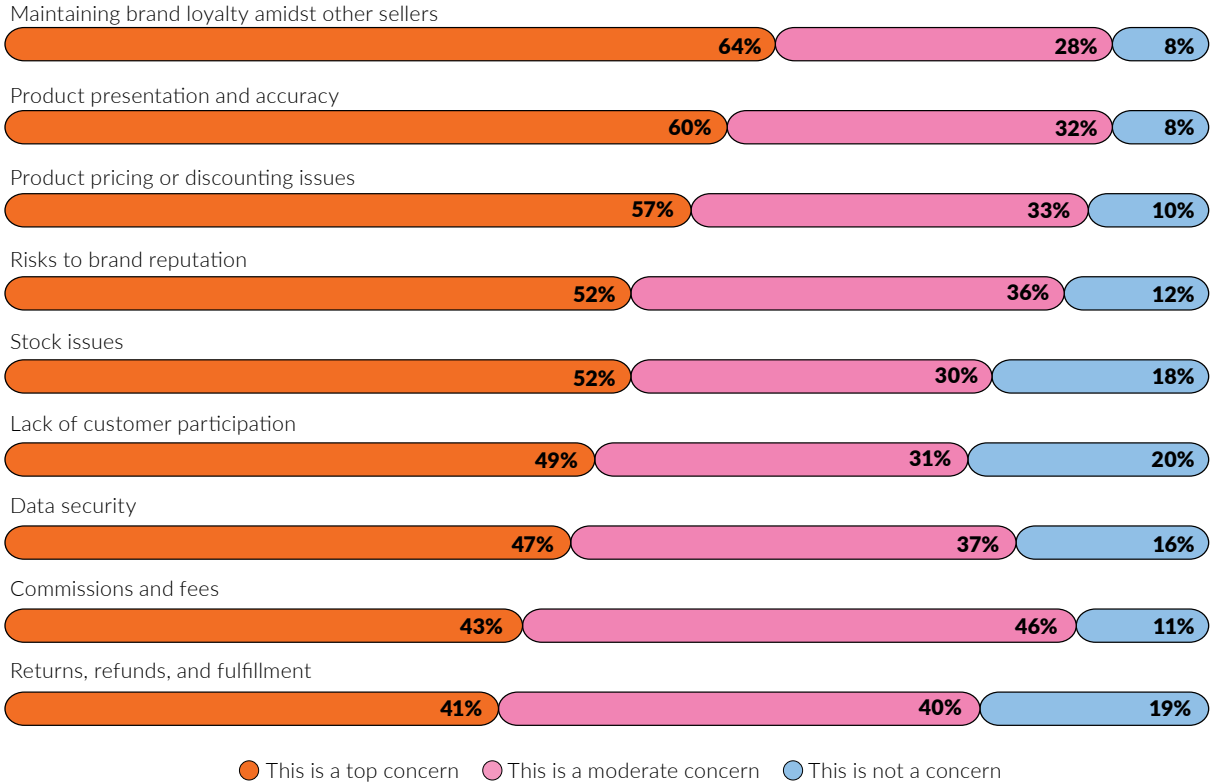
Launching a proprietary online marketplace can be a difficult task without the right solutions. In the past, brands were forced to hard-code marketplace websites, incorporate branding, and list products themselves. This is what made sites like Amazon so disruptive many years ago, as there was nothing like it at the time.

Now, the technology underpinning marketplaces has been perfected and streamlined. Solutions are available that make marketplace development

cost-effective at scale. This allows brands to quickly address many of the problems of entering new markets using turnkey software that can be integrated into their existing systems.

According to *Harvard Business Review*, “Marketplaces address these problems by providing rules and infrastructure that facilitate and improve transactions, and mitigate market failures — creating value in the process.”<sup>1</sup>

## Regardless of whether you currently do so, what are some of your top concerns about operating an online marketplace, especially considering that it will include third-party sellers?



<sup>1</sup> Maxwell, Clifford Et al. “What Makes an Online Marketplace Disruptive?” *Harvard Business Review*. May 24th, 2021. <https://hbr.org/2021/05/what-makes-an-online-marketplace-disruptive>

# Brands Need Effective Technology to Realize the Benefits of Marketplaces

Still, many brands have concerns about launching their own marketplace, as it is not without some risk.

At 64%, most of the respondents, regardless of whether they currently operate a marketplace or plan to do so, are concerned about their ability to maintain brand loyalty amidst other sellers. This is a reasonable concern, but it could be mitigated using a marketplace solution's tools.

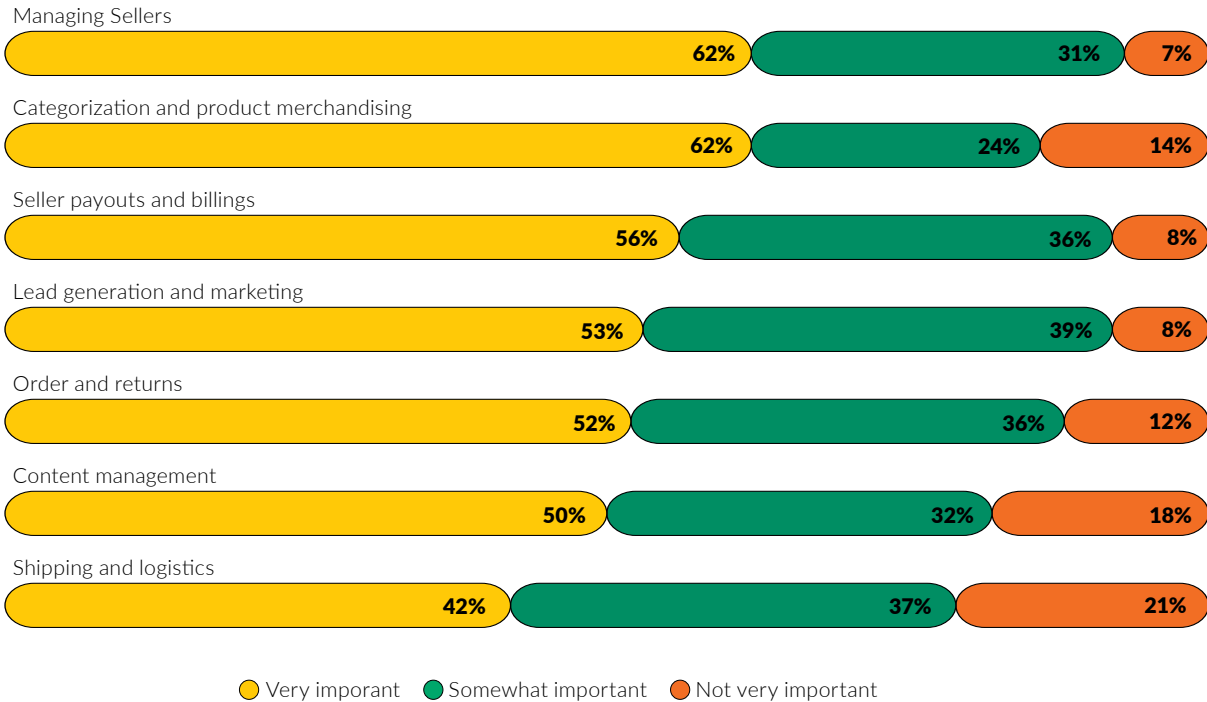
For example, the owner of the marketplace could feature its products in favorable locations on the ecommerce site, so they gain a first impression from users. They could format algorithms to feature their products first in search results.

Other strategies like competitive pricing, bundles, or member discounts could also improve sales against competing brands.

The respondents also voice other concerns regarding product presentation and accuracy among third-party sellers (60%), as well as product pricing or discounting issues (57%). These issues could be mitigated with contractual obligations for sellers, as well as formatting and branding guidelines to ensure continuity on the website.

Indeed, many of the concerns voiced by the respondents can be addressed by launching the site via the right marketplace solution.

## If you were to launch a new online marketplace, how important would it be to use a technology solution that supports the following capabilities?

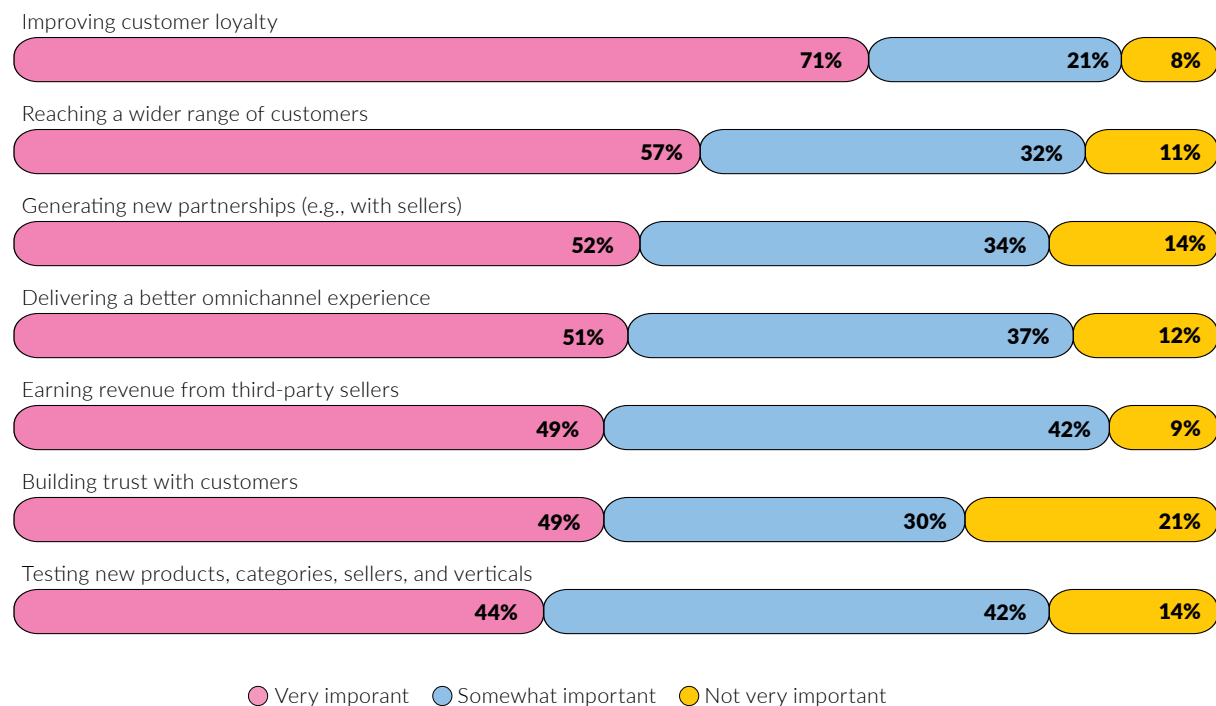


## Brands Need Effective Technology to Realize the Benefits of Marketplaces

The respondents reiterate this point in responses to the next question. When asked about the importance of a marketplace technology solution's capabilities, 62% of the respondents say the ability to manage sellers effectively is very important. Similarly, 62% also say categorization and product merchandising capabilities are very important.

Other important capabilities include seller payouts and billing (56%), lead generation and marketing (53%), and order and returns management (52%).

### Operating an online marketplace provides multiple benefits and opportunities. If you were to launch a new marketplace, how important would the following opportunities and benefits be to your organization?



## Brands Need Effective Technology to Realize the Benefits of Marketplaces

Finally, researchers asked the respondents to indicate which of the benefits and opportunities of operating an online marketplace they find most important.

A significant majority of the respondents (71%) say improving customer loyalty is very important. This result aligns with the results of a previous question, in which 64% of the respondents say maintaining brand loyalty is a top concern while selling products among other sellers. This benefit can be achieved through a mix of strategies, such as competitive pricing, strategic merchandising, and loyalty programs.

Other very important benefits include reaching a wider range of customers (57%), generating new partnerships (52%), and delivering a better omnichannel experience (51%).

These responses touch on an important aspect of online marketplace commerce that can be beneficial to the brand that controls the platform. Third-party sellers represent competitors when they offer products in the same category as the brand, but they also serve an important purpose for the user as well as for the brand's capabilities.

Sellers represent potential partners in co-marketing and bundling opportunities. As such, they could serve as assets to help expand the brand's presence, reach new customers, and generate a more vibrant online community within the marketplace.





# Conclusion: Online Marketplaces Are Driving the Future of eCommerce

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The results of the study suggest brands overwhelmingly favor launching their own online marketplaces, whether they are in the process of doing so or not. Most of the respondents recognize that there are important benefits to launching a marketplace, even if they do have concerns about sharing space with third-party sellers. Ultimately, the benefits are likely to outweigh the risks to the brand, and those third-party sellers each represent opportunities for strategic partnerships.

The key task for brands that don't currently have a marketplace is to plot a course forward. Thankfully, brands no longer must be solely responsible for generating marketplaces on their own. The technology to facilitate a seamless development process is already available through third-party marketplace solution providers.


Moving forward, we are likely to see more brands create their own marketplaces, even if they are only for niche products and services.



# Key Suggestions

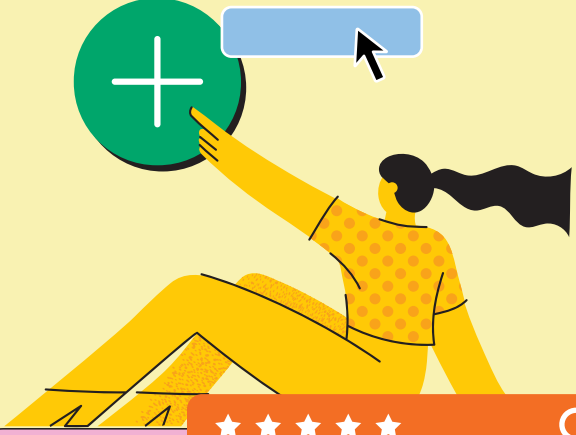
**Consider launching an online marketplace if you haven't done so already.**

Most of the respondents who haven't indicate that they are interested in doing so or are already in the process. This suggests that many brands will have a marketplace in the future, even if it is a small one.




**If you draw a significant amount of revenue from third-party marketplaces, continue selling on them.**

Take steps to make purchasing from your own marketplace more beneficial to customers if you choose to launch one.



**Form partnerships with third-party sellers on your marketplace when it's advantageous to do so.**

This will help address some of the issues of competition in the marketplace while also opening opportunities to expand your customer base.



**When launching a marketplace, search for a technology provider that offers turnkey capabilities for marketing, branding, and seller management.**

Use a provider that offers a headless architecture, so you can gain absolute control over the customer experience.

# About the Authors

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WBR Insights is the custom research division of Worldwide Business Research (WBR), the world leader in industry-driven thought-leadership conferences. Our mission is to help inform and educate key stakeholders with research-based whitepapers, webinars, digital summits, and other thought-leadership assets while achieving our clients' strategic goals.

For more information, please visit [www.wbrinsights.com](http://www.wbrinsights.com)

## eTail

We launched eTail in 1999 and have been dedicated to supporting the growth of the retail industry ever since. What started off as 100 people in a room discussing where this sector is headed has led to 2,000 senior-level eCommerce executives being inspired whilst learning and developing their company as well as their careers.

For more information, please visit [www.etailwest.wbresearch.com](http://www.etailwest.wbresearch.com)

# About the Sponsor

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## MARKETPLACER<sup>™</sup>

Marketplacer is a global technology Software as a Service (SaaS) platform equipped with all the tools and functionality needed to build successful and scalable online marketplaces, at speed. To date, Marketplacer has helped build and deploy over 100 Marketplaces connecting over 13,000 businesses worldwide. The Marketplacer platform exists to make growth simple, from implementing marketplace strategies such as shipment from drop-ship sellers, adding new categories or third-party range extensions, to consolidating markets and rolling out modern revenue models such as recurring memberships that allow businesses to grow faster and beyond the constraints of capital inventory.

Born and bred from the award-winning BikeExchange, the biggest online marketplace for anything and everything bike, founders Jason Wyatt and Sam Salter saw the opportunity to license the online software platform and apply it to new marketplaces. Marketplacer is responsible for the creation of online eCommerce solutions and the business transformations of companies around the world.

Visit [www.marketplacer.com](http://www.marketplacer.com) for more information.

