

Marketplace as a driver of growth

Why invest in a marketplace
strategy and the steps to
maximize success.

MARKETPLACER[™]



A letter from the author

My name is Martin Newman. I'm a consumer champion and a globally renowned customer experience expert.

I have worked in, or serviced the retail sector for 40 years, having previously headed up marketing, ecommerce and digital in multiple sectors and for household name brands including Harrods, Burberry, Pentland Brands, Ted Baker and Intersport.

Today, I spend much of my time interviewing consumers to understand what their likes and dislikes are in relation to shopping online, offline and across multiple channels.

As such, I've got an in-depth and up-to-date perspective of consumer behaviour as well as their needs, wants and aspirations. This also provides me with the insight and knowledge to help retailers and brands re-prioritise their roadmap for growth. Which is where a marketplace solution comes into play.

There are few levers to pull that can offer the same exponential growth opportunity offered by broadening your range and offer. As it not only drives up spend and frequency of engagement with existing customers, but it provides a great opportunity to connect with new groups of customers.

I only align myself with truly customer centric solutions that can make a significant difference both to consumers and the brands that serve them. That is where Marketplacer comes in.

They have a market-leading solution, are customer obsessed and very firmly focussed on delivering growth for their clients by helping them to maximise customer lifetime value.

Executive Summary

Consumer choice, convenience and empowerment should be at the heart of every retailer's strategy. Because all of this helps to drive customer lifetime value. It increases the frequency of engagement and is driven out of a new ROI to focus on. Return on Involvement. Yes, the more we get involved with our customers, the more interaction we have, the more they will grow to like us and think of us first when looking to buy products in our category.

The broader and more relevant the range of products on offer coupled with a great customer experience, the stickier a customer becomes. They buy more frequently. They spend more when they shop, and they are worth more to our business over a longer period of time. And when they become loyal they also become advocates and help to bring in other like-minded customers to our businesses.

Some very large established retailers have recognised the opportunity of adopting a marketplace offering. From Next to M&S, from the Gap to Albertson's in the US, they understand the opportunity to build customer lifetime value by broadening their range on offer.

This is even more interesting when you consider that the likes of Next, M&S and Gap would previously never have dreamt of offering anything other than their own brand for sale. In fact, they would have recoiled in horror at the prospect of doing so.

However, times change. They have all recognised that range extension is an opportunity to not only increase engagement with existing customers but to also attract new segments of customers. If you look at Amazon, one of the core reasons for their success has been continual range extension. Every time they add a new product category, they make it harder for consumers to choose to go elsewhere. Even more so if they've already paid for Amazon Prime and the convenience of delivery that provides.

To summarise, here are some of the core benefits of incorporating 3rd party products into your existing ecommerce offering:

- You can continually test and learn with the on-going addition of new product categories and brands, without the risk of an up-front investment in stock. As products are fulfilled directly by the third-party brands you offer. Whereby you can more profitably trial new ranges, products, and categories with no cost of failure to do so.
- You can attract a broader cohort of customers overall and make your brand relevant to consumers you once may have thought were beyond your reach.
- You can extend the lifetime value of existing customers and drive-up retention and loyalty.
- You will increase purchase frequency with a deeper product mix and more opportunities to convert a larger audience.



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- A marketplace strategy enables you to offer a different way for customers to discover new products, accessories, in-store where customers 'click and ship' marketplace items, with no need for you to hold inventory onsite or to fulfil directly. The data you gather can be leveraged to continually improve the relevance and sell-through of the range on offer. As well as informing the decisions you make on your core range of products. In doing so, you will improve cashflow, increase margins and profitability.
 - You will have to discount less frequently as you a sizeable percentage of your range on offer will be sitting in a third-party seller's warehouse.
 - You can grow your range significantly without any additional investment in stock, warehousing or logistics.
 - Because there are no traditional COGS (Cost of goods sold) in an integrated marketplace model, revenue generated translates directly to profitable growth.
 - Careful curation of products can enable you to offer a differentiated proposition to customers.

With all these benefits, it is no surprise therefore that in 2023, it is forecast that 68% of B2C e-commerce will come from marketplaces (Forrester's Online 2022 Marketplace Tracker). So, it's safe to say that the importance of marketplaces is only going to increase.

To support this outlook, In 2023, Forrester expects third-party sellers will drive more than 75% of B2C online marketplace growth.

The core opportunity lies in the potential for businesses to transform their customers into loyal fans. By creating emotional connections with their customers, companies can move beyond a mere transactional relationship and establish long-term, meaningful connections. This shift towards customer loyalty can be a game-changer for businesses across industries, leading to increased customer retention, positive word-of-mouth marketing, and ultimately, increased revenue. It's an opportunity that no business can afford to overlook. And having the right selection of products and brands is a good starting point to achieving this.

The shift in consumer behaviour

The evolution of marketplaces and consumer adoption

Online marketplaces have been around since the mid-90's, when eBay found new ways to connect sellers with buyers. Since then, we have seen marketplaces evolve significantly with a variety of different models being adopted. From trailblazers in niche categories such as BikeExchange, global behemoths like Amazon, to drop-ship models, to household name retailers such as Woolworths in Australia or Albertson's in the US creating their own marketplace in order to broaden their offer.

Essentially, there is no limit to what a marketplace can be, and the space is no longer dominated by the major players.

'Ultimately, what's changed is consumer behaviour,' says Jason Wyatt, Co-Founder and Executive Chair, Marketplacer. 'During the pandemic we saw, globally, five to 10 years of consumer behaviour growth in a matter of a few months when it came to online engagement. And while ecommerce has levelled off post-pandemic, consumer adoption of online will only continue to grow over time'

The way consumers search has changed. Google is no longer the starting point for most. And while Amazon took that mantle over a few years ago, consumers are increasingly visiting a broader range of marketplaces to start their product search.

The phenomenal growth of marketplaces



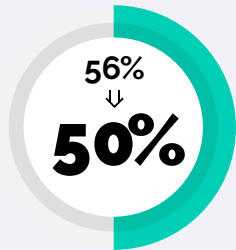
Globally, consumers spent on

\$2.03 Trillion

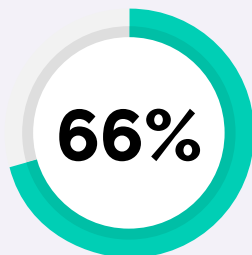
the top 1000 online marketplaces in 2019.



Gartner inquiries on enterprise marketplaces **increased almost 100%** between 2019 and 2020

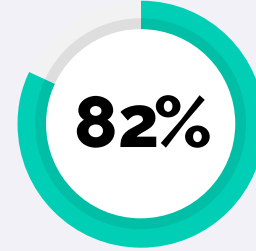


In May 2021 56% of shoppers began their product search on Google. By August 2021 this dropped to 50%. Who is the beneficiary of this shift in behaviour? **Marketplaces.**



It is forecast that by 2023, **of global B2C eCommerce** will come through digital marketplaces.

2018



In 2018, Forrester found that **82%** of global B2C eCommerce growth came from marketplaces.

2019

Online marketplace searches have increased by

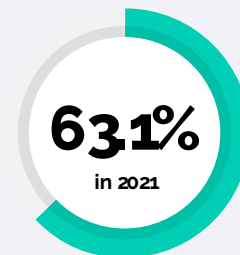
46% YoY,

with the search **growing**

84%

from January to July 2020.

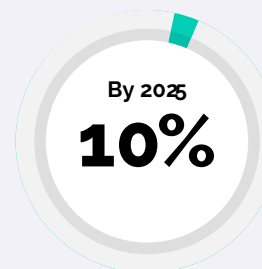
2020



Forecasting overall marketplace share of **B2C eCommerce to be 63.1% in 2021**

2021

2023



By 2025, 10% of B2B organizations will have deployed total solution marketplaces to increase revenue and customer loyalty

2025

What now?

This is where having a strong brand strategy and relying on data is key. Successful marketplaces identify their unfair advantage. This is often revealed when they dig in and understand the data and analysis behind their customer and have a deep understanding of product segmentation. With that insight, it's easier to identify which categories to support.

We've all heard of the voice of the customer. This is a great example of when to listen to that! As the best validation step is to ask your customers: If you could buy products (or additional products) from our business, what would they be? Your customers will make it clear what direction you should go: to hold limited inventory or go third-party seller and scale categories more broadly. Some companies have a mix of both.

The founder of Marketplacer Jason Wyatt says that the number one mistake companies make is a lack of internal alignment. 'This is important to get right and we show our customers how to set up a process and structure that benefits the whole business.'

Another common mistake is the build versus buy approach. 'Putting excess capital to build something from scratch makes no sense in the world we live in today. Technology has advanced too much and the barriers to entry and so much lower to get started,' he adds.

Follow this approach to ensure success:

1). Pick strategic growth strategies:

In e-commerce people get sucked into new tools and growing by miniscule amounts and impact, so if you're investing in growth strategies and technologies ensure they will be high impact.

2). Don't get sucked into building technology:

Pick proven technology platforms that can get you there faster, cheaper and better. I've always believed that you should stick to what you're good at and outsource everything else including complicated requirements such as technology in order to get the best solution.

3). Leverage experience and partners:

Don't reinvent the wheel; leverage integration partners that can accelerate the timeline and help scale.

4). Execute customer lifetime value:

Delight your customer through exceptional experience.

5). Create exceptional vendor/seller value from your supplier base:

Make it seamless for your suppliers to work with you, be it product placement, indexing, payments, or return processes. Ensure your marketplace platform gives them all the tools they need for you to both be successful and grow.

'If you wake up wanting to grow and improve customer experience, then a marketplace model is right for you,' says Wyatt.

'The customer should always be at the centre of every business decision. As a retailer you have to want to grow in a modern way that enables you to improve the customer experience across the board. That is your starting point.'



Why Marketplacer?

15 years of building, owning and managing marketplaces within multiple geographies and industries has allowed Marketplacer to craft proven methodology and technology to supercharge customers commerce.

Marketplacer doesn't transact. It partners with members and trusted relationships. From strategy to implementation and beyond – the team is dedicated to supporting and driving the sustained growth of clients.

Marketplacer thinks what others don't, builds what others can't, or improves what already exists – and then accelerate these with tech, platform and integration partners to make them even better. All done with the underlying design principles of scalable and connectivity.

10 + years

Pioneering the marketplace

Our platform innovation is shaping the future of B2C marketplaces.

16,000

Connected businesses

Creating thriving businesses as we connect buyers and sellers across the globe.

10

Countries with users Marketplacer is the driving force supporting ecommerce sales every day, all over the world.

Leader

Named a Leader by Forrester

In the Forrester New Wave™ Report for Marketplace Development Platforms Q4 2021





Our client's
Growth stories

“At Jarrold, we have a passion for helping small retailers across our city and our region succeed by reaching a wider audience. By establishing Jarrold Store Folk, powered by Marketplacer, we have managed to create a vibrant online store that showcases the very best of what is on offer locally.”

Neil Park

Head of Ecommerce from Jarrold



**JARROLD**

Overview

Established more than 250 years ago in the UK, the Jarrold department store is a fixture of the Norfolk retail landscape.

The iconic independent retailer prides itself on showcasing the best of artisan creations from small businesses and sellers across the county and throughout the region. The retailer's mission is to inspire and delight through brilliant curation and outstanding experiences.

Solutions

Working closely with local businesses, the team designed and built an innovative web portal and developed the brand Jarrold Store Folk. When it came time to select an underpinning platform to support the new site, the team partnered with Marketplacer. Marketplacer's platform seamlessly integrates with Jarrold's existing e-commerce platform which enables a frictionless experience for their small retail partners to sell their products through the Jarrold website. Indeed, Marketplacer handles the mechanics of complex shopping carts with multiple sellers' products.

- The innovative portal offers easy access to a diverse range of products
- There are already more than 50 small retailers on board with a further 25 preparing to join
- Each listing is supported by high-quality photography and engaging copy
- Retail owners are highlighted in a personalised profile, designed to drive a strong connection with prospective customers
- Retailers also have the opportunity to stage pop-up micro-stores within the main Jarrold department store
- Seamless integration via API to the Jarrold.co.uk CMS and shipping directly to customers by the sellers.

Results

Since going live in September 2021, Jarrold Store Folk has **attracted more than 50 independent retailers and 2000 products.**

- The first independent retailers were being loaded onto the **new site within the first 60 days**
- The Jarrold Store Folk site has become a seamless extension of the company's primary web presence
- Participating retailers are experiencing a significant increase in sales activity and revenue
- The store is making it possible for small retailers to serve an audience that was previously out of reach
- New retailers are being added at the rate of 10 per month
- Long-term customer engagement and loyalty is strong.

“We chose Marketplacer as its culture aligned so closely with our own – Australian born and bred, entrepreneurial by nature and with a strong digitally focused team who have the ability to problem solve and move quickly. We now have the ability to quickly integrate third party sellers and rapidly expand our assortment so we can deliver on our promise of being the ultimate Coastal Lifestyle destination.”

Justin Hillberg
SurfStitch Managing Director



SurfStitch

Overview

As the go-to platform for all things coastal lifestyle, SurfStitch is the leading digital platform for providing the best curated collection of coastal lifestyle products across Australia and New Zealand. With ambitions for range expansion, SurfStitch investigated the opportunity to leverage their vendor inventory pools through enabling marketplace capabilities.

It was important to maintain the high level of customer experience while having the ability to rapidly onboard new vendors and burst into new relevant categories and product lines.

Solutions

Working with Marketplacer also allows SurfStitch to test out new categories and products without the overhead risk of carrying inventory. Launching mid-November 2020, Marketplacer developed a specialised API-led marketplace in just 40 days. Rather than feeding directly into the SurfStitch store front, this bespoke integration connects directly to their ERP platform, which then feeds the products into the Salesforce CommerceCloud platform in a seamless process.

This new marketplace functionality enables SurfStitch to rapidly onboard new vendors and dramatically increase their range available for their customers. It also removes the complex task of managing multiple third party integrations and allows the business to easily manage their product database while focusing on the overall customer experience.

Results

- **300% increase in new vendors** onboarded to SurfStitch in just three months, with endless capability to add more
- Addition of new product categories to complement existing SurfStitch categories, including Coastal Home, Outdoor, Activewear and Wellness using **endless aisle capability**
- Seamless cross-category customer experience while expanding the assortment
- In the Financial Year to date, SurfStitch has seen a **70% increase in products listed** with a **74% lift in GMV** across all marketplace categories

“Marketplacer has enabled Woolworths to create a curated marketplace that features a growing array of quality products which customers can purchase as easily as their weekly groceries.”

Mark Mansour
General Manager, Everyday Market from Woolworths



Overview

Founded in 1924, Woolworths is Australia's largest grocery retailer, and trusted by millions of Australians for their everyday shopping needs.

With customers increasingly choosing to shop online, Woolworths saw the opportunity to extend its traditional range and category mix with complementary 1st and 3rd party products. To make this a reality, Woolworths launched the Everyday Market as part of its leading ecommerce offer.

To date, **more than 11,000** new products are available online for customers to purchase on Everyday Market across a variety of categories including, baby, health, beauty and pet.

Solutions

Working closely with Marketplacer, Woolworths launched the Everyday Market in September 2021, and delivered:

- Leveraged established approach and robust network of Australian retail and eCommerce industry experts, to build a best in class offering
- Full integration to the Woolworths Everyday Rewards loyalty program to deliver a consistent proposition to Woolworths customers
- A connected marketplace to the existing e-commerce offering woolworths.com.au, with a unified shopping, checkout, and customer experience
- Augment the shopper experience with complementary products from great sellers and brands

Results

Since going live in September 2021, Everyday Market is steadily growing in terms of revenues, new SKUs and sellers joining the platform each month.

- Over **40 sellers** were added in the first six month since launch.
- With expansion into new categories and products is being accelerated for the next 12 months
- Grocery **adjacent categories** such as toys, homewares & electronics have **outperformed expectations** with customers appreciating the providing positive feedback about their ability to shop multiple categories alongside the groceries
- **Over 20% of Everyday Market shoppers are new** to the Woolworths eCommerce offering
- Customers shopping both Everyday Market and Woolworths eCom items have a **higher combined \$AOV** than those that shop just one category of product

MARKETPLACER™

www.Marketplacer.com

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can help you grow your business, email:
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