

Adapting a National Ecommerce Marketplace

Virto Commerce Customer Case Study

Overview

Virto Commerce engaged to create an international online marketplace called Kupinatao, and it now sells over 800 million items in the Russian market. Kupinatao is a Russian ecommerce adaptation of Alibaba, the world's largest online retailer website. Alibaba hosts the largest B2B marketplace at Alibaba.com, and the largest C2C market place is Taobao. Its online sales and profits surpassed all US retailers, including Walmart, Amazon, and eBay combined, since 2015. As a point of reference, Alibaba sells \$30.8 Billion on Single's Day, over 4 times more than USA sales on Black Friday \$6.2 Billion or Cyber Monday \$7.9 Billion.

To provide and simplify international access in Russia to this massive site, Virto Commerce and Kupinatao worked to develop and launch this adaptation of Taobao for C2C ecommerce for customers in Russia to purchase and receive shipments of goods. The site is similar to eBay in that there are many sellers; however areas like quality control, availability, reviews, sizing, and distribution are more challenging in this international adaptation. The team worked to determine business processes and develop an ecommerce platform adapted to the new marketplace.

Kupinatao.com is a Russian adaption of Taobao and Alibaba, the largest online Chinese store. Kupinatao was one of the first online stores in Russia offering goods directly from China. Kupinatao allows remote cities all over the country access to ecommerce.

Challenge

In order to adapt and create the international ecommerce marketplace, the team needed to meet specific business requirements and overcome several challenges, including pricing adjustments, ratings of sellers, availability of items, language translation, delivery, and quality control. Additionally, because of import laws and requirements, there were hurdles to address in developing the business processes and technical requirements of the adapted ecommerce site.

To create the ecommerce marketplace solution, the team developed a list of business and technical requirements. Many of the top solution requirements included:

- Remote catalog access through API
- Drop-shipping system
- Promotions and customizable marketing campaigns
- Pricing adaptations
- Order consolidation and shipment of items from different suppliers into a single order
- Easy returns and additional orders
- Product descriptions need localized
- Browsing the products based on customer reviews

Solution

The flexibility of the Virto Commerce platform was critical for developing this ecommerce solution and overcoming the challenges in a number of areas, including pricing, order management fulfillment, inventory, and ratings.

Pricing

For product pricing, each item in the catalogue needed to be converted to local value and currency, which required special rules and logic embedded in the ecommerce application to calculate prices. Not only was currency conversion required, the prices needed to be adjusted to align more competitively with the Russian market – so the conversion was not a simple formula. Similarly, product shipping prices were calculated on a customized method to adjust to Russia. Together with Virto Commerce, the Kupinatao team was able to create this solution from acquiring the Taobao API and processing it to make the adjustments.

Order Management and Fulfillment

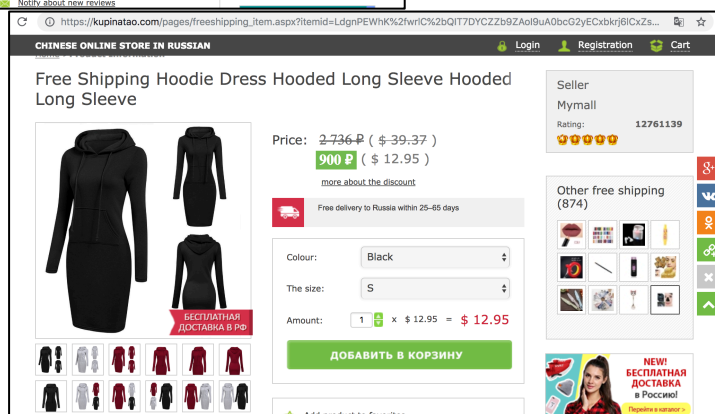
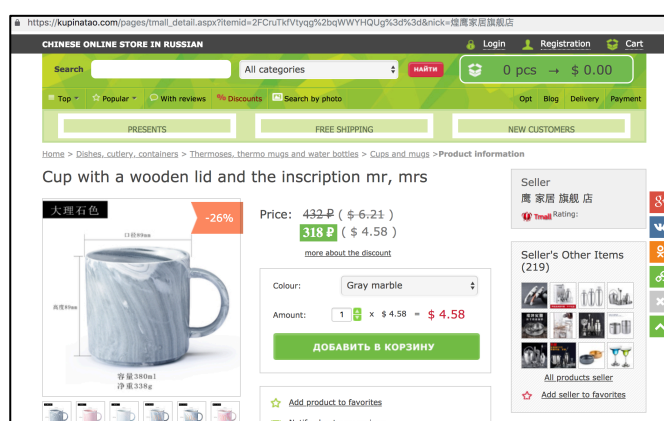
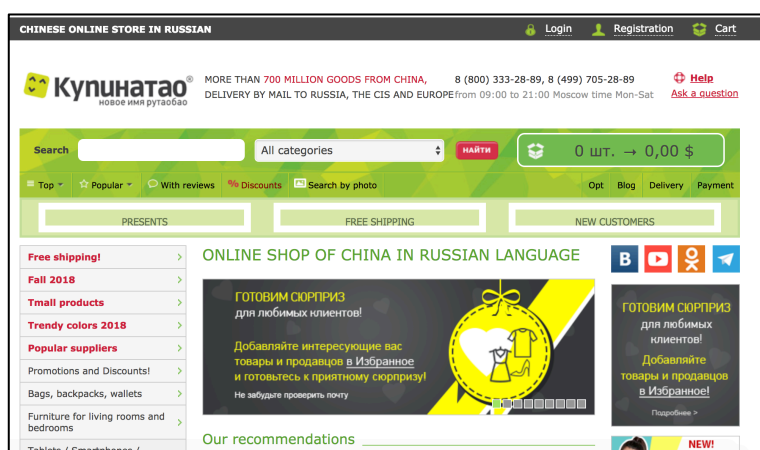
Order processing and quality control are two business requirements that needed addressed in the Kupinatao solution. Because the solution was adapting a China-based marketplace, most goods were sourced from China and only deliver within China. Therefore, the team had to create an order management solution that included a holding warehouse to collect the goods. During processing, the warehouse checks for quality of the goods manually and then groups orders together for single shipments to send to the Russian customers. Multiple sellers and stores supplied the orders, so it was important for the Virto Commerce platform to be able to track incoming inventory, process in a centralized location, and manage the outgoing shipments all with data from multiple stores and sellers. A strength of Virto Commerce is that it can adapt document-based order management systems to any business process.

Availability of Items

Assessing the availability of items was another business requirement and challenge, because not all products are allowed to be shipped to Russia. If certain items are prohibited, the ecommerce engine and embedded logic would work on the backend to not display it on the website for sale for delivery in Russia.

Rating of Goods and Sellers

Taobao has their own product and seller rating system, but for the international adaptation, it was not sufficient for the Kupinatao solution. Clothing sizing for Asian people differs from Russians, so size charts and ratings needed to be corrected and updated. Additionally, the team had to create and implement its own seller rating system that adds in new information frequently.



Implementation

Over a period of six months, the Virto Commerce team worked closely with Kupinatao to take their ideas, business requirements, and technical specifications into a fully functioning e-commerce web-store. The Virto Commerce development team used the broad flexibility of the Virto Commerce platform to meet the following business and technical requirements:

- Easily operate large catalogs with millions of goods.
- Promote the most profitable products through the system of local translation for selected products.
- Make seasonal and weekly changes; including, merchandising, dynamic content, and promotions.
- Meet customers' needs using various communication channels and tools.
- Create warehouse tools using Virto Commerce.

Result

Together with the Virto Commerce highly flexible and scalable ecommerce platform, Kupinatao was able to face the challenging business dynamics and growth of developing an international marketplace. Kupinatao quickly rose to be the leader in Russian-Chinese ecommerce sales in its first few years of launch and continues to dominate the market.

Kupinatao offers its customers more than 800 million items - from apparel to automotive parts - made in China, Korea, Japan, and other countries. These products are delivered all over Russia, as well as other CIS countries.

“Using Virto Commerce platform capabilities, we created powerful marketplace system. We addressed order management, inventory, pricing, as well as developed a system of gathering, publishing, and managing customer reviews. This system helps Kupinatao customers make the right choice out of millions of positions and drives our sales.”

~ Sergey Sinyugin, CEO Kupinatao

Kupinatao.com Marketplace

- **200,000+ Customers**
- **800 Million+ Items in the Catalogue**
- **125 Million Monthly Page Views:** increased 10x in 2 years, 19 to 125 Million
- **500,000+ Reviews**
- **Process Integration:** Online store operations painlessly integrated with warehouse management system and tracking shipments