



Topic: Marketplaces

What are marketplaces and what is their utility in Ecommerce? How to select the right marketplace for your online shop and what legal aspects should you consider? Discover everything about Marketplaces and how to make the most out of it in this EcommerceWiki topic.

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Marketplaces Basic

What are marketplaces?

The rise of the marketplaces

Marketplaces are a platform where companies can sell their products or services to their customers. This can be done gathering inventory information, which is then uploaded onto the marketplace. This procedure can easily transform your local business into an international business in no time. They do this by handling the payment and processing of orders. This can be seen as an extra level of security for both the buyer and seller. When an order is made the marketplaces ensures and legitimizes that the payment is not fraudulent. Customer service/ satisfaction is also a large part of their task as a liaison between the buyer and the seller.

According to a study done by the Ecommerce Foundation amongst 250 retailer managers across the globe, the expectation is that market places will own 40% of the online retail market in 2010.¹

Popular international marketplaces

These popular international marketplaces are Amazon, Zalando, Alibaba's TMall and Mercado Libre. Most countries also have strong national players like Bol.com (Netherlands) and Allegro (Poland). The market places are growing very rapidly with Amazon and Alibaba taking the lead.

What are the different types of marketplaces?

There are different types of trading platforms, varying from platforms that started as a web shop and later opened up for other sellers, to platforms that have been initiated to bundle the forces of local players in the online market. Besides comparison sites, search engines and social media platform like Pinterest and Facebook increasingly offer the possibility to instantly buy products. These websites can be considered as marketplaces.

Different trading platforms that are listed below are :

- **Comparison websites (with buy button):** Examples are Kelkoo (France), Kieskeurig.nl (Netherlands) and Allegro (Poland).
- **Search engines with buy option:** Google shopping or Bing shopping are examples of this.
- **Opened platforms:** These are platforms that used to be web shops, but nowadays also offer third party sellers to offer their products on their web shop. Examples of this are Bol.com, Zalando or Amazon.
- **Local platforms:** There are more and more platforms that let a local neighborhood form their own online community. The 'Nine streets' in Amsterdam is an example of this, where visitors can virtually shop on the platform. Also, smaller players like boutiques, that would be too small to open their own webshop, can bundle their forces this way. An example of this is Locals United and Miinto.
- **Marketplaces:** Some examples of this are eBay or AliExpress.
- **Auctions:** Usually these are websites that often change their assortment, depending on remaining parties of vendors. Think of iBook or Groupon as examples.
- **Theme Portals:** More and more consumers and small businesses open sites offering product reviews (e.g. clothes), where the consumer is forwarded to a vendors' web shop. Fashionchick or Asos are prime examples of this type of marketplace.

What makes marketplaces grow so fast?

The self-reinforcing effect of marketplaces

Marketplaces tend to grow very fast as has already been discussed in [What are Marketplaces](#). However, why do marketplaces grow so fast? How is it possible that Amazon owns nearly 20% of the total online market in the USA while Alibaba's market share is estimated to be 80% in China?

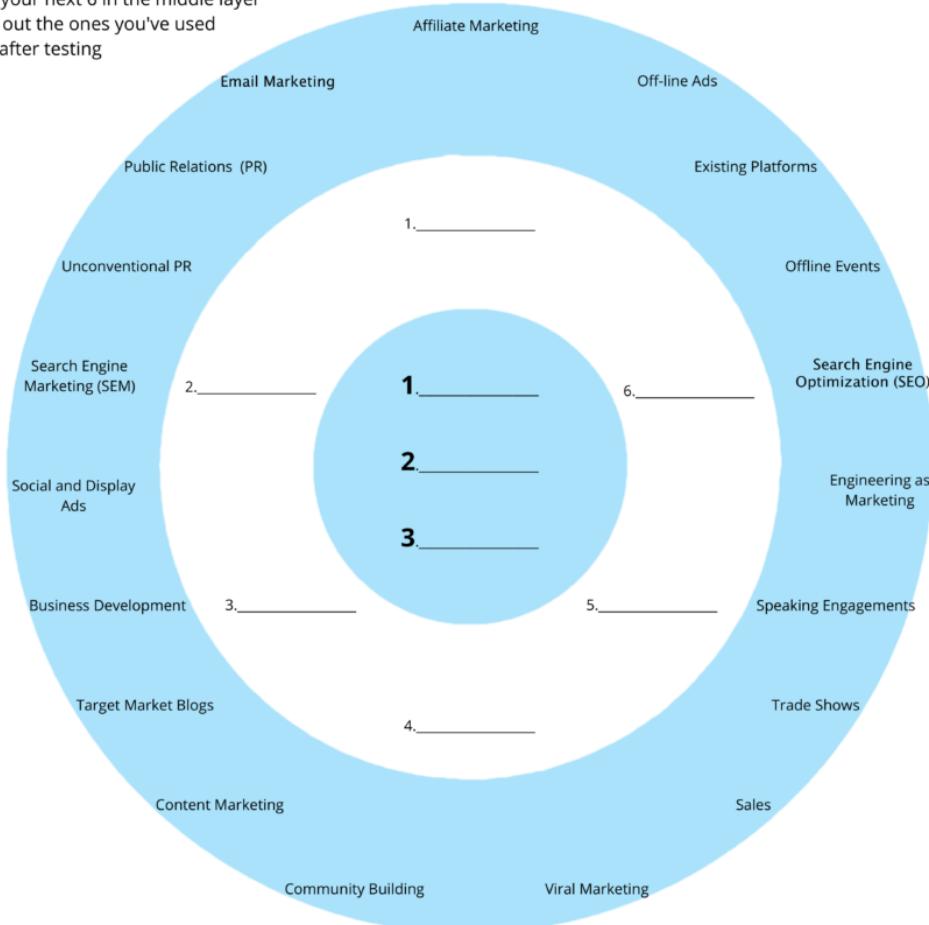
There are multiple growth strategies than can be used to promote growth in different types of marketplaces. In order to successfully decide which methods works best for your market place there is a simple

framework called the Bullseye from the book Traction: How Any Startup Can Achieve Explosive Customer Growth. This can be done in three steps:

1. Start by brainstorming potential growth ideas.
2. Select the most promising ones, and perform quick tests with each, all in parallel. Each test should last no more than a month.
3. Once the tests are done, select the channel that worked the best and focus on it until it no longer "moves the needle". (market place academy,2016)

The Bullseye Framework For finding the best traction channels

- 1) Read Traction by Gabriel Weinberg & Justin Mares
- 2) Select your top 3 & write them in the center
- 3) Write your next 6 in the middle layer
- 4) Cross out the ones you've used
- 5) Redo after testing



Method and content created by Gabriel Weinberg - Founder & CEO of DuckDuckGo, Co-author of Traction & Angel Investor

This page designed by Deven Nemer - Founder of Power Portal
A Smarter Web Browser that could save you 4 hours per week
or more by helping you do more in less clicks.

(Gabriel Weinberg & Justin Mares, The Bullseye Framework)

Payment Transactions

In today's market many consumers appreciate efficiency and speed. Payment transactions play a huge rule in improving a company's growth. Instacart is an example of how a company can implement this in their ecommerce strategy. Instacarts allows for the market place to combine two separate payment tasks into one, there making online purchasing faster and easier for the customers.

What are the benefits of marketplaces?

Matching marketing need with marketplace

Selling via online trading platforms is a strategic choice. The choice for a marketplace must fit into the

marketing and distribution mix of the retailer or product brand. The main question is what the main goal is for selling via an external marketplace. Is the primary goal traffic generation, or building brand recognition in a new market, or should the platform become an additional outlet channel? The figure below provides an overview of the most common goals for selling via an online marketplace.

Depending on the main goals, one can determine whether a certain platform matches these goals. An important question is always, if the image of the brand is strengthened or at least not harmed by the platform image, and if the own brand can sufficiently be explored within the platform. A shop-in-shop normally provides more opportunities for branding than when all products are only presented in a mix with comparable items of competitors. The other question is what your products will distinguish from competing items, or whether any exclusivity can be guaranteed.

Using Marketplaces to go cross border

Using marketplaces and platforms is a strategy to sell cross-border (facilitating international expansion). This is a relatively easy way to sell products for the first time online abroad. Most of the companies who are doing this, are using this to test whether their products are popular in a particular country. If this is the case a company can decide to open their own, translated!, website with more products online.

A company can decide whether they want to go cross-border by themselves or by outsourcing it. The biggest advantage of doing it by yourself (insourcing) is that you have total control over the whole process. A disadvantage is that you need to have the sources (skills and money f.e.) and it is time consuming. You also need to have a lot of knowledge of the market before you want to enter it.

By outsourcing, the biggest advantage is that with relatively low costs you can enter more markets. The partner who is selected to work with, does have the knowledge about the markets. The disadvantage is that you have no total control over the process and you are independent on the quality of the partner.

More about cross-border ecommerce is discussed in [Cross Border Ecommerce](#).



amazonfulfillment

What are the disadvantages of marketplaces?

Marketplaces disadvantages

The choice for selling via marketplaces has significant implications. Next to the possible advantages, there are also possible disadvantages. Below is a list of the many disadvantages that can be found in marketplaces:

- Joining a market place means that you must adhere to their rules, which may result in them constraining any activities that you have had in mind.
- Businesses must share all revenues with the market place.
- Market places tend to give special marketing to their top sellers. Therefore, if you are not one of their best sellers you will have to work extra hard to promote your products.
- SEO is limited in marketplaces, which means you will have to work harder to position yourself.
- Direct interaction with customers is not allowed. Marketplaces are afraid that sellers may contact their consumers to sell directly to them.
- As a seller you may be limited with the products that you may want to sell on the marketplace

What are the trends in marketplaces?

Trends in marketplaces, a short introduction

Nothing changes as rapidly as the online landscape; also when it comes to trading platforms. Through the

combination of rising sales and technological advancements, a broad scale of trends and new developments can be found. In this paragraph an overview can be found of the latest developments in trading platforms. These trends are sometimes still in an experimental phase, which means that the market may not necessarily move towards that direction. Still it remains important to anticipate to these changes, to be able to properly motivate the choice for doing business with a trading platform, and find out how future proof the platform is.

Supporting the entire buying process



Trading platforms have extended their original role of merging supply and demand. More and more platforms support the entire buying cycle: orientation, the purchase itself, payment, service and logistics. Examples like Amazon and Ebay have been continuously extending their role in this buying cycle through adding multiple services. Amazon is offering lockers to store and pick up deliveries and started pilots to deliver via drones in rural areas. Ebay has started a cooperation with Argos, to add their over 600 stores as pick up points for Ebay deliveries. In the Netherlands, the take-over of Bol.com by Ahold also implies the adding of all Albert Heijn supermarkets as a pick up point for Bol.com.

Converging in role and functionality

The broader trend of convergence between product brands and retailers is also visible when we look at trading platforms. Comparison sites have started placing “buy buttons” and payment facilities where as department stores have started with shop in shop partnerships,



even with former competitors, to extend their assortment. Well known examples of platforms that opened their doors for other sellers are Zalando and Wehkamp.

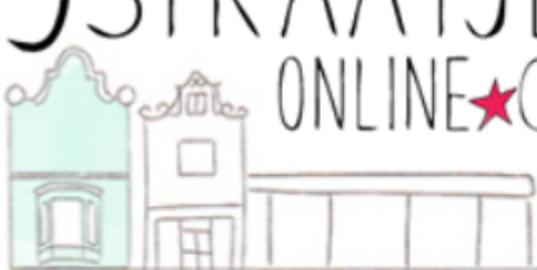
In this way these companies add missing products and product categories to their assortment. Also social media and search engines tend to follow the trend off adding buy functions to their sites (think of Google Shopping, Facebook and Twitter experiments with buy buttons). In this way, comparison sites, marketplaces, search engines, department stores and web shops become lookalikes and converge in their role and functionalities.

Facilitating small local players

Trading platforms are an important channel for both large players and product brands as well as for small local players.

9STRAATJES ONLINE.COM

Hi , enjoy shopping in our neighbourhood!



NEW

WOMEN

MEN

KIDS

LIFESTYLE

LOOKBOOK

SHOPS

BRA

TOT 17.30 BESTELD ZELFDE AVOND IN HUIS (AMSTERDAM)



Oh yes, our all time favorite!

NEW ANNIEL SHO

'THE LOVE IS IN THE AIR COLLECTION
WE HAVE A SERIOUS CRUSH, HOW
ABOUT YOU?

More often, local players bundle their forces to offer consumers today's convenience, like online buying, online payment and (combined) home delivery. A well-known example in the Netherlands is Negen Straatjes in Amsterdam. These local boutiques have started a common online platform to explore the offline brand recognition of their shopping district also in the digital world. Other examples in the Netherlands are Miinto and Locals United. These platforms offer a bundled assortment of multiple small fashion boutiques, like TopShoe does for small shoe stores. Rechtstreeks is an example of an online platform that offers the possibility to buy fruits and vegetables directly from local farmers via an online trading platform.

Placing the consumer in the driver's seat

The power has shifted to the consumer. Even in legal matters, consumers can play a role. Ebay receives thousands of complaints per year and started a pilot with a system that selects a random set of consumers as possible jury members in a dispute between Ebay and a specific consumer. The jury members are simply asked to vote for either Ebay or the consumer, and when over 13 consumers have voted, the system made a binding decision. Step by step, consumers take over roles that traditionally have been fulfilled by retailers or other parties. Consumer reviews are another example of this phenomenon.

BUY INSTANTLY BY LISTENTING TO LIVE BROADCASTS



Always nearby via mobile

The growing use of mobile devices also applies for online trading platforms. Mobile for trading platforms also explicitly fulfills the need to compare prices when consumers are in physical stores and tend to buy something.

Image not found or type unknown



Increase in Outlet function

A growing number of companies envision trading platforms as an outlet for their 'obsolete' stock: products that go out of the collection, returned products, refurbished products, ex-lease models, showroom models or

rest parties. Some trading platforms specifically aim for this outlet function, like Vente Exclusive, iBOOD or Groupon.

Outlets can give sales an enormous boost. There are even product brands that realize over 70% of their revenues via outlets and specifically produce for outlet channels. These companies often have a multi-brand strategy. This prevents that the A-brand price level suffers the effects of the outlet strategy, while the company still can realize high volumes via the outlet channels.

Diverse logistic models

The growth in online trading platforms also results in an increased diversity in logistic models. At eBay ordering and payment takes place at the eBay platform while storage and delivery are done through the product vendor. At other platforms like OTTO the product brand remains the stock keeping party and is the delivery to the consumer executed by the trading platform in a cross-dock model. Returned products however remain at stock at the trading platform warehouse.

DIY retailer Praxis in the Netherlands has a different model: product suppliers and other web shops in the DIY industry can sell their products via Praxis.nl. They deliver directly to consumers, while the service and warranties remain with Praxis. These type of models provide retailers the opportunity to offer the long tail to their customers, whereas product brands do not have to start retailing themselves.

New omnichannel optimization tools

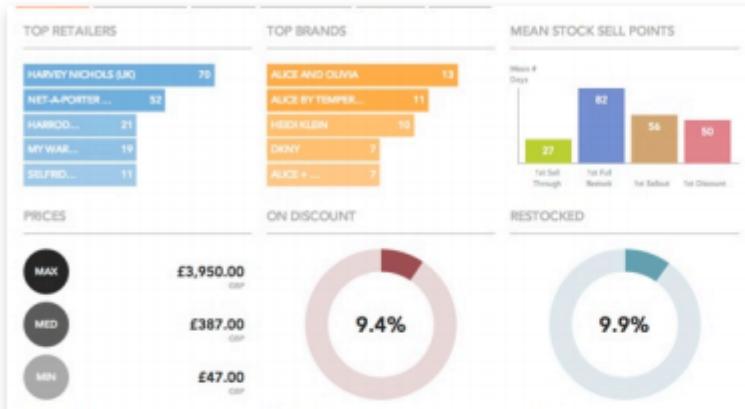
An increasing number of retailers are selling through multiple marketplaces next to each other. Optimization across all channels is the new challenge. They only want to sell products with high margins in their own channel at the moment stock become scarce. And they may want to react with price changes or promotions if competitors on a marketplace do the same. The higher the number of channels, the larger the need for automated optimization via 'business rules' and constant monitoring of the platforms. Logistic service providers already tend to offer this optimization opportunity to service sales via multiple trading platforms from one central stock.

Source for big data

By gathering and analyzing large transaction volumes, marketplaces create a unique position in providing market insights to their retail customers. As such Ebay offers their sellers real time insight in their performance compared to competitors selling the same (type of) products. Also interesting is EDItD, a tool that analyses the EDI-traffic between web shops and trading platforms in fashion. In that way EDItD recognizes price trends as well as social media hypes. The tool even identifies catwalk trends by video analyses. The UK fashion site Asos achieved a 37% growth in the quarter the company started with EditD.

ANALYTICS

Competitive price architecture, assortment and drill-down. Entry and exit prices, any category, any brand.



OPTION COUNT

Search for products by price point and compare similar products at competing retailers. Drill down to see the individual items.

Price points	Selfridges (UK) (R) (11)	Harvey Nichols (UK) (R) (70)	Harrods (UK) (R) (21)	Net-a-Porter (UK) (R) (52)	Matches (UK) (R) (8)	My Wardrobe (UK) (R) (19)
140-160 GBP		6				
160-180 GBP	2	3				
180-200 GBP		1				
200-220 GBP	1	2				
220-240 GBP	1	2				
240-260 GBP	2	3				
260-280 GBP						

A callout box highlights the '160-180 GBP' row for Harvey Nichols (UK) (R) (70), showing 3 products: Pacific striped jersey maxi dress (James Perse at Harvey Nichols (UK)) for GBP £175.00, Draped jersey maxi dress (Helmut Lang at Harvey Nichols (UK)) for GBP £165.00, and Striped maxi dress (Splendid at Harvey Nichols (UK)) for GBP £160.00.

STRATEGY & ACTIVITY

Full analysis of new stock and discount activity options in stock, positioning comparisons and performance of each brand and retailer.

RETAILER / BRAND	POSITIONING					PERFORMANCE
	Product Count	Option Count	Price Points	Min	Med	Max
Selfridges (UK) (R)	11	11	£160.00	£250.00	£1,875.00	9.1%
Harvey Nichols (UK) (R)	70	79	£90.00	£388.50	£1,900.00	5.7%
Harrods (UK) (R)	21	25	£190.00	£440.00	£2,400.00	47.6%
Net-a-Porter (UK) (R)	52	52	£57.00	£380.00	£3,950.00	11.5%
Matches (UK) (R)	8	8	£47.00	£159.00	£232.00	37.5%
My Wardrobe (UK) (R)	19	19	£95.00	£425.00	£950.00	93.5%

PRODUCT SEARCH

50 million SKUs that you can research, real-time, from your desk. Find discounting, re-stocks, best performing products.



Catalyzing internationalization

Many retailers and product brands consider marketplaces as a means to explore international markets and starting building brand recognition. The initial investment for international expansion then remains limited and also offers the possibility of piloting certain assortments. In this way department store HEMA used trading platforms Amazon and LaRedoute as a starting point for further international expansion. Zara and Apple are using TMall.com (from Alibaba) to parachute themselves into the Chinese market.

Why are marketplaces great?

Online marketplaces provides an added value to buyers and to suppliers.

Buyers related benefits:

It offers buyers tools to quickly compare and select better offerings

- Without the need to research multiple websites
- Without the need to surf online for price comparisons or product specifications.
- Additionally, marketplaces bring more transparency, trust, and standardization.

Suppliers related benefits:

Suppliers benefit in that they can get a more targeted audience streamlined directly to their product or service pages. * a well-represented company profile with a specifications-rich catalog can be a powerful lead magnet for potential customers.

Marketplaces additional services:

Both buyers and suppliers benefit from marketplace specific services, such as bidding, quoting, invoicing, consulting, basic customer support etc.

Marketplaces basic services:

Catalog search capabilities,

- Options to quote and place orders online,
- Payment options to finalize a purchase.

Sometimes, marketplaces support different rating or verification algorithms to make sure the website users -- either suppliers or buyers -- are reliable business partners to deal with.

The different types of online sellers

Setting the scene

GS1 is a global standards organisation, bringing members together to transform the way they work and serve their customers through the power of open, global standards. The UK arm of this global organisation is a community of more than 32,000 members and a significant number of these businesses are SMEs.

In 2016/17, 67% of GS1 UK's members joined to trade on marketplaces and overall, 9,000 members have indicated they use online marketplaces to trade their products – using GS1 product identifiers.

To better understand the needs of these companies that sell online via marketplaces and how GS1 UK could better serve them, be it through standards or services, GS1 UK carried out market research.

Conducted by White Space, an independent strategy consultancy firm, the research combined primary research, analysis and consultancy methodologies to better understand businesses selling products via online marketplaces.

The findings paint an interesting picture and reveal some key trends, illustrating why businesses use online marketplaces, the challenges they face and their different approaches to incorporating third party platforms into their business strategies.

What was discovered is that there are many reasons and factors driving why and how businesses use online marketplaces to sell their products including motivation, focus and access to international markets.

The research clearly illustrates that different businesses use online marketplaces in different ways and for different reasons. These businesses range from those who dabble into online sales simply as a hobby all the way up to larger businesses who use online marketplaces to access international markets. The research found that marketplace sellers broadly fall into six categories or profiles based largely upon their scale and complexity



Creatives:

Typically, Creatives need to seek out how-to advice on using marketplaces and listing items. They require guidance on marketplace regulations and barcoding. By focusing on producing targeted content and formatting they can drive more traffic to listings.

- Usually new to marketplaces/online selling
- Turned their own hobby or passion into a business
- Operate a manual sale-by-sale strategy
- Tend to focus on a single marketplace
- Products are typically second-hand or handmade
- Operate out of their own home
- Business maybe a side project or second source of income for them

Traders:

Many Traders need to work on their back-end process optimisation. They can grow their business by increasing efficiency, typically by trialling automatic listing software for marketplace platforms. High volume sales strategies could lead to investment in digitised stock management solutions. And as their product range expands they should seek out further advice on how marketplaces differ in terms of pros cons, fees and requirements.

- Spotted an opportunity to make money quickly and easily
- Source lower cost products from abroad at high volumes
- Sell through multiple online marketplaces, rather than their own website
- Online marketplaces are their primary channel
- Traders have an eye for the latest product trends and crazes, which they buy in bulk and sell fast
- Brand identity is not a priority | Actively monitor product success on different marketplaces

Innovators:

To be successful Innovators need to concentrate on channel integration and their marketing and sales. They need to focus on how best to build their brand and developing their seller profile. They should also prioritise linking marketplace profiles to their own website and integrating sales and product stock updates.

- Focused on building a brand
- Started out online and looking to increase awareness
- Typically target niche markets
- Adopt a 'start-up' culture and trade through their own website to develop their brand
- Focus on a niche idea or a smaller range of products, often invented by them
- Employ a small team with the same mind set
- Committed to deliver their vision and take the business forward

Growers:

Growers need advice on how to most effectively use marketplaces alongside physical channels and integrating offline stock management with new online sales. Growers might also look to invest more time and effort on how best to improve data collection to review and compare online and offline sales.

- Typically started offline, like a family run business and recognised the need for change in order to reinvigorate their business
- Focused on growing their use and sales through online marketplaces
- Use online marketplaces to reach new customers and test the e-commerce waters
- Their brand is important to them and they will develop their own website

Pioneers:

To get the most out of marketplaces, Pioneers should invest time and resources into automated solutions that reduce cost. They also need to give more focus on marketing and sales, leveraging brand awareness and maintaining brand appeal

- Experienced users of online marketplaces
- Comfortable with their current level of online sales
- Use marketplaces selectively based upon product type
- Likely to have been early adopters of marketplaces
- Enjoy stable growth and are looking at their internal processes to automate further – they could also be considering offline channels as part of their expansion
- Shifting emphasis to push their brand and use online marketplaces for selective products only

Leaders:

Leaders require a bespoke product management system that sits across all sales channels to drive success and overcome challenges.

- Large omnichannel businesses, with international growth their priority
- Have complex needs but large internal resources
- Proactively use marketplaces to sell internationally
- Despite size, marketplaces can still represent an important channel for them
- Their brand is essential to them and adds a premium to their products

Why not take our quiz and find out what kind of online seller you are! [Take the test](#)

The importance of accurate product data

Accurate Product Data – A retailers holy grail.

We have all seen the headlines about **UK retail struggling** – we've lost some of the greats in recent years so times are really challenging. They need to start doing things differently and cut costs from processes that don't add value. **Data**, particularly product data **is an area that adds lots of time** and therefore costs in big retailers. I have seen it first hand just how hard it is to get product data in big organisations.

Consumer requirements are changing

They are increasingly **more demanding** of what content they look for to make purchases and online is playing a **key part** of this, whether that be at the research stage or if they go on to purchase online too. Being able to give content to the consumers is all driven by having data – in particular accurate data!

Having inaccurate data is actually worse than none at all as it drives delivery and returns costs along with unhappy customers over simply a lost sale.

There is lots of headlines talking about data and it being '**the new oil**'. These retailers have masses of data but getting it in one central place that is easy to share is far easier said than done. In fact, in terms of getting it on time, in the right format, complete and accurate you would be better off hedging your bets on some flying pigs.

Over the years we have heard from our members about their **challenges** with product data so we have worked with some of the **leading retailers** in the UK to produce a service that provides a single platform for suppliers to enter and share product data with anyone that they trade with and for retailer to receive the data along with updates that get made throughout the products lifecycle and verified with a physical product

check to validate that the information is correct.

Our long history with the grocery sector and the fact that the British grocery market, according to the IGD being worth an estimated **£184.5 billion** and predicted to grow by **15%** through **2022** meant that starting in this area was the right choice for GS1UK and we co-developed data models with a focus group including the likes of Tesco, Ocado, Unilever and Nestle along with our in-house standards experts.

The result – named **ProductDNA** has been created by the industry, for the industry. It was launched earlier this year and feedback so far has seen it likened to a milestone in retail to rival that of the introduction of the barcode in 1974.

The benefits include the potential to save **hundreds of millions of pounds and tens of thousands of man hours a year**. What retailer or supplier wouldn't want that? I know my younger self that spent many a day entering, updating, correcting and sending on product data time and time again as a former ecommerce assistant certainly would!

I am really excited to see how this service grows and develops to cover all categories – health and beauty being the next sector to be tackled. Its going to be an interesting journey that will serve the retail industry to many years to come.

If you would like to know more about ProductDNA you can speak to the team on: +44 203 318 0633 or by emailing: productDNA@gs1uk.org.

Do you know you when to change product identifiers? – Bossing the Basics

GTIN non reuse

There are some changing happening in the product identifier world – GTIN non-reuse is coming into play from January 2019. This mean you cannot apply a GTIN you have already used to another product once the original one is discontinued. This is due to changes in the market where products don't follow the average life cycle of 4 years like we previously saw – with the rise of marketplaces and C2C selling platforms products are staying around longer and even resurfacing after many years.

While I understand this does sound quite uninteresting to many, we took it as an opportunity to find out how many businesses are aware of what the basics rules of allocating a GTIN to a product and when you need to put a new one on the product if you make changes.

We discovered that a third of participants failed the 5-question quiz on when to change a GTIN on your product. So, we need to get these rules more embedded into processes in retailers selling own brand products and businesses that are brands and manufacturers.

When do I change a GTIN?

There are 3 guiding principle that form the questions you should ask yourself if you make changes, that will determine if you need a new identifier on your product.

1. Is a?consumer?and/or?trading partner expected??
to distinguish the changed?product from previous /?current products??

2.?Is there a?regulatory?or?liability disclosure requirement?to the consumer?and/or?trading partner?

3.?Is there a substantial?impact to the?supply?chain?(e.g., how the?product is shipped, stored,?
received)?

If one or more of the guiding principles apply, then a GTIN change is required

Not following these rules can cause issues throughout the supply chain, with regulatory requirements and dissatisfied customers. In fact, to find out just how often issues are happening in the market we added this question into the quiz and got the following results:

If you want to take the quiz and test your knowledge, have a look here: <https://www.gs1uk.org/bossing-the-basics>

Advanced Class

We also have an advanced quiz to test your knowledge of 'how to measure products'. Sounds simple, I hear you say! Well, we are only seeing a 23% pass rate on this. There are some tricky shaped items out there – take Babybel cheeses for example. Packaged in just the nat. Would you know how would you measure this? Take the quiz and find out...

How to select the right marketplace for your company?

Introduction

To choose the right trading platform for cooperation, a checklist with essential topics may be useful. Of course, the primary focus should be to find a platform that has a user friendly interface, with a good customer service. These are two general criteria that should be taken into account. When offering your products however, also several commercial, marketing and operational considerations should be taken into account. These considerations can be found below per topic.

Selection criteria Marketing

- **Does the platform suit your brand?**

For luxury brands it's important to verify whether you want to offer your products on all trade platforms, or only on upscale platforms. For non-luxury brands, the same is applicable, only the other way around.

- **Does the platform reach the correct target audience? Figures!**

Is the platform visited by your target audience? You should prevent selling support hoses on Zalando, because you had the impression it was for all clothing. Therefore, make sure your target customer visits the platform, by looking at visitor data.

- **Are the platforms' search and storage functions detailed enough for your assortment?**

If you're selling shoes, can you sort the shoe size? Can your jackets be hung on a clothing rack in the warehouse?

- **Who determines the stock?**

Are you allowed to offer any product on the platform? Or does the platform decide which products you're allowed to sell?

- **Who determines the way your product is presented?**

Is it allowed to deviate from the standard format that is used on the platform? Or are the rules for product presentation very tight?

- **What is your position compared to your competitors?**

If the same products are offered on the trading platform by competitors, how are you planning to distinguish yourself from them? Purely price-wise, by offering extra service, unique accessories, or should you chose for skipping the platform altogether?

- **Which marketing actions are performed together?**

Are your products marketed actively by the platform? Will you have to do this yourself, and is there room for this on the platform itself?

- **Which information will you get back from the platform?**

Are you given insight into the buying history of your consumers? Will you get all consumer data? Is there a page with real-time statistics on the platform?

- **In which countries does the platform operate?**

If international expansion is desirable, it doesn't hurt to check whether the platform also operates in other countries. This may simplify your international expansion significantly.

Selection criteria Commercial

- **What is the cost / earn model? Leads of sales? Transparency?**

Is there a commission per sale, or per click? Is it clear how the costs are built up? How about the leads?

- **What is the balance of power?**

Is the balance of power equal between you and the platform? Do you have any room for negotiations with the platform? If not, ensure that every single detail is put in the contract beforehand. This can protect you from unpleasant surprises later on, such as a sudden rise in commission.

- **Does the platform sell their own products?**

What needs to be clear is that a situation in which you have to compete with the platforms' own products has to be avoided at all costs. In this case there can only be one winner.

- **Who has the purchase agreement?**

You or the trade platform? Dependent topics are of course the responsibility of stock, service and warranty.

- **Who becomes owner of the customer data**

If the trade platform becomes owner of the customer data, this means you will have no insights into who buys your products, where they live, how they find your products, and what the trends are. This can eventually lead to the scenario in which it's unclear which products should be developed, and how customers can be reached in the right way with mailings or offers.

- **Who has the juridical responsibility (warranty, insurance, etc)?**

Is it clear who is responsible for what aspect? Will there be a contract discussing deviations from responsibilities? Make sure this topic is covered thoroughly!

- **How about safety, privacy, disputes, etc?**

How will the trade platform store sensitive data, such as customer data and sales statistics? Are the safety functions and certificates of the platform in order? If the platforms' usernames and passwords are to leak, your customers will think twice before buying on this particular platform. This may hurt your brand as well.

Selection criteria Operations & IT

- **Which stock model is used?**

Does the stock model used by the platform match yours? Who is responsible for the stock, and where is it stored? Does the platform allow for drop shipments? And what about return goods or left over stock?

- **What are the delivery standards you will have to comply to?**

If the platform requires all its sellers to deliver within 24 hours, your company will have to comply to this. In case your stock is located in a different country, this may not be possible at all.

- **What are the throughput times when offering a new product?**

How long will it take before the product is actually offered on the platform? Will it take long before product descriptions or photographs are approved?

- **Who delivers the product data? Who owns it?**

Do you only supply products, or also the product descriptions, photographs, etcetera? And if the packaging is renewed, will you be responsible for changing the metadata? Or will the platform change it?

- **Which requirements are imposed as to the packaging?**

Is your current way of packaging good enough? And if certain matters have to be changed in order to sell on the platform, how much time and money will be put into this?

- **How will the returns and customer service department be equipped? Counterfeiting?**

Will the customer service go through the platform? Or will there be a hybrid model, like the one eBay uses. Will there be an active fight against counterfeit products?

- **How fast will payment happen?**

Do you want to, and are you financially capable of waiting to receive payments? Or will it take weeks before receiving the money? Do you agree on the platform receiving interest on your money for this time period?

- **Does the platform make use of a multi-platform (IT) solution?**

If you intend to sell on multiple platforms at once, it is useful for the platform to use a tool such as Docdata Connect. This way, your product characteristics will only have to be supplied in a single way, as the tool will automatically convert it to match the platform's input.

- **Which IT changes will be necessary?**

Is your current IT system sufficient? Do you need extra tools for delivering product data? And how much effort will the IT changes cost in matters of money, time and difficulty?

- **Can your organization handle the changes?**

Do you have enough employees, that are also flexible enough to handle (and lead) possible large changes in your organization?

How to prepare product data for marketplaces?

Marketplaces have to receive product data. The resulting complexity may differ per platform. In general platforms tend to require a uniform product presentation across sellers. This results in requirements for the selling parties like:

- The number of product characteristics that can or must be described
- The way products are photographed
- The data format in which information has to be delivered

This can be done manually, for example in Microsoft Excel, but this is time-consuming and error prone. A better way to do this is by having a product information management (PIM) system (see also the topic [Product Information Management](#)).

The PIM system generally supports multiple geographic locations, multi-lingual data and maintenance and modification of product information within a centralized catalogue. All this is needed to make sure the right data is offered in the right format to the right channel (in this case marketplaces).

Each marketplace has its own format in which it likes to receive product data. Often stock and price information has to be send by separate files as this information changes much more often than the basic product information. Depending on the PIM system of the retailer and the marketplace chosen, setting up an interface may take a day up to several weeks.

New Released product (1)

Create product

Product type: Item

Product subtype: Product

Identification

Product number:

Product name:

Search name:

Retail category:

Catch weight

CW product:

Reference groups

Item model group:

Item group:

Storage dimension group:

Tracking dimension group:

Units of measures

Inventory unit: Pcs

Purchase unit: Pcs

Sales unit: Pcs

BOM unit:

Purchase taxation

Item sales tax group:

Sales taxation

Item sales tax group:

Show fewer fields

OK Cancel

How to manage prices on the different marketplaces?

As new sales and distribution channel marketplaces force retailers to re-evaluate their price strategy. Most retailers have a uniform price across all channels. This offers transparency to consumers. However, there are several reasons why retailers may want to offer different prices on specific marketplaces:

- **Match competitors:** when products are sold via marketplaces and competitors offer a lower price, retailers may tend to match competition and lower their price in this specific channel. In those situations price harmonization across channels comes under pressure.

- **Get traffic:** It is also an option to offer (some) products for a higher or lower price on the marketplace to get traffic. In this case retailers sell the same products on the marketplace. However, the more exclusive products can only be bought on the retailer's own website. Be warned, some marketplaces like Amazon and Allegro for example demand that the lowest price is always offered on its platform. If the retailer is not offering the lowest price, the product is removed from the platform.
- **Reduce inventory:** Marketplaces can be an attractive way to get rid of inventory by selling this at a discount on marketplaces.

Some retailers have switched to platform specific pricing. In the most advanced form, this becomes (automated) dynamic pricing based on demand, stock position and competitor's pricing on the platform (see also the topic [Dynamic Pricing](#)).

How to manage inventory across the different marketplaces?

Regarding stock, the main question is which stock model is applied in the cooperation with an external marketplace. We can distinguish the following models:

- **Wholesale:** the platform is buying stock, takes the stock risk and delivers to the consumer
- **Drop shipment:** the platform receives the order, but dispatches the order to the stock-keeping seller. The seller will execute the delivery to the consumer.
- **Consignment:** the platform stores the items and executes the consumer delivery, but the stock ownership and risk remains with the seller until it is sold to the consumer.
- **Cross-dock:** the platform receives the order, but will receive stock from the seller after a consumer order has been placed. The platform will then take care of the consumer delivery and bundle items with items from other sellers if requested.

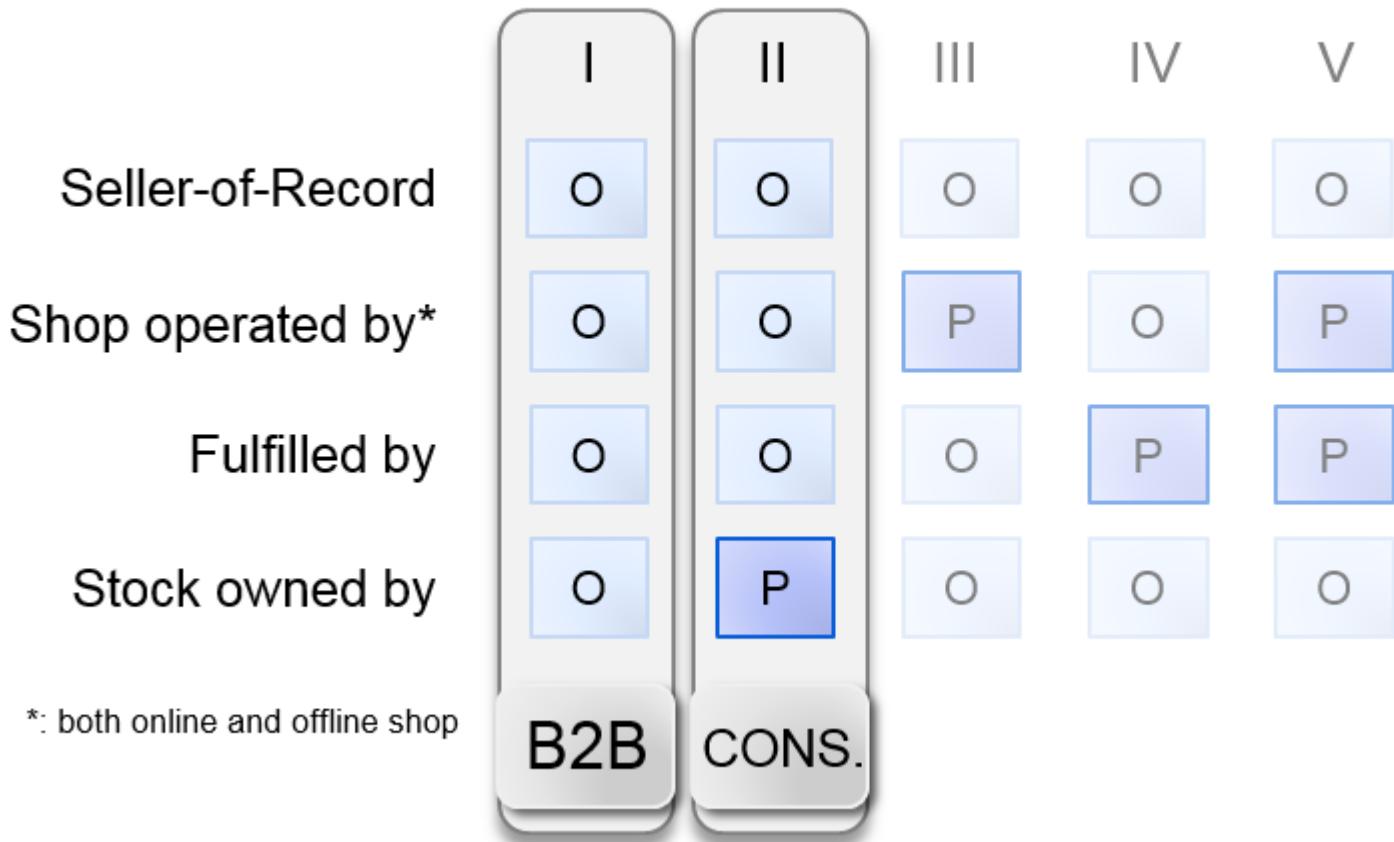
The above models may be used in a mix-form as well. For example: items with a high stock turnover are stored at the marketplace warehouse, whereas the so called long tail items remain with the seller until they have been sold. Also regarding stock ownership and risk, mixed models appear. As an example, parties may use a wholesale model, but agree that the seller will take back a percentage of the unsold stock as a means to share some risk.

To determine the best suitable stock model, a number of aspects must be taken into account. Some of these aspects are:

- Stock turnover
- Stock value
- Number of "combined orders" (with items from multiple sellers)
- Required speed of delivery
- Logistic capabilities of both parties
- How fashionable the products are
- Level of IT integration

Philips is an example of a company that cooperates with several marketplaces in multiple countries. To support its countries in finding the correct partnership, Philips uses the model shown below. On the basis of four separate roles, sixteen different cooperation forms can be distinguished. Philips chooses which scenarios can be developed in other countries (such as the B2B e-commerce portal), and which should be used as a pilot (such as omnichannel branded stores in eBay).

Pure B2B



What are the legal aspects of selling via marketplaces?

In case of selling via platforms, three parties (the seller, the consumer and the marketplace) are involved in completing the transaction. In most cases the actual contractual agreement is between the consumer and the seller, whereas the platform and the seller have a long-term contractual agreement regarding their cooperation. The fact that a consumer pays via the platform does not imply that the consumer has any contractual agreement with the platform. However, this should be made explicitly clear during the entire buying process. On the other hand, not having the contractual agreement with the consumer does not mean that the platform does not have any responsibility towards the consumer.

In the contractual agreement between the seller and the platform almost everything can be determined and agreed upon. The following aspects are important to mention:

- Who is responsible for safe storage of customer data?
- Who owns the product data?
- What restrictions do both parties have regarding the use of customer data?
- Is there any non-competition clause or exclusivity agreed upon?
- What responsibilities, protections and payment terms are valid?
- During what term are the contract and the agreed commissions applicable?
- What happens if the cooperation is terminated?

Besides these contractual and commercial agreements, parties have to make arrangements for operational matters like logistics, customer service and marketing. It is advised to write down these arrangements in a separate Service Level Agreement (SLA), which has the same contractual value but is often easier to adapt than the formal contract.

Product Identifiers make better product listings

Demystifying product identifiers

Despite working for several global retailers, until recently I wasn't aware of how the barcode works and the significance of the number that sits underneath it. The products I've worked with just seemed to already had barcodes. But smaller businesses don't have the advantage of experienced supply chain and IT teams that

can manage these for them so I wanted to share the basics with you. Since working for GS1UK I have learnt a lot about what the number enables and the importance of getting it right. Even more so when you decide to start selling cross border.

UPCs, EANs, ISBNs or GTINs – which one do you need...?

They all refer to the number that sits beneath the barcode to identify the product rather than the image itself and GTIN, EAN and UPC are essentially all the same thing, with the exception of ISBN, these are exclusively used for books. UPC is the name commonly used in the USA, EAN is the name used in Europe but GTIN is the collective name since the arrival of the global system.

Think of the number like a passport number – it enables your product to travel wherever it needs to go and is always traceable back to your company.

Who uses this system?

We are a community of over 2 million businesses globally using GS1 standards – this includes a broad range of companies from the most well-known companies such as Tesco, Apple, Nike, Google, Amazon, eBay, Zalando, WHSmith, Sainsburys, Mondelez, Nestle; Walmart to the newer start-ups.

What do the numbers enable you to do and do I need them?

If you are a manufacturer or brand owner producing products then you should be uniquely identifying them to enable you to control your brand identity and having a better visibility of the products through both the supply chain, stores and online. When you decide to make the move to sell your products through other businesses and channels these companies will need to make sure that all the items they sell do not clash at the point of sale. Whether that be at the till or online – a globally managed system of product identifiers is the only way to ensure your customer get the right product at the right price.

Some ways in which they are used are:

- Google requires a GTIN if you are selling through google shopping particularly when more than one seller is listing against the same product.
- Amazon validates new listings against the GS1 database to tackle counterfeiting and reduce duplication of product listings.
- eBay requires GTINs for listing products to enable them to appear in the new mobile focused on-site merchandising and also pull in product reviews from external sites
- Cdiscount (the French marketplace) needs products to have GTINs to be able to take part in merchandising
- La Redoute (the French fashion marketplace and retailer) requires all products to have GTINs to be able to list

Marketplaces Expert

What is the impact of market places on the internal organization?

The impact of market places on customer service

Also for the internal organization selling via trading platforms brings a number of changes. First of all customer service must be prepared. Many consumers start their service request at the trading platform, although the factual transaction is with the seller. This requires a smooth collaboration and information sharing with the platform customer service department.

The impact of market places on purchasing

The purchasing department has to deal with additional volumes for trading platforms if these flows become significant, sometimes even special products that are not sold via their own channels. Besides, the purchasing department may become involved in the maintenance of product data and the additional requirements from the platforms.

The impact of market places on logistics

For the logistics department, additional good flows arise, either in replenishing the platform warehouse or in executing additional consumer deliveries. In the latter case, this may require platform specific means of packaging and forms.

The impact of market places on finance

For the financial department, the new challenge is to become able to report quickly and adequate on external platform sales, in combination with and apart from the own channels.

The impact of market places on IT

Almost all trading platforms require IT integration regarding product and transaction data. During implementation and operations, this will require extensive cooperation with the platform IT department.

Is selling via marketplaces a bad decision?

[Research by Internet Retailer](#) shows that 90% of UK and USA independent retailers and suppliers sell through online marketplaces like Amazon, Ebay, Etsy and others. Online marketplaces are providing retailers and suppliers an easy way to get their products in front of millions of potential customers.

Is selling on an online marketplace the best invention since sliced bread?

[BloomReach Inc](#) found that 55% of people uses Amazon as a starting point when searching for products. This might flock retailers to sell their products via online marketplaces such as Amazon as a way to expand their business.

Marketplaces are designed to be easy. Making an account takes a few minutes and you are ready to list your items. Within a few hours you have access to a huge, engaged audience to sell to.

Some retailers owe most of their business to online marketplaces. However, there are some risks to consider.

Decreasing profit margins

Cost of business: Most common risk is the declining margin. Online marketplaces have seller fees. Seller fees can be a combination of monthly subscription fees, shipping fees, referral fees, and closing fees. They are all part of the cost doing business on a selling platform.

Price competition: multiple resellers offering the same products and multiple manufacturers producing similar products are in the same online marketplace. This results in easy comparison capabilities for cost-oriented customers. Customers are often looking for the lowest priced item. This forces the suppliers and

retailers to continually lower the price of their items.

Race to the bottom: These two factors will really squeeze a retailer's profit. [Research from Web Retailer](#) shows; around one-fifth of retailers operate on margins under 10%. (across product categories, the margin might vary)

Your business is on "Rented Land"

The online marketplace is taking care of the maintenance, branding, and set-up. The retailer just has to comply with the platform's selling rules.

What happens when the platform implements major adjustments? What risk does retailers face when the platform changes their platform business rules? History shows that online platforms like Amazon changes its fees during holiday months. You as retailer have to accept the higher fees impacting your margin.

What will happen when you make a mistake? Some sellers and retailers have difficulties keeping accurate stock levels on marketplaces. Amazon will kick you off the site for good when you oversell! Most marketplaces take customer reviews in the equation to show you or your competitor first. In case your average customer review ratings are below a threshold, you will be removed from the shop. Arbitrary such decision is complicated and time consuming, leaving you with no turnover in the mean time.

Mentioned risks are some issues sellers are facing on marketplaces. You are subject to comply with the platform's rules and changes. You're not in control. You're essentially operating on "rented land".

No brand building

The marketplace is focused on selling products instead of building brands. You have no control on your brand image. There is little opportunity for you to build your brand.

With your own ecommerce platform, you have the opportunity to build your brand while online platforms limit you in brand building. If you don't fulfill items yourself, shipping materials cannot be branded to your unique company. Instead, the marketplace's branding is front and center for your customers.

Small retailers don't take the time, effort and resources to do their own branding. They are focused in a quick buck instead of a life-time relation with their customers. They accept that they always have to fight pricewars or being first with a new product.

Counterfeit Products sold in your name

A serious problem can be that your customers will receive a counterfeit product instead of your original product. You are not the only seller of your products and have to compete with other retailers. These other sellers can sell counterfeits. This will diminish the value of your authentic products.

Amazon is having difficulties with counterfeits. Amazon's FBA program can use a process that commingles your inventory at its fulfillment centers, mixing authentic and fake products together. Commingling inventory allows Amazon to efficiently ship items to their customers. Amazon might send a counterfeit product to your customer instead of your real one. When your customer discovers the fake, you might get a bad review. Bad reviews have impact on your ranking and you might lose your first place in the supplier list.

Competitors can also sell counterfeits on a lower price. This will diminish the value of your products. A well known case is [Birkenstock versus Amazon](#). Birkenstock faced counterfeits on Amazon and decided to leave Amazon. The loss of turn-over by leaving Amazon was less than the damage to their brand by negative reviews from customers assuming having bought the original.

Competing with your marketplace

Large marketplaces carry their own product assortment. Based on their insight gained from analyzing the successful products of suppliers the marketplace knows exactly what product is 'hot' and what product is 'not'. They have got access to data and resources you don't.

Products you are selling well might get attention from the marketplace triggering them to bypass you and start selling it under their own name or brand. Your biggest competitor is your own marketplace.

Is selling via a marketplace bad for your business?

The answer to this question is unclear. When selling your own brand then there is limited risk. You are using their land for your benefit. Benefiting from their qualified traffic.

For small resellers the marketplace offers capabilities to enter new markets and additional customer groups. But they have to be aware that price competition will be their weapon against other resellers on the platform. The marketplace might give the reseller momentum to gain marketshare and start expanding their corporate ecommerce website. If played well the reseller can become independent from the marketplace in the long-term.

used sources:

<https://www.cnbc.com/2016/07/20/birkenstock-quits-amazon-in-us-after-counterfeit-surge.html>

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Why adopt a marketplace as a business strategy?

What lies behind the marketplace strategy?

Marketplace operation applications enable owners of existing digital commerce sites to **shift their webshop from a traditional commerce site into a larger marketplace where third-party sellers can join the offer** and list their products as well as interact with buyers. From a technical point of view, these softwares also allow to manage the offer from: vendor onboarding, product catalogues, order routing, order status updates and seller compliance with the marketplace's regulations.

This business strategy of adopting a marketplace instead of a simple ecommerce site is attracting a tremendous amount of brands and retailers. This was initiated mainly by the desire to compete with the giants in the sector of Marketplaces such as; Amazon, Tmall, Rakuten...

Marketplace applications such as Shopery enable brands and retailers to shift from the traditional ecommerce site model to the marketplace model. **Consequences** for the website are: **increased traffic** and **increased sales**, coming mainly from the third-party sellers who joined the platform. By **completing the gaps in the offer**, these third-party sellers will **increase the number of products** and enable to reduce the operating costs due to lack of inventory. It is however also important for marketplace owners to **invest in marketing activities** in order to **make it attractive** to both **merchants** and **buyers** when launching.

When shifting to the marketplace model, it is important to **guarantee to your customers a consistent and efficient customer journey**. Which is why, the following processes have to be flawless, regardless of who is ultimately selling the product:

- Product specifications
- Ratings and reviews
- Loyalty and rewards programs
- Shipping/return policies
- Customer service

It is also required for the marketplace owner to assess and weigh the different pricing models available when administering third-party sellers (listing fees, signup fees, fees based on product sales or a combination of these options). Encouraging sellers to join your marketplace will result in **increasing both traffic and sales** (originating from customers interested in third-parties product). The owner must ensure that in the marketplace that is built with the application, are included all aspects from vendor onboarding to vendor policy adherence.

A marketplace technology is primarily aimed at **brands** and **retailers** that **already offer digital commerce channels** broad enough to **benefit from an additional offer** completing the existing one. If your business already deals with a large number of vendors, then it is an ideal fit (retailers, distributors...). B2B webshops that have a large number of sellers are an excellent fit as well for marketplace operation applications.

Revint Market Place Case study

Revint is a new marketplace where people can sell and buy clothes and accessories. This is a simple economical concept, which also stands out from the crowd in the area of ecommerce. By creating this platform, the owners were able to produce a simple, speedy, elegant and modern shopping vibe. In this case study you will find tips that will help you establish a successful ecommerce website. When starting your ecommerce web shop, it is important to define your goals. Below are a few goals that you can incorporate in your business strategy.

1. Conduct an analysis of your competitors

Proper and deep research of the ecommerce industry will give you as a business owner a better chance to position yourself on the market. Seeing that ecommerce is a service that is slowly developing this gives you the chance to find your unique selling point on the market.

2. Website navigation needs to be clear

Poorly organized navigation search can lead to decreased chances for a quick and successful search. This also includes too many words, visuals and links on your website.

3. Improved filter system

Irrelevant and innumerous propositions are tedious for customers to scroll through. A straight forward and clear search filter is quite vital for ecommerce projects.

Navigation

Obvious and in sync navigation is one of the key elements of the Revint Case. It helps users find what they need easily.

1. Clarity

Users need to immediately understand where should click to get what they want. Without knowing what happens when they click an icon on your website can cause some frustration to your customer.

2. Sequence

This is quite simple. Ensure that logical sequence is maintained at all times.

3. Brevity

In today's world less is more. Less words means that it also allows for your website to load faster and it is easier to navigate through.

4. Flat Architecture

This allows your visitors to get any page within two clicks. You can do this by dividing pages into groups, instead of a multi-level design. This is thoughtful and simpler.

The Product card page

The product page is designed to be minimalistic, similar to the general design of the website. Universal attributes were determined for the product description. The product attributes are critical to all the product categories and should always be displayed. If any of these are missing customers often dismiss the item. These Attributes can be:

1. Product title or type
2. Price
3. Images
4. Ratings (for most)

5. Product variations (for most)

Sell without hesitation

A very simple UX design was used for the product pages which contains particular attributes. It is believed that this approach will help users sell their goods almost instantly.

Personal profile, simplified

Ensure that your profile page has a clear and simple design. It should also include all features such as personal data, settings, deals, Wishlist, analytics, order information and private messaging.

Key Learnings

Market places main goal is to focus on the customers needs. Although this is the goal creating a large and diverse market place is not an easy task. It is important to have an inhouse design team that continuously works on coming up with new ideas for the website's interface and better automation for users.

Source: <https://medium.muz.li/revint-perfect-marketplace-case-study-befa5020929f>

Case Study: Amazon vs. Etsy in the United States

Amazon vs. Etsy

Amazon's got 99 problems, and a Senator is one

It's no secret that Amazon dominates the ecommerce market, both around the world as well as in the United States. And it is clear to see why – no matter which country you delve into regarding ecommerce, Amazon usually ranks in one of the top 3 positions for marketplaces (usually in 1st place for several western countries, including the United States).

However, Amazon's success hasn't necessarily trickled down. The exorbitantly wealthy Founder and CEO, Jeff Bezos, has come under fire recently in the U.S. regarding the treatment and working conditions of employees, which doesn't help their image, something Americans (and consumers worldwide) are beginning to care about more and more. In fact, a study published in [2015 by Nielsen](#) demonstrated that 56% of global respondents are willing to spend more on a product if it comes from a company known for its commitment to social value. And it's not just Americans – in the same Nielsen study, 43% of global respondents are in the market for products from a company known for its commitment to social values. This is going to make the road to market domination longer and more difficult for Amazon if it continues to pay workers sub-standard living wages.

To throw more fuel on the fire, Senator Bernie Sanders (D-VT) publicly (and heavily) criticized Amazon for paying its employees such low wages that they require public assistance to make ends meet, which doesn't sit well with a majority of its consumer base. The 2016 presidential contender went so far as to propose the '[Stop BEZOS Act](#)', the acronym being, 'Bad Employers by Zeroing Out Subsidies'. Regardless of whether the bill would be tenable, the point seemed to be more to bring awareness to the issue. Suffice it to say, it worked.

Although the bill has not gone through, the social media uproar and backlash forced Jeff Bezos' hand. Amazon announced that on November 1, the new minimum wage will be \$15/hour and will apply to both full- and part-time employees. Moreover, Amazon's public policy team will [apparently](#) begin lobbying for an increase in the federal minimum wage. Although staunchly criticized by Senator Sanders previously, the Tweets are proof that if companies like Amazon can become more socially responsible, there may be hope yet.



Jeff Bezos

@JeffBezos

Follow

Thank you [@SenSanders](#). We're excited about this, and also hope others will join in.

Bernie Sanders @SenSanders

What Mr. Bezos has done today is not only enormously important for Amazon's hundreds of thousands of employees, it could well be a shot heard around the world. I urge corporate leaders around the country to follow Mr. Bezos' lead.
twitter.com/AP/status/1047...

12:51 PM - 2 Oct 2018



Bernie Sanders

@SenSanders

Following

What Mr. Bezos has done today is not only enormously important for Amazon's hundreds of thousands of employees, it could well be a shot heard around the world. I urge corporate leaders around the country to follow Mr. Bezos' lead.

The Associated Press @AP

BREAKING: Amazon says it is increasing its minimum wage for all US workers to \$15 per hour starting next month.

11:48 AM - 2 Oct 2018

Millennials will tell you what they want... what they *really really* want

There is a generation amongst the consumer base that has a strong digital memory and is not always the most forgiving: millennials. The general feeling when reading the Twitter comments are that Jeff Bezos felt extreme pressure (a bill was literally named after him), and only then made the change. The issues surrounding 'Corporate Social Responsibility' (CSR) are going to prove troublesome for businesses with the upcoming generations purchasing online. A study published in 2015 by Cone Communications revealed that millennials are prepared to pay more for a product (70%), from a responsible company. Moreover, 87% were more willing to purchase a product with a social/environmental benefit. It's likely they will not soon forget the Amazon controversy, or the 'Stop BEZOS Act'.

So, what is the alternative for these socially- and environmentally-minded generations? Is Etsy the answer?

What is Etsy? Here is what [they say](#):

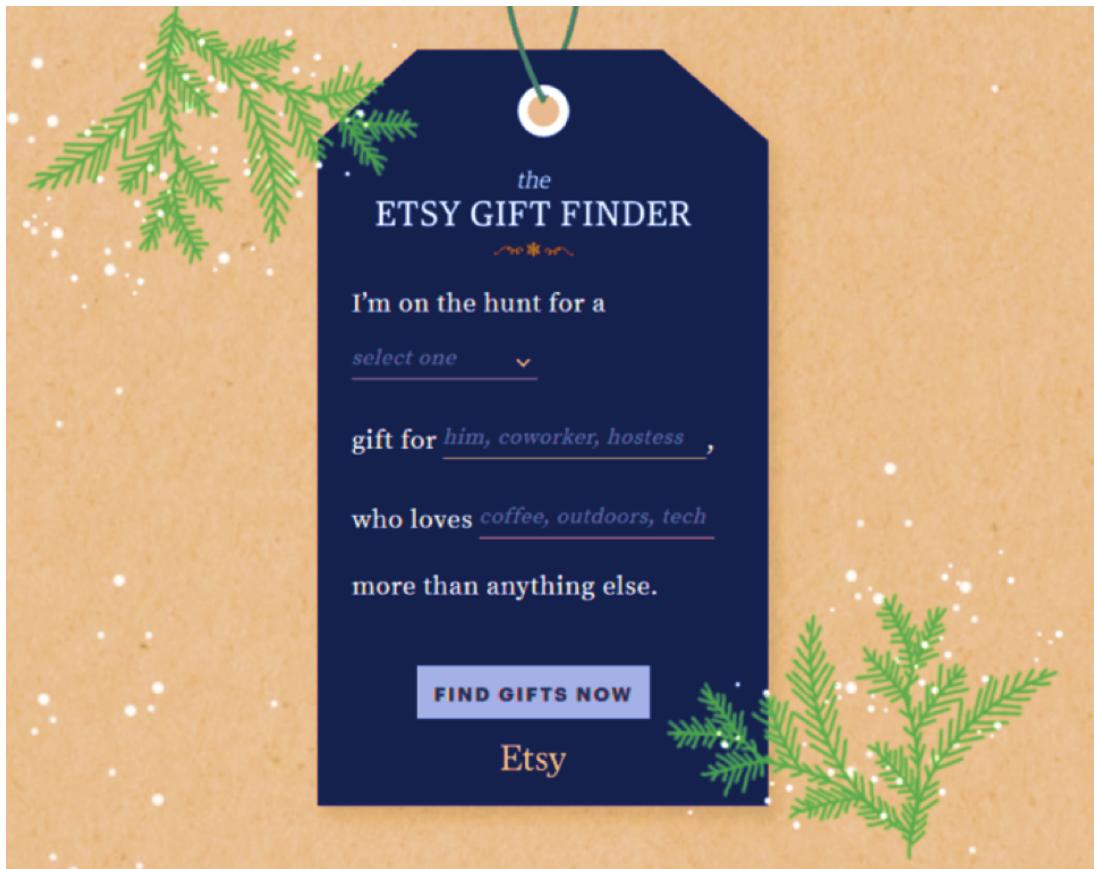
Etsy is the global marketplace for unique and creative goods. It's home to a universe of special, extraordinary items, from unique handcrafted pieces to vintage treasures. In a time of increasing automation, it's our mission to keep human connection at the heart of commerce. That's why we built a place where creativity lives and thrives because it's powered by people.

A mission statement like this sounds socially responsible, and better yet, the data prove it as well (found in

the [Etsy Impact Update Report](#), published August 2018):



It seems the population has also accepted Etsy as a great option compared to Amazon. Etsy had a [40% jump](#) in sales (Q3, 2018) and the stock is up 150% for 2018 – better than Amazon's 40%. The holidays are another opportunity for Etsy to shine, and they know that Americans especially love giving personalized and handmade gifts. They've even got their own 'Etsy Gift Finder' with added holiday cheer, and if a user allows it, you can see which items they have favorited so you don't have to guess if your relative just wants socks again this year.



By both talking-the-talk and walking-the-walk, Etsy appears to be contributing to helping small- and medium-sized business owners expand their customer base, particularly [across the border](#). As of 2017, [33.4 million buyers](#) purchased goods via Etsy shops, and [Etsy Payments](#) is available for shops in almost all European countries (including the U.K. and Switzerland), as well as Canada, Australia, New Zealand and Hong Kong.*

As for whether the ethos of sustainability and social benefit are present in Etsy and Etsy's shops, there are [blogs](#) dedicated to which Etsy shops you can (and apparently, should) buy from if you want to support a good cause, [Etsy was](#) 'one of the first companies to IPO with a B Corp certification, a third-party validation of its commitment to social responsibility', and shockingly, Etsy spent \$40 million in building its new office, 'with green walls fed by rainwater, solar panels on the roof, and numerous spaces dedicated to yoga, meditation, printmaking, and cooking, among other modes of employee self-actualization'.

What about shipping costs...?

With all these steps towards being a more socially responsible company, there are still some issues to solve for it to overtake Amazon as the 'socially responsible' marketplace for online shoppers, namely shipping costs. Josh Silverman, CEO of Etsy was asked about shipping costs, and [answered](#):

"We know that shipping remains one of the top friction points in our marketplace. For example, in the third quarter, less than 20% of listings on Etsy offered free shipping and our research suggests that buyers perceive about half of the items in our marketplace as having high shipping prices. It not only impacts conversion rates on those items, it also damages the brand perception of Etsy overall. We are determined to fix this. Our first step has been to educate sellers about the impact of high shipping prices and ask them to think of shipping as just another component of their cost of goods sold. Next, we're evolving our search algorithms in order to more prominently promote items that have competitively priced shipping. We've introduced notifications to sellers whose shipping prices are perceived as too high, tools to help them adjust shipping prices, if they so choose and we launched the Holiday Sweepstakes for sellers who offer free shipping."

Clearly, Etsy is aware of the issue surrounding shipping charges. And they are spot on. There's a reason why memes about free shipping are circulating the internet and social media platforms:



when you're perfectly fine w/paying \$130 for the items in your cart but \$5.99 shipping makes u question everything



Although funny, the memes also speak truth -- consumers seem much more willing to pay for something thinking they are receiving something for free, like shipping. If Etsy sellers are willing to 'bake' it into the sale price of a product, it may play better for them, especially with a generation in love with free shipping. And to top it off, if we take memes even

I'm only \$50 away from getting free shipping, which is only \$5 and what I want is \$12.



Why yes, I will spend \$50 more to get free shipping to avoid paying \$3 for shipping.



your eCards
someecards.com

All that aside, kudos to Etsy sellers who seem to be at the forefront of transparency, showing the shipping cost of a product to consumers rather than baking it in, but it may be time to shift the mentality if the goal is to become **the** online marketplace leader. If Etsy can remedy their shipping charges to reflect more of what their consumer base wants, they'll have a fighting chance in the battle with Amazon. With more consumers planning to shop online than ever before during the holidays this year, the 2018 holiday sales will serve as the 'big-reveal' for which online giant will push ahead to become the millennial marketplace leader.

* We interviewed a British owner of an Etsy shop (living in the Netherlands) to see what her experience was in selling via Etsy to the United States. Katie Joy Privett is an designer and owner of the shop, *Uniquely You Jewellery*. She started her own online jewelry business in 2012 and sells her designs globally via her Etsy

Shop, [UniquelyU Jewellery](#)

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You're based in the Netherlands, but you also sell to the U.S. via your Etsy shop. How does Etsy make this easier/more affordable than would otherwise be possible if you were to do so solely from your own webshop?

Etsy has a much larger presence in the U.S. compared to what I could personally do by myself. The footfall from Etsy is better because they market well in the U.S.. If I left Etsy and started my own website, based in the EU, I would still get footfall, but it won't be as much compared to what Etsy could provide me from their own marketing strategies.

However, as a shop owner, you still need to have a good marketing strategy, especially for other countries. Selling to the U.S. is also made easier because Etsy has a good selling fee structure. It only costs a few cents per listing, that is a small business cost I am willing to make to achieve a wider audience.

Which social media platform(s) do you use to promote your Etsy shop for the U.S. market? Pinterest seems to be quite huge for sellers on Etsy, how does this resonate with your experience?

I use most social media platforms, such as Facebook and Instagram. Occasionally, I used Pinterest and Snapchat. According to my shop stats, the most views I receive from the social media avenue are actually from Pinterest and Instagram. I suppose this could be because both of these platforms are image-heavy.

Also, Pinterest is very much a DIYer's haven, so the tag/keyword 'Handmade' would be used a lot in search results; handmade is Etsy's ethos, so I am not surprised that a lot of sellers get hits from Pinterest. However, my conversion rate isn't high from social media. I have noticed that when people log on to Etsy and search for an item through their search engine and then they buy.

Can you give some specific insights into U.S. consumers and their buying habits, particularly for Etsy-style shops like yours? What are some unique qualities about Americans you don't see in some of the other countries you sell in?

I find that Americans tend to buy multiple purchases at once, compared to customers based in the EU who would just buy one item at a time. This could be due to shipping costs and how long it takes for items to arrive from overseas. I have also noticed that Americans tend to buy for other people; I have more gift wrapping and personal note requests. EU purchases seem to be for themselves, not for others.

Of course, this isn't everybody, but a trend would suggest that my American customers are buying multiple items to give away as gifts. Also, my American customers are a lot more chatty. I receive more conversations asking about items, shipping times, gift wrap options and more. Maybe this is because Americans are used to a certain level of customer service, even online.

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If you want to read more about the U.S. ecommerce market, you can read the free report [here](#).

Expert's Eye : The relevance of marketplaces

Understanding the relevance and impact of marketplaces in today's ecommerce landscape

Many of the world's most successful companies operate under marketplace models: Airbnb, Amazon, Uber, Etsy. With the constant evolution of marketplaces, Ecommerce Foundation decided to interview Eduardo Aznar, Chief Growth Officer at Shopery. Together, we discussed the relevance and impact of marketplaces in today's ecommerce society. Shopery empowers leading ventures and brands to build and scale their marketplace businesses through a SaaS solution.

1. What makes a marketplace a marketplace? (as opposed to online stores or directories).

In a marketplace model, there is one business (called the marketplace owner) that gathers the catalogue from several external parties (called the marketplace sellers) that sell to potential clients under the same roof. Amazon, Uber, Airbnb and MyTaxi are examples of highly-consolidated marketplaces.

What makes marketplaces a very interesting and lean model to pursue is that the inventory offered in the platform is not held by the marketplace owner, but by each of the sellers comprising the marketplace. For example: Uber does not own the cars, Airbnb does not own the apartments it offers, and Amazon or Alibaba do not own all the products they offer. Indeed, in a marketplace, sellers are can offer their products and services rather autonomously: they just need follow the marketplace seller policy and guidelines, regarding content quality, customer satisfaction levels, and pricing arrangements between the seller and the marketplace owner.

While sellers typically take on the most operational part of the business (selling and fulfilling - different models apply), the marketplace owner is in charge of promoting the marketplace brand with the goal of actually driving traffic to the domain or app and converting those visits into sales. In exchange, the marketplace owner will place a commission on sales or charge a monthly fee. This duality of roles between marketplace owner and sellers clearly differentiates a marketplace model from other e-commerce forms, such as online stores, where a single-seller takes on multiple hats: promoting, selling and fulfilling.

Lastly, we normally refer to marketplaces as those platforms that not only meet the above criteria, but are also transaction-oriented: that is, the focus of the marketplace is for the buyer to carry out a purchase or booking in the platform. This sets transactional marketplaces apart from its closest relatives, classifieds businesses (such as Craigslist, or Schibsted), where the intermediary collects contact information, puts buyer and seller in contact and lets the transaction happen outside the platform.

2. What is the role of marketplaces in the current digital ecosystem?

Many of the world's most successful companies operate under marketplace models: Airbnb, Amazon, Cabify, Glovo. Indeed, marketplaces have been a source of disruptive innovation, shaking up many industries and providing new value to clients. For instance, while Uber has provided a more flexible and affordable mean of transportation besides public transport and taxi, Etsy has created an increased assortment of crafted products from independent creators around the world.

Marketplaces have reshaped digital commerce in ways previously unprecedented, quickly becoming the cornerstone of e-commerce. According to Lengow, over 60% of digital sales already happen through marketplaces, and according to Euromonitor, over 50% of sellers will either list their products in marketplaces or become a marketplace themselves by opening up to external sellers in 2020 .

3. What is it that makes marketplaces so interesting to consumers?

As we were mentioning earlier, marketplaces provide a broader catalogue that is provided from many sellers (which would be virtually impossible to gather by one single seller in the online store model). More particularly, in hyper-local and hyper-vertical marketplaces, the catalogue is highly curated and addressed at a specific niche (a geography or a segment, respectively) and can even more successfully cater the specific needs of their specific target. All in all, this makes marketplaces a very interesting channel to browse products and compare different alternatives

Moreover, with many different sellers selling under the same roof, buyers can typically encounter cheaper prices, which make marketplace the go-to channel to purchase online .

On the side to this, many of the most reputed marketplaces also provide industry-leading services thanks to their extensive industry experience (whether that be faster shipping or more engaging customer service) which end up making the purchase experience delightful to customers

4. What do you envisage to be upcoming trends in the marketplace landscape?

In an article we just published for our Marketplace Insights unit ([LINK](#)), we just discussed the following trends:

- 1. Marketplaces will continue to outpace traditional e-commerce:** marketplaces are better positioned to address consumers' needs and will continue to grow at higher paces than other ecommerce models
- 2. The rise of hyper-vertical and hyper-local marketplaces:** marketplaces will increasingly become more specific, offering specialized products or services in order to carve out dominance within a niche.
- 3. The consolidation of B2B models:** Although they are often less well-known than their B2C counterparts, B2B marketplaces are becoming a force of their own. The large volume and high fragmentation that typifies B2B environments, combined with the relative lack of competition from digital pure players, has lead to oceans of opportunity
- 4. A rising mix of marketplace owners:** although entrepreneurs and ventures will continue to be the main agents behind marketplaces, they will no longer be the sole owners of them. Increasingly, marketplaces will be owned by manufacturers, retailers, retail associations and public administrations.
- 5. SaaS-powered marketplaces will become the norm:** As the marketplace industry continues to consolidate, technology providers are gaining a clear understanding of the needs and wants of marketplace owners. This allows providers to offer a SaaS solution that meets these needs in an easy-to-implement, cost-effective solution.

5. How does Shopery contribute to foster the marketplace ecosystem?

At Shopery, we empower leading ventures and brands to build and scale their marketplaces through our SaaS solution.

Our mission is to allow marketplace owners to focus fully on managing and scaling the marketplace, lifting the burden of managing the technology. Indeed, our SaaS streamlines marketplace design and launch, as well as simplifies daily marketplace operations, such as seller, catalogue and commission management.

About Eduardo Aznar

Eduardo is Chief Growth Officer at Shopery, where he helps brands and ventures grow their marketplace

business, and executes internal levers for growth in the sales and marketing functions. Previously, he advised top-management teams at large multinational companies grow during his role of Management Consultant at Deloitte.

