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A guide to online marketplaces and how to build one

eCommerce marketplaces
B2C | B2B



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Everything in one place

Piotr Karwatka, CTO at Divante

Online marketplaces account for more than half of all online retail and yet they are still less understood and less easily embraced by businesses than traditional online stores. It's perhaps because marketplaces seem more complex from the outset and because there are so many different types: global or local, goods or services, B2B or B2C, own-brand or third-party goods, and everything in between.

We've built both eCommerce sites and marketplaces for over a decade, so we know the differences and the similarities. We're also in a unique position to be able to show you the benefits of marketplaces, the different options available, and how to build one. This ebook is a practical guide that starts with the big picture and then drills down into different types of marketplace and ends with the really raw details. We'll conclude by breaking down your build into time-specific steps and talking about the individual technologies that you should be looking at.

We've also drawn insight and opinion from industry experts and people who have actually built their own successful marketplaces from which you can take inspiration. So, much like a marketplace, whatever you are looking for, you'll find it here.





An introduction to marketplaces

Individual online stores may seem like the bread and butter of eCommerce but did you know that more than 50% of online sales are made through marketplaces? They represent massive opportunities for investors, entrepreneurs, and established retailers, both in the B2B and B2C sectors.

In our [eCommerce Trends 2020 report](#), now available to read in full, 22% of respondents from the eCommerce sector said that they had invested in building a marketplace in the last year while 'Selling and Advertising on Marketplaces' was highlighted as one of the top 8 trends for positive ROI. We, therefore, placed Marketplaces in our 'Top 12 Trends for 2020' list within the Quick Wins category.

The 7th edition of the global report
on emerging technologies for online sales

eCommerce Trends 2020

divante KANTAR



What is an online marketplace?

An online store is generally an internet shop where one retailer offers its products and services to clients. Marketplaces are wider ecosystems where clients can find a range of different or competing products from a number of third-party vendors, sold at different prices, with varying delivery times, different customer ratings, and so on. Marketplaces are all about giving customers more choice.

Most people know the marketplace model from eBay and Amazon; it is basically a framework in which any company or individual can display products—like the classified ads in a newspaper—and pay a commission to the site owner from each sale. It's an effective sales method for vendors, as the sites have massive reach, as well as a great business model for the creators of the marketplace as they are not physically involved in most transactions.



The main reason marketplace businesses scale so well is that you don't need to have your own inventory to run one. Airbnb does not own any hotel rooms, but it's already considered one of the biggest companies providing short term accommodation in the world. This is a really attractive proposition: you can build a huge business without having to spend a lot of money to buy the initial inventory, and thus taking on a lot of risk.

[Cristobal Garcia at Sharetribe](#)

However, online marketplaces are not just the next Zalando, Amazon, or Airbnb; established businesses are moving from online eCommerce to a marketplace model as it allows them to bring third-parties into their sales channels and offer a more complete customer experience. It is easier, quicker, cheaper, and more effective than building the products that those third-parties provide or becoming an expert in their realm.

Best Buy Canada built their marketplace with Mirakl, a Divante partner.

[View the video](#) with Best Buy Canada to see how to move from a traditional online store to a marketplace.



The 20 largest online marketplaces globally





		Region Country	Product Category	Visit/ month	
6	Walmart.com	North America	General	286.2M	
7	JD Worldwide	Global	General	264.0M	
8	Tmall	East Asia	General	202.5M	
9	Shopee	Southeast Asia	General	195.4M	
10	Allegro	Europe	General	193.9M	
11	Flipkart	India	General	192.6M	
12	Etsy	Global	Arts	183.1M	
13	Lazada	South Asia	General	152.3M	
14	Tokopedia	South Asia	General	128.8M	
15	Yahoo.co.jp	East Asia	General	125.1M	
16	Best Buy	North America	Electronics	118.8M	
17	Yandex.Market	Russia	General	118.4M	
18	Target.com	North America	General	104.7M	
19	Americanas	South America	General	101.1M	
20	Wayfair	North America	Home	79.2M	



Expert comment



The global growth of marketplaces

Sascha Stockem, CEO & Founder of Nethansa

Marketplaces possess the lion's share of the global eCommerce market. Harnessing their potential can be found among the top strategic goals of companies operating on strong, well-saturated markets, like the USA, UK, or Germany, as well as in developing countries like Brazil or Mexico.

The potential of these platforms is not overlooked by Asian companies, which not only increase sales efforts on existing marketplaces but also work on developing new analog and technologically advanced ventures, adapted to local conditions. The golden age of marketplaces is far from over.

With the advancement of fin-tech and logistics, as making payments and receiving delivery becomes quicker and more convenient, the number of consumers choosing big platforms offering a unified and simplified experience will significantly increase.

On the other hand, there is a rising awareness of opportunities that global marketplaces provide to producers and resellers looking for a quick and lucrative way of entering new markets.



NETHANSA



in



What makes a good marketplace?

Tim Clayton, Senior Copywriter at Divante

What is our niche?

Essentially, the question could also be 'Who are our users?' If you look at the list of top 20 marketplaces worldwide, 17 sell products in all categories and each of them operates in massive global or regional markets.

The chance of taking on the big players is long gone. Even with all the VC backing in the world, no new marketplace will make a dent in Amazon's business. Therefore, if you are thinking about launching a traditional marketplace, you need to differentiate yourself by going for a smaller customer segment and carving out your niche:

- Build a general-purpose marketplace for one country or even one city
- Sell only one category of products, e.g. pet products, life insurance, golf supplies
- Find something unique, like a marketplace that only uses cryptocurrencies (which were highlighted as a 'game-changer' in our 2020 eCommerce Trends Report)

Marketplaces operate the same as any other business in this way. You shouldn't be too general, as the big players have already taken the majority of the business. However, you shouldn't be too niche either: you won't last long with a Bitcoin-only marketplace dedicated to selling golf supplies in Hull!

How do we solve the chicken-egg problem?

Once you have a marketplace up and running, the business model can be very profitable. However, all sectors have unique challenges and getting a marketplace off the ground is a big issue due to the so-called "chicken-egg problem".

1

2



Which comes first: the vendors or the buyers? How do you convince third-party vendors to join your platform when there is no established client base? But how do you get shoppers to browse and buy if nobody is selling on your platform? And, how do you get investors to come in with funds if you have neither vendors nor customers?

The answer is to build a fast, usable MVP that doesn't cost the earth and has just enough features to attract the first vendors. It becomes your proof of concept. You'll soon get an idea of if your business is attractive from the number of early users. You'll then be able to reinvest profits to create a more robust, feature-rich platform, and attract investors.

Of course, the easiest way around this is if you already have a customer base. The great majority of marketplaces today are created by established retailers who want to offer more choice to customers and introduce new revenue streams by taking a commission from third-party vendors selling on the new marketplace.

How can we turn first-time browsers into buyers?

3

User experience is everything in today's eCommerce. Sites need to be beautiful and intuitive. We live in a world in which nobody is going to read a 'how to buy' page. Users expect to find products in only a couple of clicks and to buy them without obstacles. Remember, every product you offer is available elsewhere and can be found with a five-second Google search. Your marketplace needs to be faster and more convenient than that!

- The more products you have, the easier it is for users to get lost. You need categories and products to be logically and neatly ordered
- Make sure you have a search feature that is visible and works fast, preferably with predictive text capabilities
- Ensure that users can purchase and organize delivery from multiple vendors in a single checkout, otherwise your marketplace has no advantage over users shopping in separate stores
- Design your marketplace to look and work equally brilliantly on mobile devices and desktops. 80% of store visits are now mobile and it will soon account for half of your sales

Employ UX experts to design your marketplace but accept that it is always a matter of trial and error. UX and UI can be constantly improved through A/B testing. Building with APIs allows you to create multiple versions of your site, which can be live at the same time, with slightly different elements such as button colors or CTAs.



If it can be a test, test it. If we can't test it, we probably don't do it.

Stuart Frisby of Booking.com, the marketplace that is famed for A/B testing

Modern analytics tools then let you test the performance of these competing versions of your site against one another and stick with the one that users like best (meaning, obviously, the one which leads to lower bounce rates and higher conversion).

This is an ongoing process. It may seem like an unnecessary expense or something to implement down the line, but it is actually cheaper than you imagine and is something that the best marketplaces implement from the very start to gain a competitive advantage.

What technology should we use?

When choosing your technology, the criteria you'll look for in a marketplace are much the same as for any other online business or digital transformation project:

- Build an MVP as fast as possible
- Make sure that load times are rapid and downtime is minimal
- Protect customer and partner data at all stages
- Move away from monolithic systems so you can easily add and improve features
- Build for mobile and desktop users equally from the very start

A marketplace is a complex system used by perhaps hundreds of third-party partners with catalogs including perhaps millions of product variants.

If successful, your marketplace also has to handle hundreds, even thousands, of orders at a time (the record was set by Alibaba in November 2019 at 12,000 orders per second!). Simply put, legacy monolithic architecture is not going to cut it in the long run. You need to be thinking about how to create a headless, microservices architecture which

4



Read how marketplaces like Amazon, eBay, and Etsy all use microservices architecture:

[Check out the full article](#)



also offers great mobile experiences through a PWA as more users go mobile. However, building all of these features from the start would be both time-consuming and overwhelming for your budget.

Most companies usually choose to change their existing eCommerce into a marketplace with established, compatible platforms like Magento and then slowly iterate and add new features and capabilities after they have created a working and useful PoC.

What level of customer service do we need to deliver?

Your marketplace needs to offer the same or better customer service than any other online or brick-and-mortar store. That means that questions need to be answered, returns and refunds need to be easy for customers, and it all has to be done in a timely manner. However, marketplaces face a specific challenge that normal online eCommerce stores do not encounter.

End customers are usually buying from third-party vendors who are responsible for the quality of the goods they deliver (and often for the delivery itself if you are not warehousing third-party products). Therefore, as the marketplace owner, you may have no part in the transaction... but if a customer has a negative experience, they will associate it with your marketplace and tell others.

In order to make sure that you provide the level of service customers expect, there are three things you need to do:

- **Be transparent.** Make it clear to customers if they are buying directly from you or from a third party, and who is responsible for customer care in each case.
- **Be available.** Make sure that customers have direct access to third-party vendors, so they can answer specific questions. However, you should also have an in-house customer service team that knows as much about all your vendors and products as possible. Nobody should ever call and be told "We don't know anything about it, they just sell on our site."
- **Keep up standards.** Whenever possible, carry out due diligence on vendors and their products before you let them join your marketplace. Make sure that the goods offered are of the same quality as your own products. Let customers rate third-party vendors and then use that information. If a vendor falls below a certain rating, you need to discuss their performance, give them a warning, and remove them from your partners if they don't improve.

5



Popular marketplaces in European countries

Although not a comprehensive list, the number of local marketplaces that have a significant market share shows that there is always room for new, robust shopping platforms beyond Amazon and eBay.

Austria

[Universal.at](#)

Bulgaria

[Alo.bg](#)

Czechia

[Heureka.cz](#)

Denmark

[Bilka.dk](#)

France

[Vente-privee.fr](#)
[Spartoo.fr](#)
[Fnac.fr](#)

Germany

[Otto.de](#)
[AboutYou.de](#)
[Klingel.de](#)
[Wenz.de](#)
[Englehorn.de](#)

Holland

[Marketplaats.nl](#)
[Wehkamp.nl](#)
[bol.com/nl](#)

Hungary

[Jofogas.hu](#)

Italy

[Privalia.it](#)

Norway

[Miinto.no](#)
[Komplett.no](#)
[Finn.no](#)

Portugal

[Coisas.pt](#)

Poland

[Ceneo.pl](#)
[Allegro.pl](#)

Russia

[Lamoda.ru](#)
[Market.yandex.ru](#)
[Avito.ru](#)

Sweden

[Fyndiq.se](#)
[Coolshop.se](#)
[Tradera.se](#)

U.K.

[LaRedoute.co.uk](#)
[Asos.co.uk](#)
[OnBuy.co.uk](#)



Marketplaces are growing in popularity the world over, in terms of adoption and sales volume. It's not just Amazon in the US, but eBay in Australia, BOL in the Netherlands, Alibaba in China, and many local operators who are carving out an increasingly significant share of retail spending.

Kiri Masters, founder at Bobsled Marketing



Expert comment



The advantages of a third-party logistics model

Jake Rheude, Vice President of Marketing at Red Stag Fulfillment

Third-party logistics companies (3PLs) help businesses with inbound and outbound shipments, manage their warehouses, and can even put products together for packages or subscription boxes. The 3PL has its own facility and leases space to you based on your product volume.

They're among the most common logistics outsourcing partners because 3PLs make it easy to control and predict costs while ensuring that orders you send to customers are accurate and arrive on-time, backed by a guarantee.





Expert comment

For business such as online marketplaces, one of the biggest advantages is that you get the expertise of a professional warehouse team without needing to learn the industry and hire your own staff.

3PLs also negotiate cheaper shipping rates with carriers based on the shipping volume of all clients and give marketplace owners access to that rate, which is a hugely important purchase trigger for marketplace users.

Marketplaces also suffer from having huge stock inventories but—especially at the beginning—may not have enough cash flow to expand significantly. A 3PL model can be the right step to support growth without becoming cost prohibitive.

What's most important is finding a 3PL whose business model fits yours. They're partners who should make it easy to continue your operations and work with manufacturers of your products.

Ask about software requirements and integrations, how they report, and what guarantees they make for inventory and order accuracy. Our particular efforts at Red Stag Fulfillment are designed to minimize the stress that eCommerce companies encounter while running their business.

We eliminate hidden fees and compensate customers when we make a mistake. Whatever 3PL you choose should do the same.





5 statistics about marketplaces

*In the UK, **31%** of industry experts surveyed plan to build a marketplace, making it the most common eCommerce investment of 2020*

*On 11 November 2019, the Chinese platform Alibaba completed over **12,000** orders per second*

***50%** of households in America are Amazon Prime subscribers*

***54%** of products sold on Amazon are offered by third-party sellers*

*In 2018, more than **50%** of eCommerce sales globally were made through marketplaces*

Source: [eCommerce trends report](#)





Expert comment



Supply-side: Marketplace retailer concerns

Stuart McClure, founder and CMO at [LovetheSales.com](https://www.lovetheSales.com)

During my time building LovetheSales.com, I've noticed a recurring theme throughout the conversations I have had with retailers wishing to clear their excess inventory through our marketplace. I would see these retailers as one of many customers, whereas they would see us as one singular solution that should have all its focus and attention on their business.

We do everything we can for our customers; however, it is impossible to do everything for everyone, especially as your client numbers grow. Our clients' singular focus on their businesses is to be applauded. But the challenge remains: how to give them everything they need without eating up all of our time?





Expert comment

The answer is technology. Give them what they need in an intuitive, easily consumable way. Before that though, it is important to consider what your customer cares about and why. Here are four considerations that I believe are at the root of all seller anxiety.

Brand identity

Small brands hold their brand identity dear. They want to ensure that they are in a place worthy of their brand, and that the love they have for it will be emulated accordingly. They want to know you care for it as much as they do and that you'll do all you can to nurture it.

Solve this by having a clear set of principles that shine through all of your communications with them, and ensure you nurture a community that represents that care. Use other retailers as advocates.

Product visibility

Sellers want to know that all their efforts to advertise on your marketplace will be rewarded with activity. It can be difficult for them to see the underlying tech you use to ensure products are shown to the best buyers. Having a clear explanation of this during onboarding is very important.

At LovetheSales.com we have millions of SKU's. We use proprietary AI to analyze products and suggest them to the shoppers who are most likely to purchase. However, the retailers themselves don't see that. Our onboarding team makes this, and other things, abundantly clear so that it eases concerns.

Getting money

Sellers will see your marketplace as a potential influx of sales. But how will they get their money? And will it be safe until they do? This can be a major tension point. We hold our sellers' funds in escrow, with a globally secure third-party; this helps sellers feel at ease as the money never touches our account. We also give them a choice of payout options which helps them to feel in control of their cash flow.



Expert comment



Sales volume

Finally, what have they actually sold? A marketplace can often be a much-needed lifeline (especially with smaller companies), so getting a minute-by-minute account of sales can be a desperate need for some of your sellers. Giving access to an intuitive dashboard that's as near to real-time as possible will pay dividends in this area.

The four points listed above are a great place to start when thinking about how to give sellers access to the things they see as paramount to their business, whilst freeing you or your account team up to focus on bigger picture items in your company.

Sellers are the lifeblood of your marketplace, and so ensuring their needs are met is of paramount importance. My comments above are very much high level, but the technology and product work involved to make these solutions is just as important as the consumer side of the business. Your solutions can become more complex and/or impressive over time, but getting the basics in place from the outset is the beginning of success.





7 great online marketplace features you can copy

[Kaja Grzybowska, Senior Copywriter at Vue Storefront](#)

Marketplaces are now the go-to place for most people shopping online. Whether it is Amazon, Alibaba, or Zalando, marketplaces are deeply ingrained in buyers' minds and have a huge influence on online habits.

Amazon's 1 T USD valuation makes it a genuine threat to even Google. Alibaba is also so powerful that it is probably the only Asian entity that has been able to burst the western bubble and convince European users to ship items all the way from the Far East.

Zalando may not be a challenger to these two but the store that started selling flip flops online is now the leading marketplace for clothing and it is not an exaggeration to say that it effectively introduced fashion to the online channel.

If you are building a marketplace, it is impossible to take on these behemoths and win. However, you can take inspiration from the customer service they provide. If you have your unique selling point and are prepared to start small and patiently carve out a niche, then you can build a successful business. When you do so, here are some must-have marketplace features that are reasonably easy to implement and will benefit owners, merchants, and end customers.





Great features for replication or inspiration

Social proof

Let's start with Amazon, which really nails its UX. There are a lot of impressive features; some, such as drone delivery, are not easy to replicate, but there are others that any smaller eCommerce businesses can implement. Social proof is one such feature.

Amazon has tons of user reviews on products, not because they are particularly fun to read but because they strongly influence purchase decisions. Users go to Amazon with a strong intention to make a purchase and are often just looking for the right merchant to fulfill their order. However, the buying journey is still a long way from complete at that point because many users need help to dispel any doubts they may have about unknown merchants.

Customer reviews

★★★★★ 5 out of 5

34 customer ratings



[How does Amazon calculate star ratings?](#)

On Amazon, the importance and sheer volume of customer reviews (especially as Amazon encourages users to leave their opinions by rewarding them with special badges and rewards) actually leads to a counter-issue with trustworthiness.

1



The benefits of social proof

For marketplace owners:

Check if merchants and the goods or services they provide are up to the standard you expect in your marketplace. Monitor merchants and take action if the rating from customers falls below a certain level.

For merchants: Customers buy from people they can trust. Every good review is gold for online stores.

For customers: Customers trust the opinions of other buyers more than anything else. Social proof is a key element of the purchase decision.



Merchants rely so much on good reviews that many begin to look like they are made by bots. In fact, [Marketing Land](#) quotes a study that found that 61% of electronics reviews on Amazon could be classed as 'fake'.

If you start your own smaller marketplace, you need a social proof section but should also take advantage of your smaller size and the fact that you have less to deal with than Amazon. Make sure that reviews are useful and trustworthy. You can also try to duplicate the model of rewarding clients for getting engaged and leaving their feedback.

One-click buying

Once they have selected a product and have positive social proof, users usually have no second thoughts about buying... and yet so many eCommerce sites give them an opportunity to back out of the deal by taking them through a three- or four-step checkout process. Amazon now does it differently and has introduced 1-click ordering for return customers.

The marketplace has introduced a "Buy Now" button that enables users to make impulse purchases the way one might buy a candy bar in a convenience store. It has been questioned by some as a slightly sinister move which removes any obstacles to unrestrained consumerism.

But should online purchases be held to a different standard than those in brick-and-mortar stores? The trend is always to remove obstacles that get in the users' way, shortening the path from intention to purchase, and reducing the number of abandoned carts.

2



The benefits of one-click buying

For marketplace owners: Everything about a marketplace should be driven towards higher conversion, lower bounce rates, and frictionless customer journeys.

For merchants: Abandoned carts are the ultimate lost opportunity for merchants. They have a buyer with a strong intention to purchase a product that the merchant is offering, but the long checkout process stifles the sale. 'One-click buy' largely solves this problem.

For customers: Buyers are looking for comfortable experiences. As long as a system is safe and their data is protected, they will always choose the path of least resistance.



When you place your first order and enter a payment method and shipping address, 1-Click ordering is automatically enabled.

Amazon

Exceptional search and layout

With potentially millions of products in the catalog, a marketplace thrives on its ability to give users what they want without making them dive into an ocean of vaguely similar items.

The search bar is the ultimate shop assistant. It should be immediately visible and have all the answers. Implement a search engine that will auto-complete sentences, filter results, and guide visitors in their shopping.

Whether the user has a specific product in mind or wants to just browse around through some category, search usability is crucial.

Sites like Pinterest are exploring the promising areas of voice and visual search.

These have the potential to change the future of eCommerce and are certainly worth a closer look, especially for marketplaces that attract younger users who are starting to favor more visually-driven shopping websites.

However, all marketplaces should still start with the basics: delivering a simple and intuitive layout that makes products easy to find and a having fully functional text-based search engine.

3



The benefits of a good search engine

For marketplace owners:

Merchants have a choice of marketplaces. They will sell on the one that makes their products easiest to find and buy, meaning the one with the best user interface.

For merchants: Visible and findable products lead to a higher volume of sales.

For customers: Speed is the number one factor for customers. Every second counts. Sites need to work lightning fast and product searches should be near-instantaneous.



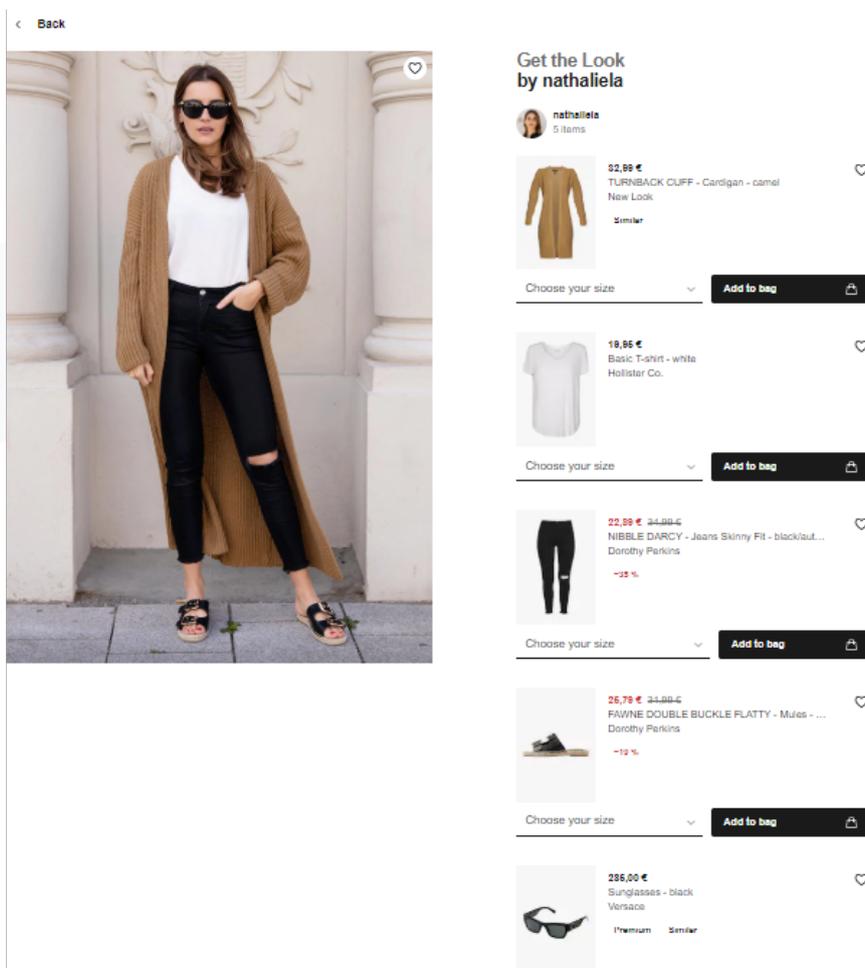
Influence and inspiration

Finding clothes may be faster and easier for customers than ever before but the purchase decision is not as simple as it was a decade ago. There is now an aspirational aspect to fashion where buyers want to express themselves, make statements, and—let’s be honest—be seen on social media. Zalando and AboutYou take advantage of this perfectly. They play with social media, putting Instagram influencers in store to guide users through the goods in stock.



I play a part in making Zalando more than just a store, but a place where customers get inspired about expressing themselves through their fashion choices.

Gabriel Lovato, Visual Designer at Zalando



Zalando



Outfit von Debi Flügge



PROSBOX
139,00 EUR 109,00 EUR

DOCKERS BY GERLI
ab 65,70 EUR

AboutYou

Both of these marketplaces convince users that they sell something more than clothes; it's about the look and feel, as well as the cultural significance.

And it works! Not just because of the aspirational element but because end customers also gain real value from seeing the piece of clothing they are interested in presented as an element of an entire outfit before they click "Add to cart".

Using social media such as Instagram or Pinterest—especially in the beauty and fashion industry—is a big win for even the smallest marketplaces.

The benefits of influencers

For marketplace owners: Social influencers are perhaps the strongest endorsement in the online world. Validation from popular influencers is a huge credibility boost for a new marketplace.

For merchants: Whether it is fashion, sporting goods, DIY equipment, or any other product, the boost offered by influencers is similarly powerful for merchants.

For customers: Influencers let customers know that they are on trend, as well as showing how brilliantly products look and work in real life.





Personal recommendations

Personalized experiences are now an absolute must for online businesses. There is a thin line between being helpful to customers and being somewhat over-familiar or even creepy.

The eCommerce industry has solved this problem by delivering a “login” option to users, which allows the system to save data and enhance future experiences.

This step can't be obligatory, as it lengthens the user's path, but it shouldn't be missed if at all possible. There are many subtle ways to use data and make personal recommendations which, in the best-case scenario, develop or deepen customer loyalty.



Ways of making effective recommendations to customers

- Wishlists created by customers save products that they love and want to buy in future
- Goods that fit the customer's profile can be prominently displayed on the front page based on previous browsing and purchase history
- Items from abandoned carts can be displayed to users as reminders of what they previously planned to buy (so-called 'remarketing')
- AI algorithms can create a “Recommended for you” section based on what customers previously bought or liked (in fashion marketplaces, for example, the algorithm can use the brand, style, color or size tags to suggest what other clothes may be of interest)
- An “Other users also bought” section can suggest items that other shoppers regularly paired with the product the customer is interested in

Data is the fuel in the engine of any online business. To attract merchants to a marketplace, you need to show that you are going to be offering a continually improved and calibrated service that will consistently enhance customer experience and increase conversion rates. Recommendations are one sure-fire way of achieving that aim.



Fast and reliable delivery

6

According to the Stuart report, in 2016, 72% of consumers were willing to spend more if the goods are delivered on the day of purchase. Same-day delivery was first offered as an option by Amazon but Alibaba quickly followed in its footsteps. It is something that blurs the line between offline and online shopping experience and makes the latter more accessible and pleasant.

Amazon offers its same-day delivery option only to Prime members (without a Prime membership it is available for \$9.98 per item). Zalando also offers faster delivery (there is no same-day option) as a payable extra. Both models suggest that it is a non-standard option.

If you are a smaller merchant or marketplace owner, the more specific delivery times you provide, the better the customer experience. Typically, the “last mile” was the most vulnerable part of the experience clients had with eCommerce and store or marketplace owners had very little control of it, as it was in the hands of the courier companies. This is now changing for the better. Delivery is becoming more and more reliable, along with the ability for customers to choose a very specific date or place of delivery... though it often comes at a price as it is a paid extra.



The benefits of same-day delivery

For marketplace owners: Simply put, you cannot be competitive if other marketplaces can get the goods to customers faster and more reliably. No marketplace can win without winning “the last mile”.

For merchants: Delivery is a key factor in the purchase decision.

For customers: Waiting days for a courier who turns up when he chooses is no longer necessary. The online shopping experience starts to mirror the speed of in-store purchasing.

Friendly returns policy

7

Online shopping took time to win the trust of customers and returns were the most significant issue. Many potential buyers were put off by the difficulty of returning products, especially as many eCommerce sites had different policies—something that does not mirror in-store experiences where returns are generally the same and feel familiar.



These trust issues are now fading thanks to more consumer-centric laws and also thanks to the internal policies of marketplaces. For example, eBay introduced a “Money Back Guarantee” that applies to everything on its site. This means that, regardless of the merchant’s individual policy, a customer can get a replacement product or a full refund if a product isn’t as described in the listing or it isn’t received within 7 days of the specified delivery timeframe.

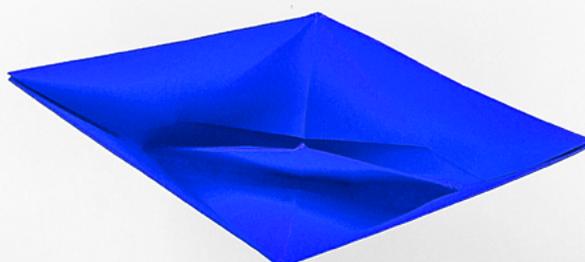
Zalando also extended the standard time for the return of goods from 14 to 100 days, which definitely helped break users’ resistance to buying clothes online. Such actions raise the bar for others and make all marketplaces work better.

The key to a good returns policy is total transparency and clarity. In brick-and-mortar stores, everything is clear and simple; conversely, return processes can be handled in very different ways from one online store to another. Marketplace owners need to understand that the ease of returning faulty products or getting refunds is actually a key part of the purchase decision.



How to make your returns policy a positive element of the purchase decision

- Make sure that all merchants understand and adhere to your policy
- Provide reusable boxes and free shipping for returns
- Treat your returns policy as a way to win against the competition. See where you can innovate and excel
- Display the information on the main page in a prominent place. It’s one of the top five decision triggers for customers, so don’t bury your returns policy in the footer of your website





A step-by-step guide to building a B2B online marketplace

Tomasz Widliński, B2B Marketplace Expert at Divante

- Building a B2B marketplace can be a two-year process. This may seem a long time but it is quite rapid for a fundamental change that will bring long-term profitability.
- Breaking the larger project into four separate steps makes it easier to achieve success.
- A radical change to business processes will meet some internal and external resistance from stakeholders, but educating people to the opportunities at hand will help get everyone on board.

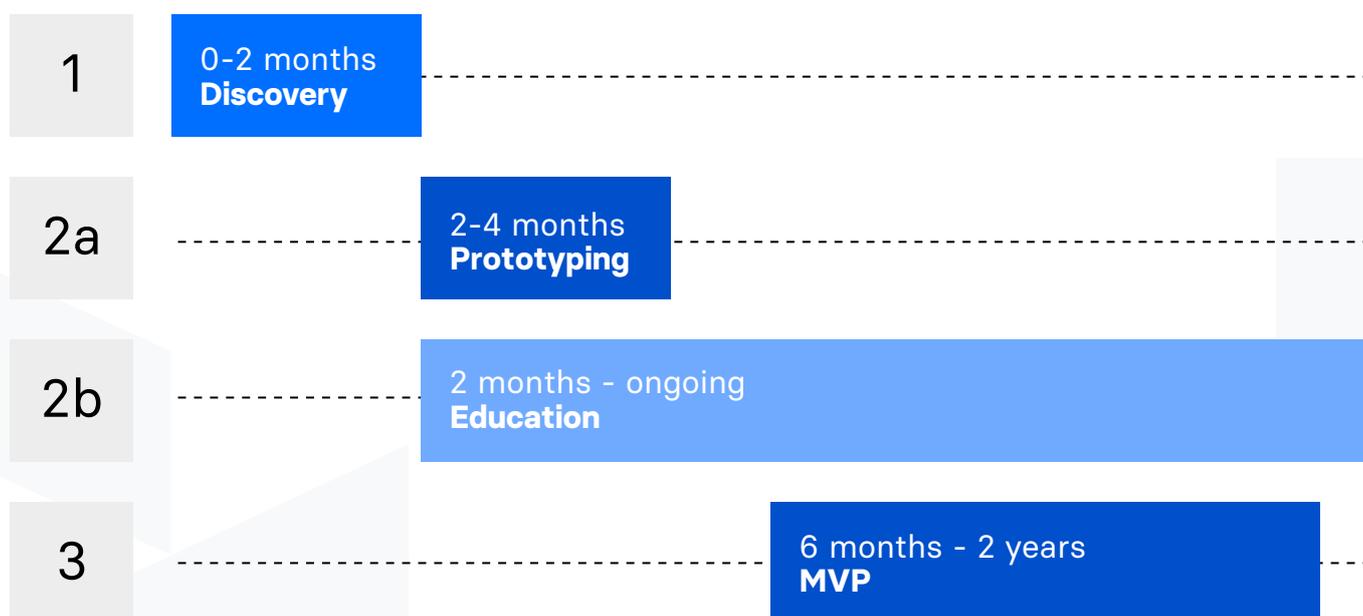
The B2B marketplace is an obvious opportunity for digital transformation of traditional business models. It creates a unified system that is used by producers, distributors, and end customers and makes processes easier at all stages. It is a huge value-add to even established businesses but building a B2B marketplace is a long-term commitment of time, money, and resources. The project can require two years of budget if it is to be a success.

It seems complex and perhaps even overwhelming, which may put people off. However, if you break it down into smaller actionable tasks, it is much easier to achieve. This article will show you how to take on a large B2B marketplace project in manageable phases in order to achieve success and truly transform your business.





The typical phases of B2B marketplace implementation



Phase 1 | Discovery | 0 to 2 months

Background:

Like any IT project, it starts with understanding user needs and a thorough analysis of the industry. In B2B industries, one typical challenge is that distributors often work with legacy technology such as Excel sheets and make offers to clients in telephone calls, in face-to-face meetings, by email, or even by fax.

These methods are proven to work but have serious drawbacks. Distributors and stores both have no immediate access to current stock levels, dynamically changing prices or short-term special offers.

1



Workshops and interviews:

Reach out to distributors and stores to find out how the system works right now and what features they would use in an online platform. Do they want the current flow to be replicated 1:1 in an online version or are there some key elements that need to be the same but others that can be improved?

Challenges:

The stores that sell your products may be extremely different. When building a B2B marketplace for a national producer of alcoholic and non-alcoholic beverages, we had to bear in mind that some stores that sell the products are national chains with existing stock management systems and modern IT infrastructure, while other sellers are tiny one-man convenience stores with no computer system at all. Their reactions to a universal digital system will be very different.

Larger stores may also require multi-level accounts because front-line workers who can input orders into the system but don't have authority to process them, as purchases need to be approved by a supervisor.

Don't just survey one type of end user or distributor; gain a wider understanding because the marketplace will need to serve everyone in the chain equally but also take special requirements into account.

Outcomes:

At the end of the discovery phase, you should have a list of features which need to be in the MVP, those which should be added in later iterations, and those which users suggested would not be useful. This last group is important as it stops you from getting over-ambitious. The marketplace should be simple, intuitive, and useful. Anything more creates a bloated system and also costs time and money. You can use the MoSCoW method at this phase of the project, listing technology and features as must have, should have, could have, and won't have.

Phase 2a | Prototype | 2nd to 4th month

2a

Aim:

You should understand the main concept after the Discovery phase but you will no doubt need to make changes and react to user feedback as the marketplace evolves. The best way to get this process started is to deliver a quick prototype and get people using it. Build a simple interface, get it up and running, and ask your sample target group which features work and which don't.



Obstacles:

Remember that you are not asking people to convert from an existing system; you are encouraging them to sign up to an entirely new piece of technology that has minimal features and is far from perfect.

Many people in B2B industries are not open to changing old habits anyway, so getting them to test a prototype can be tough. However, you need to find a way to get beta users signed up so you can hear their opinions; you can then make improvements to the first concept and deliver a great MVP for wider release.

Early adopter benefits:

Find the people from among your distributors and end users who are tech-minded and show them the advantage of being beta users. Explain that they will have a better handle on the new platform than competitors and will therefore gain an advantage from being early adopters. You might also consider paying or rewarding people for being beta users.

Phase 2b | Education | 2nd month onward

2b

Forewarning:

You need to let everyone know that change is coming. As soon as Discovery is finished and you know that you are only a couple of months away from launching the skeleton version of the platform, you need to build awareness. This PR effort takes place parallel to the development process.

Changes and opportunities for sales:

The most resistance to a B2B marketplace often comes from intermediaries. Sales Representatives have won the trust of specific customers from whom they earn commission and make a steady living.

In fact, the comfort of these relationships often stunts growth in a company as Sales Reps are not forced to look for additional clients. Reps are naturally adverse to these clients placing orders through a digital marketplace that cuts them out of the established chain. It is important to educate your Sales Teams about how the future might look and clearly show how the marketplace can empower them and bring greater success than before.

You need to show how they will have new opportunities and new revenue opportunities when the digital transformation occurs.



Activities:

Publish your first educational materials with the prototype, about two months before the wider launch of the official MVP.

- **Create a USP:** Let end customers know that they can place orders at any time, not just when the Sales Team is in the office to take calls.
- **Create a video and other materials:** Don't just tell people about the system, show them how easy it is to use and what it can do.
- **Show the features:** Explain what benefits each feature brings to end customers; for example, they can see the best offers from a number of suppliers on a single screen and save time and money when placing orders.
- **Create trust:** Explain how a marketplace creates a more transparent network for everyone involved. Each buyer and distributor can see what others have to offer and prices are out in the open.

Phase 3 | MVP | 6th month to 2 years

3

Launch:

The Discovery phase lasts around two months. By the end of the fourth month, you should have a Prototype ready for beta users to test. After feedback and improvement, you should be ready for the general release of the MVP at the 6-month mark. Be realistic; don't expect everyone to change behavior and convert to the system in the first few weeks. It has taken some businesses for whom we have built marketplaces up to two years to fully digitalize all internal salespeople and external end-users.

Retraining

The aim for most B2B producers building a marketplace is not to replace the sales staff with technology. It is to reinvigorate and restructure the sales network. And, remember, not all sales will be digitized. The aim of the marketplace is generally an 80-20 split. You want all the small orders to go through the system, but large distributors or end customers who are placing massive orders will still want to speak to a sales agent about special discounts and to make sure that stock and delivery will not be an issue.

The Sales Reps who dealt with the 80% of orders that are being digitized will need to be retrained. Their job is no longer to serve the same people on a daily basis; it is to go out and find new customers and expand the reach of the business.



Phase 4 | Calibration | 2 years onwards

4

Data:

Once your marketplace is complete and you have all the features installed and all stakeholders on board, you can leverage data analytics tools to see where there are bottlenecks, which features are performing best, and how you can evolve and improve the system. Technology moves fast and new capabilities are emerging all the time. Keep pace with the changes.

Revenue:

Your marketplace will cut the cost of infrastructure, travel, and technology, as well as saving time and effort at all touchpoints. However, you can also monetize the interface with:

- Paid advertisements placed by distributors on the platform to attract end users to their specific offers
- Positioning of offers. With numerous distributors on the platform, paying for positioning helps offers stand out from the crowd

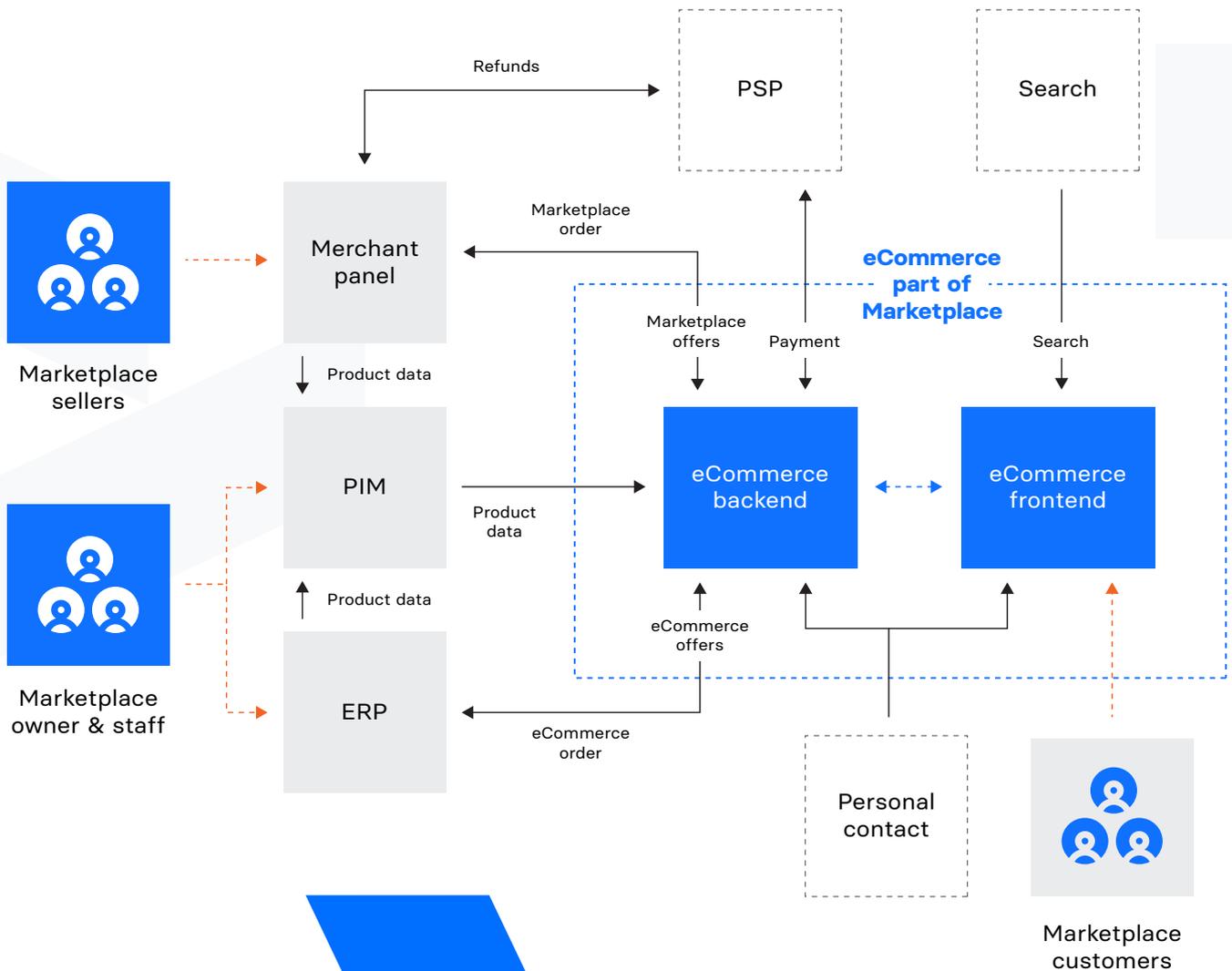
Budget and ROI

A marketplace has the capability to completely transform hugely complex sales processes that have been in place for decades, and can actually start doing so within 6 months of conception and be fully formed within 2 years. Make sure to build in iterations so that only the most important features are in the MVP. Your budget should be spread over time.

The ROI is not always fast. A new marketplace is a fundamental change to the business which requires considerable expense but it will pay off in time and then continue to make more money for business.



How the technology in an online marketplace fits together





Technologies that are under the hood of a marketplace and what we recommend

Marek Borzęcki, B2B Marketplace Expert at Divante

We've made a checklist for technical teams and CTOs about everything that is under the hood of an online marketplace and which technologies we recommend. Of course, there are other great solutions out there but we have chosen a couple in each category that we enjoy working with and which have helped us build marketplaces for global players.

Essential elements of a marketplace | Merchant's panel

What is it?

This is important for marketplace sellers (distributors, manufacturers, and pure players). It is the administration panel that allows merchants to:

- Manage their profile (name, description, and policies)
- Manage products (manually, by import or by API). One great advantage here is the possibility to map attribute data between the merchant's system and the marketplace system
- Manage offers (add prices, promotions, and adjust stock levels)
- Manage shipping details
- Fulfill orders (add tracking numbers, invoices, and so on)
- Manage return and refunds
- Manage communication with end clients, answering questions about products and orders and handling complaints)



What do we recommend?

The key to a good merchant's panel is a balance of simplicity and rich features. If you are missing any of the above elements, then at least one critical part of the marketplace will fail. It needs to be feature-rich but intuitive. We cannot assume that marketplace administrators are technical experts, so the interface should require no coding skill. Check out the following software, which we recommend:

- [Mirakl](#)
- [Izberg](#)

Essential elements of a marketplace | eCommerce

What is it?

The products and services on offer need to be visible to end customers somewhere. This is the eCommerce section and it should have the following aspects:

- It should clearly show which products are sold by which merchant to give end customers transparent information before they make a purchase
- End customers should be able to find and compare all similar products by price, ranking, shipping methods, additions to the product, and other filters
- Information should be available on all merchants such as rating, customer opinions, shipping methods on offer, and cost
- End customers should be able to communicate with merchants directly to ask questions, place orders, and make complaints
- Shopping carts should be able to handle products from multiple merchants
- Customers must be able to make only one payment, even if the goods they choose come from a number of merchants
- Product returns should be possible both to the marketplace and to a specific merchant

It's a real advantage if the eCommerce has a ready-to-use connector which will allow it to be linked to the Merchant's Panel. You save yourself a lot of time and resources and end up with less ongoing maintenance. For example, Magento has a [module to integrate with Mirakl](#) which makes them a good pairing.



What do we recommend?

Most importantly, we recommend dividing the eCommerce part of your marketplace into distributed architecture, separating the frontend from the backend. This will allow for more technological flexibility and scalability.

- Frontend recommendation
 1. [Vue Storefront](#)
- Backend recommendations
 1. [Magento](#)
 2. [Shopware 6](#)

Essential elements of a marketplace | Payment system

What is it?

You need something that allows users and merchants to make transactions through your marketplace. Payment Service Providers (PSP) are third-party companies that specialize in payment infrastructure.

However, you need to remember that you need a PSP that offers specific marketplace features. Some of these features are crucial when selling on particular markets while others are optional.

Some PSPs, like HiPay, have some ready-to-use marketplace processes inside, while others contain a marketplace payment structure but expect you to take care of processes such as calculating commission yourself, outside of the PSP.

What do we recommend?

Choose specially-designed PSP software that allows you to map marketplaces in the area of business. Check that it has a level of fees that is acceptable for your business, as the cost of solutions can vary. And look for ready-to-use plug-ins for your selected architecture. We recommend:

- [HiPay](#)
- [PayU](#)
- [This useful list of other options](#)



Marketplace elements for growth | PIM

What is it?

A good marketplace thrives on consistency. Allowing individual sellers to create their own content in the Merchant's Panel can lead to problems with content quality and consistency. PIM (Product Information Management) systems allow marketplace owners to take more control of these issues and build a more unified marketplace. PIM systems should cover specific marketplace issues:

- Collecting product data from many sources such as both the Merchants Panel and the marketplace owners own ERP. This is made easier if the PIM has a ready-build connector to the Merchant's Panel, such as the [link between Mirakl and Akeneo](#)
- Merging several instances of the same product offered by different merchants into offer that is displayed on the frontend, thus simplifying both content creation for PIM users and end user experiences
- Taking care of product content consistency
- Checking product quality and correcting if necessary
- Offering distribution to multiple channels as the PIM has to have the opportunity to integrate with the marketplace frontend (eCommerce). A ready to use module is an additional advantage

What do we recommend?

It depends on how fast you want to get started and what you want to achieve but, for us, there are two clear leaders when looking at PIM systems for your marketplace:

- [Akeneo](#)
- [Pimcore](#)

Marketplace elements for growth | Search

What is it?

The bigger the inventory gets, the more important it is to make products easy to find. The search bar is the sales assistant for browsing shoppers and should allow them to find anything in the product range within seconds. In a marketplace, search should:



- Give customers the ability to find products from many merchants
- Clearly highlight which products are sold by which merchant to give end customers transparent information
- Show the best offers on similar products offered by multiple merchants
- Offer the ability to filter by merchants
- Allow for the filtering of products by advanced issues such as merchant rating and delivery time

What do we recommend?

Your search has only one core functionality but it is one of the most critical user experience elements of your marketplace. Modern customers expect to find products lightning fast, so choose carefully. We recommend:

- A marketplace frontend search based on a native [Elasticsearch](#) engine, when your eCommerce part allows for that and you would like to customize the search feature to your needs.
- SaaS solutions for search, navigation, merchandising, and personalization such as [Algolia](#), [Constructor](#), and [FACT-finder](#), all of which are good when you are looking for proven, ready-to-use solutions.

Marketplace elements for growth | Personal contact

What is it?

End users often don't feel the reality of marketplaces; in fact, at times they don't even know that they are on a marketplace website. If they do know, it can feel impersonal in comparison to a normal eCommerce site. Marketplaces need to find ways to create personalized experiences across touchpoints:

- Finding products (per specific seller, price, promotion)
- Making an order
- Updating an order (adding or removing products, changing shipping address, etc.)
- Informing about order status
- Dealing with returns



- Acting as an intermediary in issues between sellers and clients

What do we recommend?

Transparency and reachability are essential. Make sure that customers have easy ways to contact both the main marketplace owner and individual merchants through:

- A dedicated call center
- Live chat on the website, using tools like [LiveChat](#) or [Freshchat](#)
- A [Sales Meeting Hub](#). Especially in B2B marketplaces, the role of Sales Reps is still key but we need solutions to allow for remote sales straight from the catalog

Nice-to-have marketplace elements | Product feeds

What is it?

A Product Feed generator gives you the possibility to take the reach of your marketplace even further by sharing it on external sites such as Amazon, Google Shop, and Facebook. It should let you share your own products, as the marketplace owner, and also those of the third-party vendors, and should be able to choose and display the best from a group of competing, similar products.

What do we recommend?

You can use a dedicated SaaS solution or a native module if the marketplace frontend has that option available:

- Separate SaaS solution: [Channable](#)
- If you use Magento, check [the native module for generating feeds](#)

Nice-to-have marketplace elements | Headless CMS

What is it?

A headless CMS is a non-essential feature but one that can improve the consistency of your marketplace and the customer experience by allowing you to dynamically



take care of CMS pages, FAQs, help pages, banners, product sliders, and so on. Headless CMS is especially important for separated frontend architecture and for architecture where you would like to maintain consistent CMS across multiple sales channels (e.g. for a separate Mobile App)

What do we recommend?

Some of the more robust platforms, such as a [Magento](#), [have their own modules](#) to handle CMS. However, we can also recommend some really strong headless solutions:

- [Prismic](#)
- [Story Blocks](#)
- [Contentstack](#)
- [Contentful](#)

Nice-to-have marketplace elements | Marketing

What is it?

Although you have people browsing your marketplace, you can still use marketing activities such as notifications to improve conversion rates and promote special offers. Once you have customers on board, your task is to turn them into repeat buyers who are loyal to your platform. This can be done, for example, through direct messaging via SMS or email.

What do we recommend?

Marketing software is a useful tool to increase the volume and frequency of purchases. Among some great SaaS solutions on the market, we recommend the following software:

- [SALESmanago](#)
- [Synerise](#)



Expert comment



Building loyalty in a marketplace

Cezary Olejarczyk, CEO at Open Loyalty

Loyalty programs are not yet a fully developed part of most eCommerce marketplaces but they are the last part of the puzzle in a competitive market. Customers are loyal to brands, so being tied to a marketplace with only third-party vendors is not an intuitive step.

Large players are addressing the loyalty issue by creating paid tiers—such as Amazon Prime or Allegro Smart—which offer additional benefits like faster or free delivery to members. It's not so much a loyalty program as it is a quid pro quo transaction, even if it does lead to greater retention and customer lifetime value.

However, when we look at other types of marketplace—such as major brands which are extending their own eCommerce by inviting other vendors to sell through their established channel—the traditional loyalty program is a great driver.





Expert comment

Firstly, it can help attract vendors to sell on your marketplace by showing that you have a loyal and active client base. You can also use your loyalty scheme to promote products for new vendors, bringing them into the system with a strong start and familiarizing customers with their offering.

Secondly, you can use your loyalty program to let customers know that they can trust new vendors and the expansion of the business. Users are often skeptical. Your loyalty program is an established bond of trust between the main brand and customers which can be leveraged to ease the transition from being an online store to an online marketplace.

And the most obvious advantage for customers is that they have an expanded range of products on offer and the loyalty program gives them a better deal.





Key takeaways

If you only take a few things away from this ebook, here are the key points to remember:

- *There is not one type of marketplace. They can take many forms.*
- *The most common new marketplaces are: smaller local sites for multiple vendors; businesses expanding their existing B2C eCommerce site to include third-party sellers; and B2B marketplaces that bring together producers, distributors, and vendors.*
- *The eCommerce, merchant's panel, and payment portal are the absolutely essential features, followed by search and PIM.*
- *When building a B2C marketplace, get to an MVP fast and without spending a massive budget. Use it to test the enthusiasm of vendors and end customers.*
- *A B2B marketplace also needs a fast MVP but you need to set aside up to 2 years to get the whole complex ecosystem built.*
- *In the end, your marketplace will be judged the same as any other online or offline store. The key factors will be price, convenience, delivery times, and customer experience.*



Case studies

- The biggest electro-technical goods distributor in Europe. 25 years on the market and over 170,000 products in warehouses. TIM had no online sales channel so building a B2B marketplace was a total digital transformation of a traditional business model.



Online sales went from 0% to **78%** of the business in **5 years**

Read the full case study: divante.com/case-studies/tim

- MStore is an FMCG platform that moves brick-and-mortar commerce between retailers and wholesalers into the eCommerce world. Distributors can manage their offers and orders directly from the platform or connect their systems via API.



A Marketplace that can handle **20,000** distributors and **50,000** retailers.

Read the full case study: divante.com/case-studies

- A marketplace developed to help the business break onto the Asian market. An easy-to-use tool to expose, promote, and sell products worldwide which serves current and future OEX contractors with the possibility to place various orders electronically.



Developing a global platform in under **2 years.**

Read the full case study: divante.com/case-studies/oex24



About the contributors

Sascha Stockem

[CEO & Founder of Nethansa](#) a dynamically growing startup offering sales-increasing services on Amazon. It facilitates the process of entering foreign markets via Amazon as well as manages all sales and marketing operations on the marketplace.



Jake Rheude

[Vice President of Marketing for Red Stag Fulfillment](#), an order fulfillment company for online retailers and ecommerce businesses specializing in heavy and large products. Jake's goal is to show companies how shipping is essential to the customer-seller relationship as it creates a promise you must meet with every purchase.



Kaja Grzybowska

[Head Copywriter at Vue Storefront](#), the world's fastest growing open-source eCommerce frontend. An experienced journalist, previously managing editor of Interaktywnie.com, which is a website dedicated to technology, advertising, digital media, and economy.



Stuart McClure

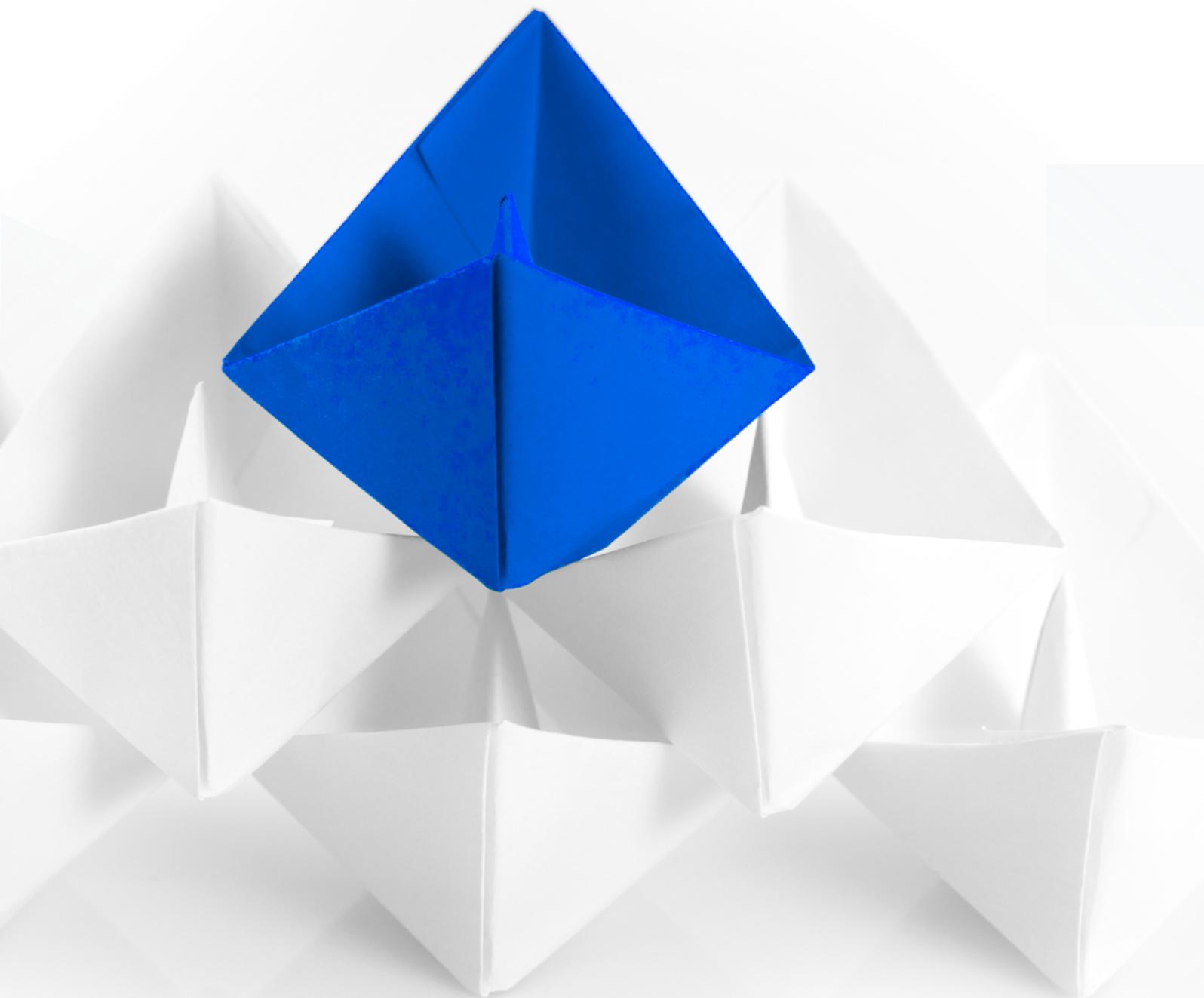
[Co-founder of LovetheSales.com](#), a marketplace that supports retailers to discreetly clear inventory whilst maximizing the financial recovery from it. It has millions of consumers and a supply side containing 100s of the UK's most well known retailers. Stuart's career spans over 15 years in digital and eCommerce, across numerous industries.





Cezary Olejarczyk

CEO at [Open Loyalty](#), a headless loyalty solution with open source code which offers dedicated loyalty programs with smooth experiences across all digital touchpoints. Passionate about delivering end customer experiences and developer experiences at the same time through the right use of technology and quality code.





Contributing companies

divante



lovethesales



NETHANSA



OPEN LOYALTY



Vue Storefront



RedStag
FULFILLMENT

Content and editorial team



- [Tim Clayton](#) - Senior Copywriter
- [Justyna Dzikowska](#) - Head of Content
- [Dawid Pawlicki](#) - Head of Marketing
- [Marcin Pawlas](#) - Graphic Design
- [Marek Borzęcki](#) - eCommerce Tribe Team Leader
- [Tomasz Widlinski](#) - Software Delivery Director, Custom Solutions Tribe
- [Tomasz Basiura](#) - eCommerce Tribe Tech Leader

This ebook is based on previously published articles from the [Divante blog](#) which have been updated and augmented with additional content.



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Find your place in the market with us.

Let's talk about your vision for
a winning marketplace solution.

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