

ONLINE MARKETPLACES:

# Grow sales and flexibility without growing inventory.



Customer expectations for commerce are changing faster than ever. Technologies and methods of digital engagement that once seemed cutting edge have become commonplace across industries. The result? Today's *next big thing* is tomorrow's *no big deal*.

In this environment, your brand's commerce strategies, channels and capabilities can't just move at the speed of business. They need to move at the speed of *want*.

In a new series of articles Deloitte Digital explores six trends in digital commerce that are helping brands become more indispensable for customers—and more agile and resilient as businesses. Online marketplaces are one of those trends.

## Online marketplaces

Companies of every size and industry vertical are launching online marketplaces—where they sell their own inventory alongside a continually curated selection of complementary goods from third-party sellers.

Setting up a marketplace need not be complex, and when done right it sets all kinds of benefits in motion. It creates a multiplier effect that helps brands stay agile to the customer's evolving needs and wants. Products from third-party sellers provide more choice (assortment and price points) quickly, driving higher traffic and sales, which attracts more sellers and increases choice further.

The result—as customers discover more from you and turn to you more often—is more sales and higher loyalty.

### Why the marketplace trend is still trending.

The marketplace trend accelerated during the pandemic, and it shows no sign of tailing off. And no wonder. The advantages a brand can gain with a marketplace are many:

- **Rapidly expand your range of offerings** without taking on any inventory risk. With a marketplace platform in place, a B2B manufacturer that produces and sells chemical sealants, for example, could quickly and efficiently introduce third-party products in a related category such as dyes and pigments.
- **Experiment with new categories** without allocating warehouse space or hiring new buyers for the category. A swimwear brand, for example, could offset its seasonal ebb

and flow by introducing new categories in beauty or footwear. This is an easy, cost-effective way to see what resonates with current customers—and attracts new ones.

- **Unlock customer insights by capturing data** traditionally held by distributors. Marketplaces can give manufacturers a direct customer connection—without getting entangled in last-mile logistics because orders are still routed through existing distribution partners.
- **Manage seller relationships with digital ease.** Onboarded third-party sellers simply log on to your portal to upload products, fulfill incoming orders and respond to customer questions—which means you can focus on curating and displaying everything so it's true to your brand.

### Activate deliberately, not impulsively.

Given the rapid proliferation of marketplaces and the ability to implement one through modern, cloud-native solutions, you may be inspired to rush toward the future. Resist that impulse. The business implications of adopting a marketplace model are complex—and worthy of thoughtful consideration.

A marketplace requires a new operating model—one with different rules than

traditional commerce. Areas of your organization like tax, legal and finance that are accustomed to old ways of interacting with commerce may need to alter their operations. Processes within existing commerce-focused areas like digital marketing, editorial, customer care and omnichannel operations will need to be adapted for an agile marketplace too.

Beyond internal processes, consider the logistics needed to deliver a cohesive experience for customers who return or need

support on third-party goods. For example, if you have physical stores, will customers who buy on your website or app be able to return purchases to a local store? If so, you'll need a well-oiled plan for how to get those items back to sellers.

Get your marketplace model right, and the "more" effect will drive sustainable growth that'll be hard to miss. You gain the agility to give customers more choices—and more choices will keep them coming back for more.

### Activate a rapid path to growth.

More than half of all online sales in North America last year were conducted on marketplaces.<sup>1</sup> Even as restrictions on physical retail locations eased, sales via marketplaces continued to grow at twice the rate of overall commerce.<sup>2</sup>



### Sources

1. Digital Commerce 360, *How online marketplaces affect web sales growth*, July 29, 2022, <https://www.digitalcommerce360.com/2022/07/29/how-online-marketplaces-affect-web-sales-growth>. Gated.
2. Mirakl, *2022 Enterprise Marketplace Index*, spring 2022, p. 6.

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