

# The Marketplace Momentum:

How Brands and Retailers Are Fueling Growth With Digital Marketplaces



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growth on a  
2-year stack



**120m**

unique monthly  
visitors to  
Walmart.com



**170m**

SKUs with  
additional SKUs  
added daily

**Offer your products on [Walmart.com](https://www.walmart.com) where millions prefer to shop.** Access eCommerce tools that drive business growth.

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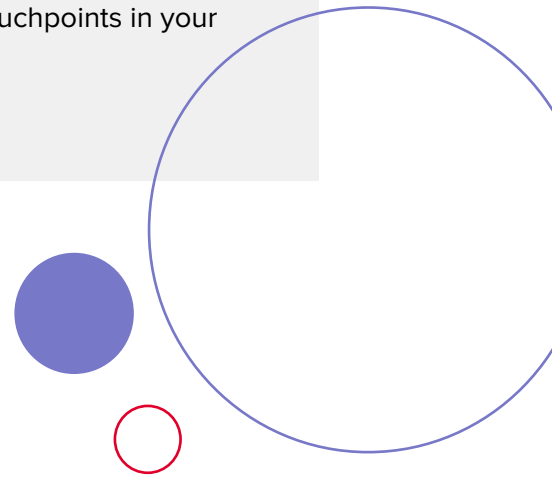
# Introduction

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Making a sale, at its core, hinges on meeting shoppers where they are. Increasingly, consumers' first choice for online shopping are digital marketplaces — the “everything” stores where scores of brands and retailers sell their goods. In the U.S., nine in 10 consumers shopped on marketplaces last year,<sup>1</sup> with “power shoppers” — consumers who shop online once a week or more — conducting 50% of all their online shopping through marketplaces.<sup>2</sup>

As consumers flock to these platforms, brands and retailers that lack a presence in digital marketplaces are at risk of losing ground to competitors, researchers caution: “(They) may find themselves in the same position as businesses that once dismissed ecommerce as a novelty,” reports Deloitte.<sup>3</sup>

In this resource, we'll examine what makes marketplaces so appealing to consumers, and how brands and retailers have benefited. Just as important, we'll examine considerations for launching your own marketplace experiments — essential steps toward adding marketplaces as lucrative touchpoints in your omnichannel strategy.



# Marketplaces as choice destinations for consumers

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Put simply, the blend of choice, value and ease adds up to an irresistible proposition to consumers craving lickety-split, smooth-as-butter experiences at competitive prices.

“Consumers today want more choice, free and fast shipping, product and seller reviews, easy returns and competitive pricing,” said Ranjit Mulgaonkar, senior vice president of CommerceHub, in an interview with Digital Commerce 360.<sup>4</sup> “The marketplace value proposition — large product selection, low price, fast delivery and a great customer experience — can drive a lot of growth for a brand,” he added.

Mulgaonkar’s assessment jibes with mounting industry studies. In a survey of 600 U.S. consumers, Placewise found 87% are interested in digital marketplaces where they can browse content across numerous sellers, make several purchases in a single transaction, and pick up the entire order in one location or have it delivered, reports Chain Store Age.<sup>5</sup> Free and fast shipping, frictionless returns, and the ease of finding obscure or specific items are other desired factors that can be tough for many retailers and brands to produce on their own.

Peer feedback in a brand-neutral forum is another biggie for consumers. Validation from fellow shoppers often makes the difference between a conversion and lost sales, with 58% of online shoppers saying they always consider ratings and reviews, and base purchase decisions on that feedback.<sup>6</sup>



# The marketplace seller advantage

## From invisible to sold

What's in marketplaces for brands and retailers? For starters, there's access to a massive consumer base that might otherwise have chosen a competing brand or retailer. Seven in 10 consumer searches on marketplaces do not include a brand name. Marketplaces give sellers that aren't well known or top of mind a greater chance to be found, clicked, sold.<sup>7</sup>

That was the case for Party City, the party supplies chain. Vish Bharadwaj, senior director of ecommerce, realized the retailer's absence from digital marketplaces was an untapped opportunity. "Bharadwaj and his team felt they could reach a whole new segment of consumers who had yet to discover the company," Channel Advisor reported.<sup>8</sup> "By expanding to key marketplaces, they'd be opening the doors to reaching even more people based on where, when and how they prefer to shop." The retailer reported significant gains within the first year, tripling its gross merchandise value during Halloween, its hottest selling season, year-over-year.

Speaking of brand discoveries, Gen Z consumers don't engage much with traditional media channels, where brands have traditionally been built. This is a growing segment of shoppers with no historical context for many brands' positioning, researchers argue: If the brand is absent on digital channels like marketplaces, young consumers probably haven't heard of it.<sup>9</sup>

**When shopping in digital marketplaces, 49% of surveyed consumers are willing to purchase from a brand they've never heard of before.**



## Enhanced awareness, recall and retention

Aside from brand discovery, marketplaces also help with brand recall. According to Accenture, 81% of consumers who purchased a product on a digital marketplace recalled the product detail page three months later. By contrast, only 28% remembered the brand or retailer's TV commercials.<sup>10</sup>

Positive marketplace transactions also drive customer loyalty and purchasing on the seller's home turf. In 2016, Digital Commerce 360 asked consumers if they had ever purchased from a seller's own website after finding their products on digital marketplaces. A third said yes. In 2021, researchers repeated the question. This time, 57% of consumers said they purchased directly from a seller's website after finding their products in marketplaces.<sup>11</sup>

**Direct-to-consumer (DTC) brands are becoming more receptive to selling beyond their own website. Many DTC startups are joining marketplaces within a year or two of launch to build recognition as quickly as possible, reports Modern Retail.**

**Curie founder Sarah Moret decided to open a marketplace storefront for the natural deodorant and skin care brand roughly 18 months after launching. Her rationale was simple: On a marketplace, she could reach a giant volume of shoppers buying items like Curie's.**

## Conversions

Naturally, sales are the litmus test of digital marketplaces. Nearly half of retailers selling on the platforms reported increased conversions, and 39% said buying frequency also increased in the past year.<sup>12</sup> Surveyed merchants also said they plan to increase investment in marketplaces.

Sales don't end when marketplace transactions do. "If you deliver one really good product to (marketplace shoppers), the data shows that 76% of consumers want to buy directly from your brand," said Jason Stuckey, general manager of Linnworks, an enterprise commerce automation company, in an interview with Retail Dive. "They'll come back for more if you deliver a solid product."<sup>13</sup>

## Value-added services

For many brands and retailers, the sophisticated tech and logistics infrastructure that marketplaces provide are super capabilities they would not be able to access or provide to consumers on their own websites. That tech ecosystem includes conveniences consumers crave, like two-day shipping, easy returns, payments and security, hyper personalization, and more. On the backend, brand and retail marketers can access rich analytics on buying trends, product and price performance, plus marketing support features like SEO/SEM support and media services.<sup>14</sup>

Brands and retailers that lack this type of infrastructure can borrow it from the marketplace. “Sellers can gain major advantages and save lots of money when the marketplace operator manages operational complexity,” writes Amish Shah, global strategy and solution manager of SAP, in an analysis for Future of Commerce.<sup>15</sup>

## Risk reduction

Without an official presence in digital marketplaces, brands and retailers often find resellers will step into the void. “Branded products continue to be sold without intervention or oversight from the brands themselves — counterfeits, unauthorized sellers, price erosion and more,” writes Feedvisor. “In order to preserve and maintain price value, brand equity and profit margins for the long term, brands need to holistically evaluate their ecommerce channels and seller footprint to find the balance between risk and opportunity.”<sup>16</sup>

Sellers can also reduce risks and disarm competitors by tapping into marketplace data for early signs of shifting trends and behaviors, potential blind spots and untapped opportunities that might have remained hidden otherwise.

Altogether, the marketplace toolbox adds up to a powerful omnichannel arsenal that supports business objectives across the sales funnel, from brand awareness to customer acquisition and retention.





# Success drivers for new and established marketplace sellers

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While many variables affect marketplace success, high-performing sellers tend to thoughtfully consider and continuously refine seven components:

- **Product selection**
- **Product and branding details**
- **Customer reviews**
- **Customer retention**
- **Data insights**
- **Paid advertising**
- **Diversification**

**We'll tackle each in turn.**



## Choosing what to sell

When choosing what products to sell on a marketplace, savvy marketers naturally think of items that best meet demand and align with marketplace audiences. Beyond that, experts recommend offering top-selling products, but not the full inventory, so sellers can woo customers back to their websites for store-exclusive offers.<sup>17</sup> Lower-price commodities that require higher purchase rates are good candidates for early entry into marketplaces.<sup>18</sup>

Sellers also benefit from studying marketplace algorithms that boost products to the top, such as purchase frequency or styles that get many reviews. That knowledge should inform decisions on the product assortment a seller offers in a marketplace, notes McKinsey.<sup>19</sup> At the same time, brands should be clear on what they bring to the marketplace that differentiates them from competitors.

## Optimizing product branding and details

Product detail pages often mark a customer's introduction to a brand, or first interaction in a long while. "Brands cannot assume that consumers know their stories from other places," writes Accenture.<sup>20</sup> Instead, marketplace sellers should think of product detail pages as experience pages. Lifestyle imagery, how-to videos, and key brand values injected into visual and written components can help create a compelling experience.

Take CakeSafe, a baking supplies retailer, for instance. While customers shopping directly on the CakeSafe website tend to be experienced bakers, marketplace shoppers are more likely to be hobby bakers making impulse buys. To reduce returns, confusion and poor reviews from consumers who simply didn't understand how to handle the product, CakeSafe added more in-depth product descriptions and how-to videos to its marketplace listings.<sup>21</sup>

If brand identity is tied to certain values or causes, let consumers know. Six in 10 online shoppers favor companies that offer products tied to causes they care about, and 53% want to purchase from sellers with sustainable business practices, according to marketplace solutions provider Mirakl.<sup>22</sup>

## Collect and drive customer reviews

Consumers lean on their peers to help them make buying decisions. Having at least 50 reviews can increase sales by 30%, reports Bazaarvoice, a technology platform specializing

in user-generated content. Its research also shows recency is just as important to 81% of shoppers, with more than half considering a review older than three months to be irrelevant.<sup>23</sup> Sellers can cultivate a steady stream of reviews by simply asking customers for their feedback, offering incentives for reviews or launching product sampling campaigns in exchange for verified reviews.

## Directing shoppers to sellers' own websites

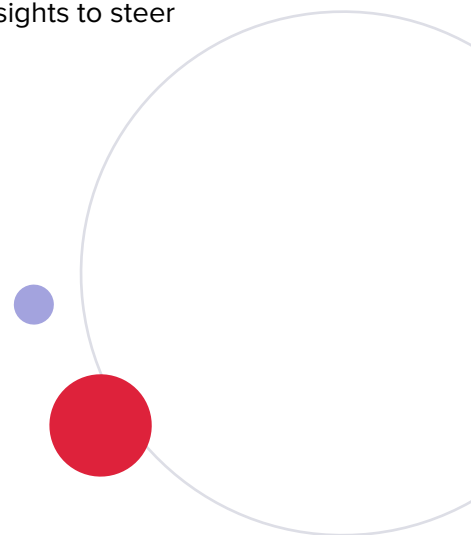
A positive marketplace experience, on its own, often compels customers to shop directly from the retailer or brand's website. Sellers can further encourage the behavior by sharing other products that are only available on their own websites, and offering store-only promotions and launches.

Sarah Moret, founder of Curie, waits to launch a new product on marketplace storefronts until that product has been on the Curie website for at least six months. She also doesn't offer all Curie products on marketplaces. "It has worked well for us; we haven't seen cannibalization of our own customer base," she told Modern Retail.<sup>24</sup>

## Gleaning data for opportunities

We've said it before, but it bears repeating: High-performing marketplace sellers have a serious data habit, monitoring analytics to identify competitors, emerging trends and opportunities.

Party City's Bharadwaj is one example of a data-driven seller, viewing marketplace consumers as leading indicators of what's to come. He then uses those insights to steer decisions for the Party City website and stores.<sup>25</sup>



## Boost reach with paid advertising

In recent years, brands and retailers increasingly shifted their ad budget to marketplaces.<sup>26</sup> The trend continues, with ad revenue shrinking at social media platforms, but flourishing on marketplaces.<sup>27</sup> Feedvisor reports that nearly three-quarters of surveyed brands advertise in marketplaces, and more than half spend at least \$40,000 per month.<sup>28</sup>

There's a reason for that, of course: It's called return on ad spend. A survey of more than 1,000 retail leaders conducted by Zogby Analytics on behalf of Feedvisor found 83% saw a 4X return with marketplace advertising, and 54% said digital marketplaces are their greatest source of opportunity.<sup>29</sup>

## Diversified presence and visibility

If going where shoppers are is key to brand preservation, then so is channel diversity. Aside from the added reach, diversifying the brand or retailer presence in marketplaces also serves as protection against platform-specific hiccups like sudden fee increases, changes in algorithms or getting locked out of your account.

“Expanding to different marketplaces hedges against the risk endemic to any one channel. The big players in the ecommerce space can make changes at any point without warning,” says Brian Bianchetti, director at People’s Choice Beef Jerky. “Because you don’t know what the future holds, we want to make sure we’re positioned on all relevant platforms to prepare for how things shake out,” he told researchers.<sup>30</sup> Plus, diversifying your reach is also a great chance to understand how products perform in a variety of marketplaces.



# Getting started: test, measure, refine, repeat

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Getting started or ramping up your marketplace presence doesn't have to be an all-or-nothing venture, nor does it require having all the answers from the get-go. It helps to view your foray into marketplaces as experiments with incremental improvements over time. With that in mind, develop hypotheses to be tested, experiment and measure — then recalibrate and do it again.

**Winning in ecommerce requires a culture of experimentation, with teams that can analyze and improve execution tactics based on real-time data feeds, advises the Boston Consulting Group. Executives, too, should develop a dashboard of marketplace performance metrics to understand how the company is performing and where gaps remain.**



A few essentials for selecting a marketplace partner and building a profitable marketplace presence:

1. Seek marketplaces whose audiences and values align with your brand's DNA. Many sellers find success in including both niche and broad, multcategory marketplaces in their omnichannel mix. Established brands and retailers looking for a more elevated experience might benefit from joining marketplaces with more stringent seller-vetting criteria.
2. Because consumers favor omnichannel experiences, so should sellers. Marketplaces that offer omnichannel advantages — including physical, localized presence for in-store pickup or returns processing — are inherently advantageous.
3. Holidays are huge revenue drivers for marketplace sellers. Start planning and preparing inventory now for your next holiday promotion, and allocate holiday-specific advertising budgets.
4. Consumers hold all the power in buying journeys, and marketplaces should reflect that with zero-friction experiences, from filtering product searches to personalized recommendations and easy returns. Choose platforms that deliver on those expectations.
5. Your selected marketplaces should also come equipped with must-have capabilities for meeting consumer demands and staying ahead of competitors:
  - Robust data insights and automations to facilitate seller decision-making and competitive advantages, including pricing automation.
  - Reasonable commission rates, low or no-cost setup or recurring fees.
  - Efficient payments and refunds processing, with flexible payment options for customers.
  - Fast, affordable fulfillment options and returns management.

Having checked off these boxes, marketplaces make it relatively easy to start selling to massive built-in audiences who are itching to spend. With more than half of consumers rushing to marketplaces as the first stop in their product searches, having a marketplace storefront isn't just a good idea for brands and retailers. It's an inevitability.<sup>31</sup>

**“To harness all the value that brand experiences bring — promise, purpose, differentiation and inspiration — brands have to be where consumers are,” Accenture researchers admonish. “And that is in digital marketplaces.”**

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# Endnotes

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- 2 [The state of online marketplace adoption](#) | Mirakl
- 3 [How brands can keep \(or catch\) digital marketplace momentum](#) | Deloitte
- 4 [2021 Online Marketplaces Report](#) | Digital Commerce 360
- 5 [Why wouldn't a retailer want to be part of an online shopping center marketplace?](#) | Chain Store Age
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