



# 10 considerations when building your B2B marketplace



**The concept of a marketplace is not a new idea. Companies like Amazon, Walmart, eBay, Alibaba, and Uber have essentially made the idea of a marketplace commonplace. In a recent Gartner study, analysts forecasted that B2B marketplaces will account for \$3.6T in online sales by 2024. This is up from \$680B in 2018.**

But if you are reading this eBook, you are likely the one responsible for determining how to build a marketplace or grow your existing eCommerce business.

If you currently sell online, adding a marketplace to your existing site is really a no-brainer. A marketplace allows you to quickly expand your product offerings with little risk. Once you have built and integrated your marketplace into your existing website, adding new sellers and products is easy. If done correctly, you will see your business grow immediately. Without the cost of taking on inventory, you aren't limited in terms of what you can sell to your existing and new customers.

But launching a marketplace isn't as straightforward as it may seem. At MarketPush, we have helped enterprise businesses build marketplaces from the point of initial ideation, design, and development to seller recruitment,

onboarding, and management.

If you have your sights set on a new eCommerce marketplace, here are objectives to keep in mind.

## **Strive for internal acceptance.**

"Change management" is a buzzword consultants have used for years. And for good reason.

It would be impossible for leaders to grow their business if they had to get approval from every person in the organization. Still, it's critical to broadly communicate the strategy behind launching a marketplace and the benefits to the company. Ultimately, success for your company overall means success at an individual contributor level.

One of the main reasons you should consider a marketplace is that you'll get more bang for your buck. That doesn't mean you are headed for mass layoffs. Adding a marketplace to your existing eCommerce business should complement existing sales. This can provide new opportunities for your employees.

While there will always be people who fear change, effectively communicating your strategy behind a new marketplace can mitigate your employees' concerns about its impact on internal infrastructure.

## **Plan for the internal support and resources you'll need.**

A marketplace allows you to do more with less. Even so, it's important to map out the types of resources required to manage your marketplace. At least in the early stages, you can reorganize existing resources to support your new marketplace.

Some of the **new roles** you might consider include:

- » Marketplace manager
- » Seller recruitment
- » Seller account manager
- » Seller support
- » Customer service
- » Technical support
- » Accounting and finance
- » Marketing and merchandising

The number of new hires required for the new platform will depend on your marketplace strategy and expected growth goals. Establishing your organizational chart up front can help you avoid playing catch up later.

## Research the platform you'll use.

### BUILD OR BUY?

This is a decision organizations have to make when considering a software platform for any new initiative. An online marketplace is no different.

There are a number of existing platforms that will enable you to launch your marketplace quickly. Most of these providers get you up and running with relatively little effort, making them a good option if speed to market is one of your primary objectives.

One of the downsides of an off-the-shelf solution is it might not perfectly fit your business requirements. Even if you have an existing IT department, they may find it difficult to carve

out the time for some customization. That is why working with a company like MarketPush can help you to determine a

company-specific solution.

Alternatively, you can build your own platform. While this option is more expensive and will likely take more time, you can design and develop a tool that does exactly what you need it to do. MarketPush has a software development team that can help you map out your goals and build custom products as well.

## Define and recruit the right type of sellers and products.

There are many marketplaces that sell everything to everyone. Amazon has built a pretty successful business with this model. But for B2B businesses, focus is key when starting a marketplace or adding to an existing eCommerce site.

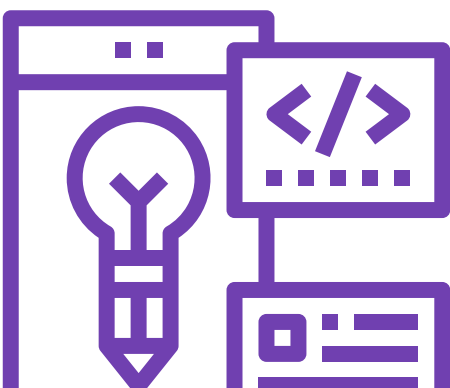
### FIRST, ENSURE YOU HAVE ENOUGH SELLERS.

The number of sellers in your marketplace will directly correlate to revenue. Take a look at your customers, too. What are they searching? What are they buying? What kind of adjacent categories would make sense?

For example, Best Buy in Canada added teddy bears to its marketplace. Why? Because it noticed the high number of people who were searching and buying baby monitors. The company accordingly added stuffed animals to the product pages that sold baby monitors with much success.

### BE SURE THAT PRODUCT PRICES ARE COMPETITIVE--BUT DON'T ADD SELLERS WHO WANT TO COMPETE SOLELY ON PRICE.

Price wars may garner traffic early on, but they will impact profitability long term and make it difficult to raise prices later on.



## CONSIDER SHIPPING SPEED AND PRICE.

Amazon Prime has set a precedent that is hard to match. While you and your sellers may not be able to compete at that scale, you need to make sure shipping isn't so expensive that it becomes a liability to the rest of your business. It is the sellers who ultimately bear the burden, but they represent your site and your business.

## OUTBOUND MARKETING IS KEY.

Share the value your marketplace can provide to potential new sellers. Traditional models like social media and email are effective tools, but it's important to explore all of your marketing avenues.

With our experienced team of recruiters, MarketPush can build a recruitment plan that helps you find the right seller for your marketplace and achieve your goals.



## Streamline ways for potential sellers to apply and onboard themselves.

To scale your marketplace, provide an automated process for a seller to manage their products. This includes **applying, loading, pricing, and monitoring** their business.

The first step is to create a marketing landing page that discusses all the benefits of participating in your marketplace. This should include a section for the potential seller to apply.

Once you receive the application and approve the seller, you can kick off the next step in the process, which outlines how the seller can load their products and establish pricing. After some review on your part, the products can be listed and sold immediately.

## SET INTERNAL GOALS ON:

- » How many sellers you want to recruit
- » How long it takes to onboard sellers to the site
- » How sellers can best input product information into your system

At MarketPush, we have designed a proven process that can fit into any marketplace strategy, independent of the current platform or product offerings.

## Establish appropriate performance metrics for marketplace sellers.

Although you don't own the inventory or control shipping on your website, you still need to manage customer expectations for the sake of your company's reputation.

### Establish very clear service-level agreements

**from your sellers**--and explicitly outline consequences should sellers not fulfill their part of the agreement. Generally, vendors must agree to these expectations in the terms and conditions before selling on your site.

Some of the key metrics to track your sellers' adherence to these conditions include:

- » The percent of time a seller accepts the order
- » The amount of time it takes a seller to accept the order
- » The time from acceptance to shipping the order
- » The percent of time a customer contacts customer service for an issue with a seller
- » The time it takes for a seller to respond to an incident
- » Overall rating of the seller



Voicing these expectations of your sellers upfront can ensure that your customers receive the type of marketplace experience they expect.

## Create a clear rating and review process.



Customers often turn to ratings and reviews as a deciding factor in their purchasing decisions, from which products they select to the sellers they are comfortable buying from. In fact, a study from Forrester Research revealed that almost 70% of online buyers said they would only buy if ratings and reviews were present.

*Source: A commissioned study conducted by Forrester Consulting on behalf of Mirakl and ChannelAdvisor, March 2016*

You can also **use reviews and ratings to measure the performance of your seller.**

This can help you determine which sellers you want to continue hosting on your site. Providing your seller with rating data may also motivate them to meet customer expectations.

## Measure customer behavior on the marketplace.

If you are running a successful eCommerce business, you are most likely measuring analytics on your site. You track the number of visits, how people are finding you, and what marketing channels are most successful. **Extending analytics to your marketplace allows you to learn what appeals to your current customers.**

By offering new products, you will attract new customers. You can optimize your site by analyzing how they find you and what they search.

Because you don't own the inventory, a marketplace is a great way to assess which new products are

best sellers. As long as the seller can support these new products logistically, they can see what's popular and make marketing decisions based on the results.

## Stay on brand.

We already discussed the need to sell brands and products that are relevant and adjacent to your customer base. But it is equally important to integrate your marketplace with your existing site.

**Ideally, the customer experience should remain the same:** they know the look and feel of the website, they search and find products, and they add core marketplace products to their cart.

View the marketplace as an extension of your go-to market strategy. One model isn't necessarily better than another. Ultimately, you are providing your customers with more buying options. Their experience should remain the same no matter what they buy from you.

This accelerates your marketplace's success by upholding your reputation and appealing to your current customers.



## Appeal to sellers.

Sellers face many choices when it comes to marketplaces. Platforms like Amazon and Walmart publish their commissions and services so sellers

generally understand how marketplaces make their money.

That doesn't mean you have to compete with them directly. Your marketplace is unique, and you can express the value of your sellers' participation.

Many of the analytics that inform your marketplace model may also appeal to potential sellers:

- » What is your site traffic?
- » What is your revenue?
- » Who is your audience? Are they high-dollar purchasers?
- » What categories do you offer?



**One of the primary reasons a seller will be attracted to your marketplace is the prospect of reaching your audience. How can they get in front of them?**

You can set up an advertising program where sellers pay a monthly premium for outbound marketing campaigns, placement on the site, and content sponsorship.

If you already have logistics capabilities, you can also offer fulfillment services. A seller can pay a monthly fee for you to manage all their logistics within the marketplace. If you ship frequently, you have already negotiated competitive rates with freight carriers; as a result, it's often cheaper for a seller to pay you for these services.

## In Closing

**Customers expect a marketplace model from eCommerce sites. A Forrester Research study indicates that 95% of all consumers have used an online marketplace and 50% say it has changed the way they shop.**

*Source: A commissioned study conducted by Forrester Consulting on behalf of Mirakl and ChannelAdvisor, March 2016*

To review, some of the top-of-the-funnel benefits of a robust marketplace include:

- » New traffic
- » Larger product offerings
- » More marketing opportunities
- » Cost savings since you won't need to carry inventory



At MarketPush, we have the knowledge and experience to help you successfully design, build, and launch your marketplace. Whether you are just beginning to investigate marketplace strategies or you are looking for a better way to recruit new sellers to your platform, we can help.

To learn how MarketPush can elevate your eCommerce presence with a customized marketplace, visit our site or email us at [sales@marketpush.com](mailto:sales@marketpush.com).