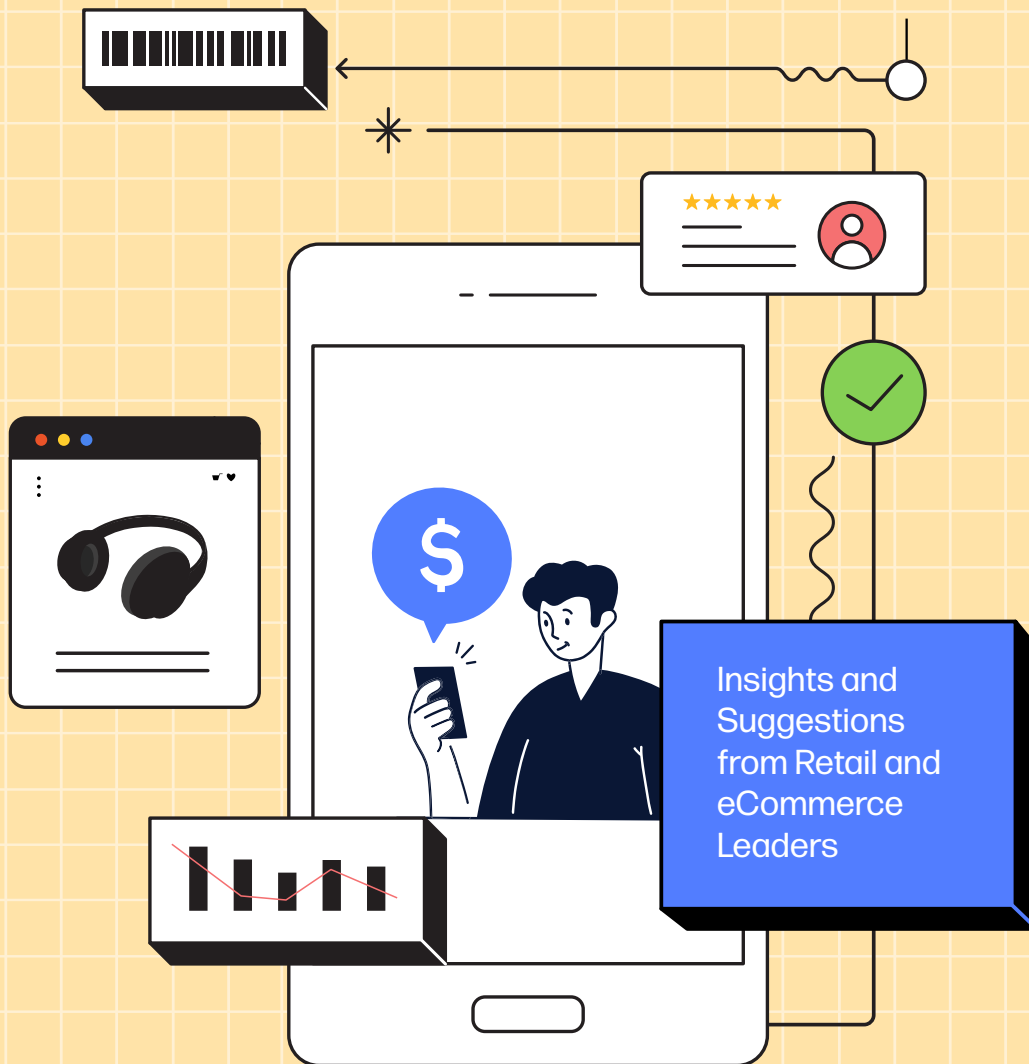


eTail Insights

Optimizing Success on eCommerce Marketplaces



Optimizing Success on eCommerce Marketplaces

Insights and Suggestions from Retail and eCommerce Leaders



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Executive Summary

This report provides a comprehensive analysis of the current trends, strategies, and challenges faced by retail and eCommerce leaders in the rapidly evolving marketplace landscape.

It highlights the significant role of third-party marketplaces in driving sales, with most companies relying heavily on these platforms for a substantial portion of their revenue.

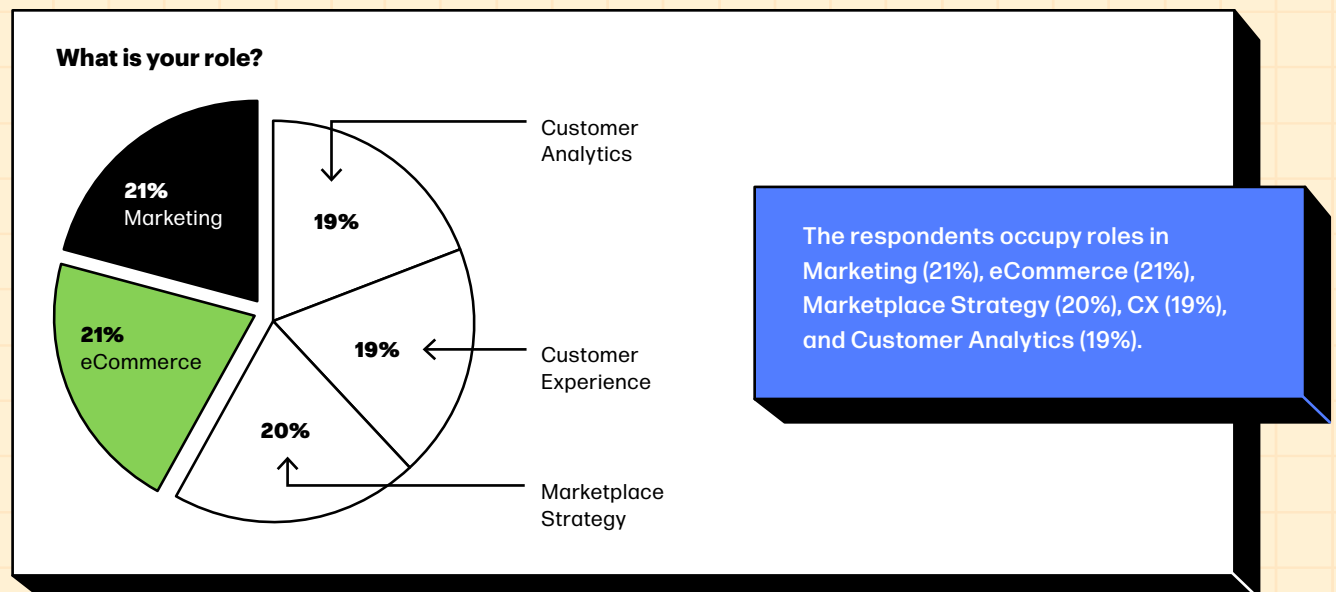
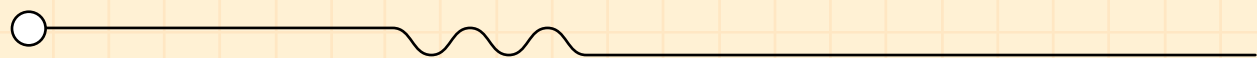
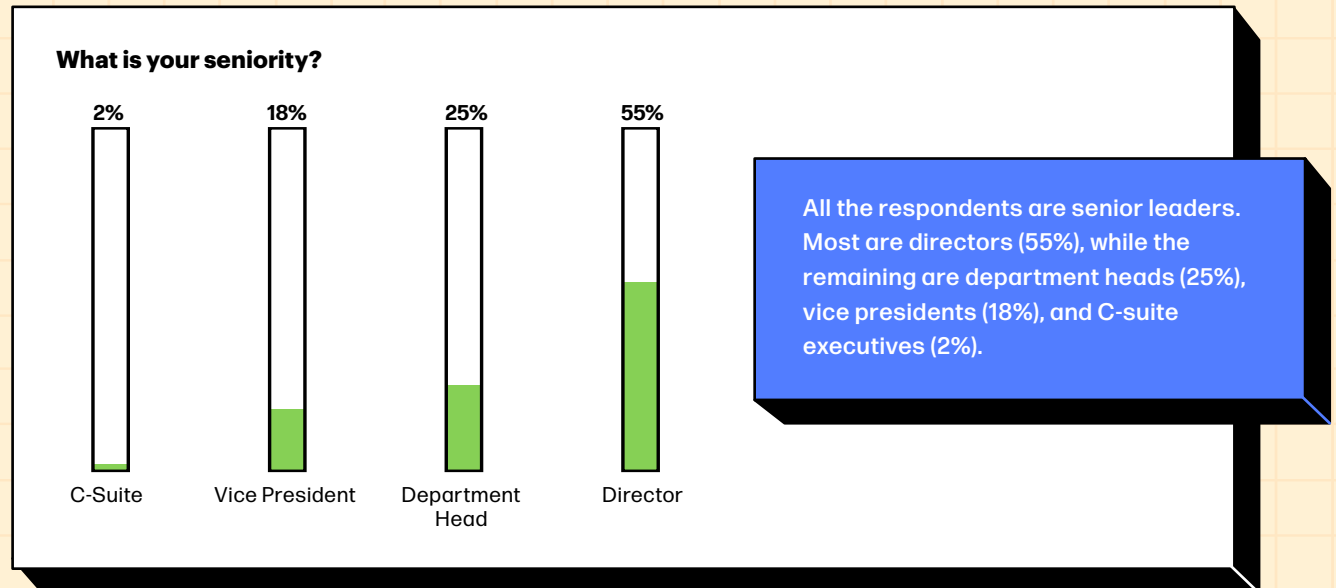
Key strategies for optimizing sales include enhancing product listings, leveraging user-generated content, and implementing dynamic pricing and product sampling programs. The report also underscores

the importance of efficient logistics and fulfillment methods, as well as the technological advancements and consumer-driven changes expected to shape the marketplace commerce over the next three years.

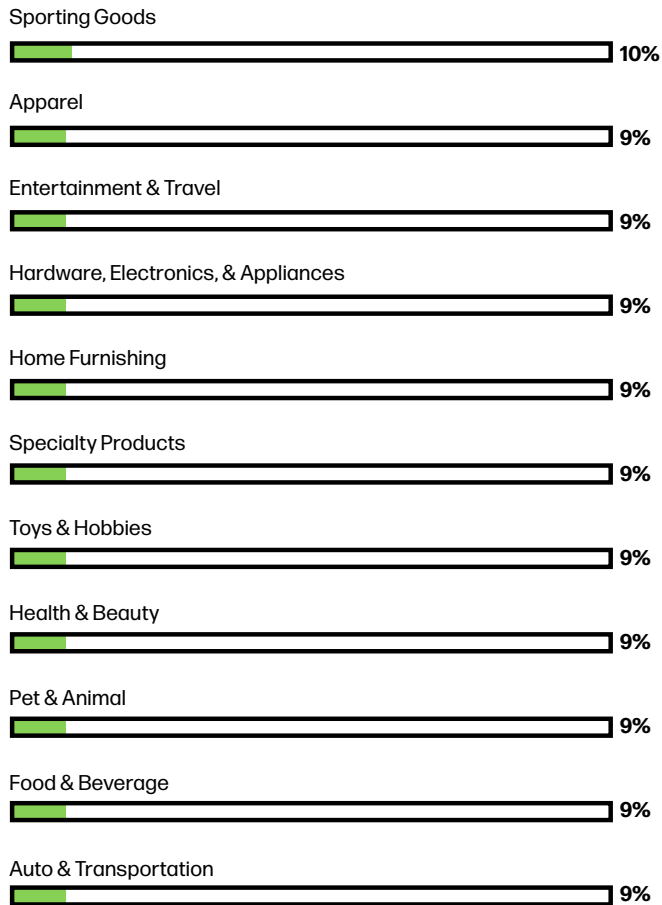
By focusing on these areas, businesses can better position themselves to capitalize on growth opportunities and navigate the complexities of the digital commerce environment.

About the Respondents

The WBR Insights research team surveyed 100 retail and eCommerce leaders to generate the results featured in this report.

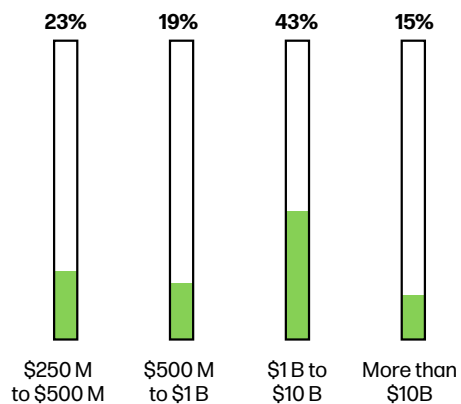


What is your primary product category?



The respondents represent retail brand manufacturers across verticals, including sporting goods (10%), apparel (9%), entertainment and travel (9%), and more.

What is your company's annual revenue?



Most of the companies represented in the study have either \$1 billion to \$10 billion (43%) or more than \$10 billion (15%) in annual revenue.

All companies in the study sell at least some of their products through third-party marketplaces, such as Amazon.

Key Insights

Among the respondents:



61%

receive 46% - 55% of their total sales volume from third-party marketplaces.



64%

anticipate a moderate increase (1% - 50%) in their sales through third-party marketplaces over the next 12 months.



70%

currently enhance product listings with detailed descriptions and high-quality images to optimize sales on third-party marketplaces.



82%

currently use user-generated content (UGC) to enhance listings. Among these respondents, the most commonly used types of UGC are:

- Social content (70%)
- Customer ratings and reviews (61%)
- Answers to FAQs (59%)



83%

say their eCommerce solutions are only somewhat effective at helping them expand into new markets.



74%

aren't using a sampling program for marketplace products but will implement one in the next 12 months.

The top two benefits of product sampling programs are:

- Getting products into the hands of the right people (44%)
- Increasing product viability on social media (38%)

The top two benefits of selling products on third-party marketplaces are:

- Diversification of sales channels (48%)
- Simplified logistics and shipping (48%)

The top two challenges of selling on third-party marketplaces are:

- Establishing customer loyalty (43%)
- Category restrictions (39%)

A significant number of the respondents will implement the following sales optimization strategies on third-party marketplaces in the next 12 months:

- Implementing dynamic pricing strategies (44%)
- Establishing partnerships with influencers (41%)
- Utilizing targeted advertising (40%)
- Leveraging advanced analytics (40%)

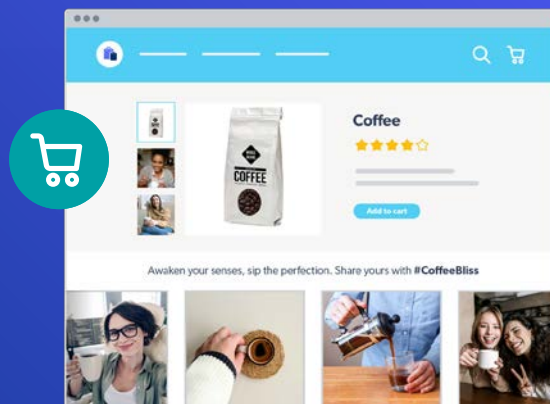
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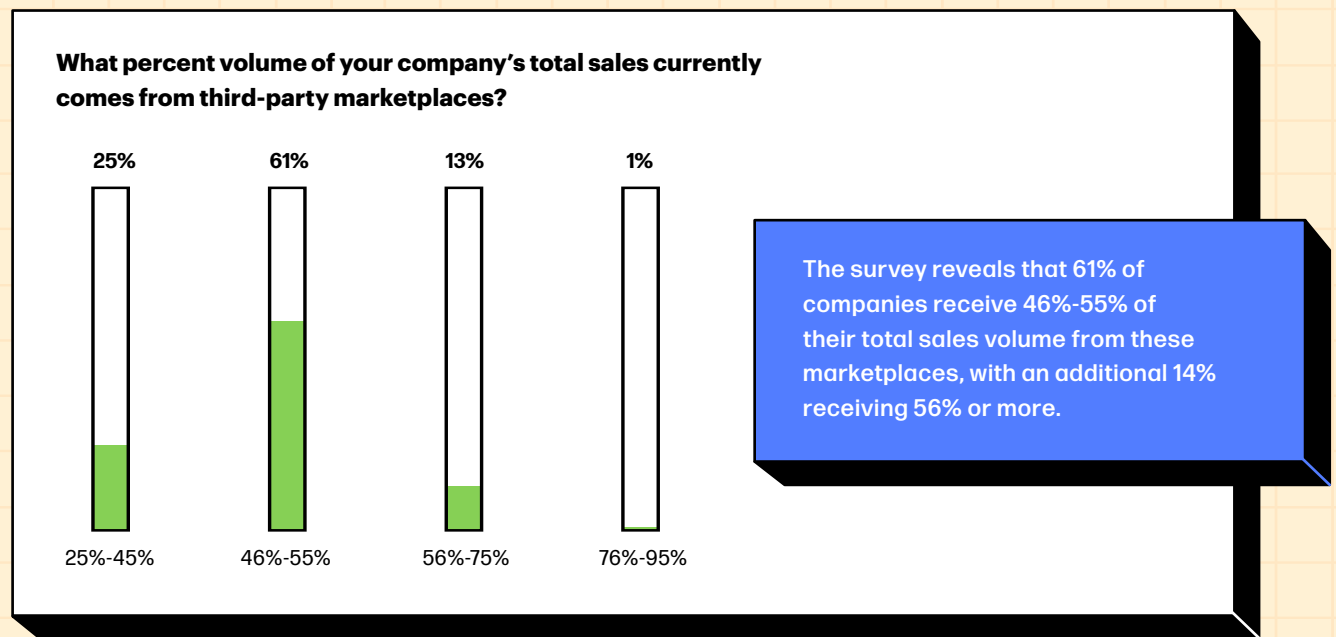
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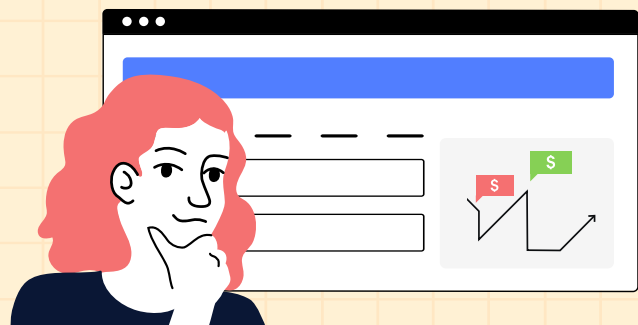
Current Marketplace Trends in Retail and eCommerce

Third-party marketplaces play a significant role in the sales strategies of retail and eCommerce companies. Not only do they provide a platform for businesses to sell their products, but they also offer a wide reach and access to new markets.

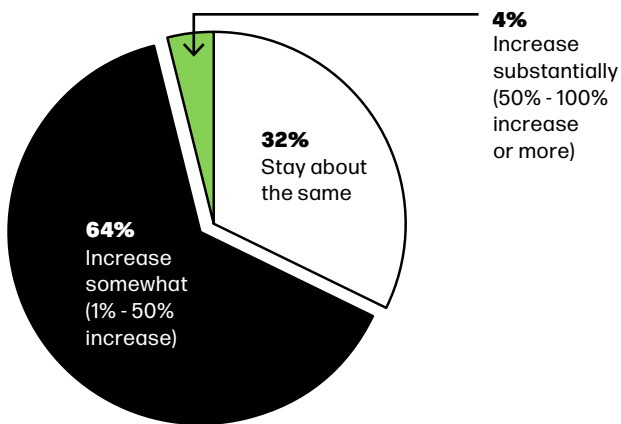


This has been particularly beneficial for small and medium-sized businesses that may not have the resources or capabilities to build their own marketplace, eCommerce site, or fulfillment networks. However, larger retailers are also utilizing third-party marketplaces to reach new markets, boost revenue, and spread brand awareness.

This high percentage indicates the growing importance of third-party platforms in the retail ecosystem, suggesting that companies should continue to invest in and optimize their presence on these channels.



How do you anticipate your organization's sales through third-party marketplaces will change over the next 12 months?

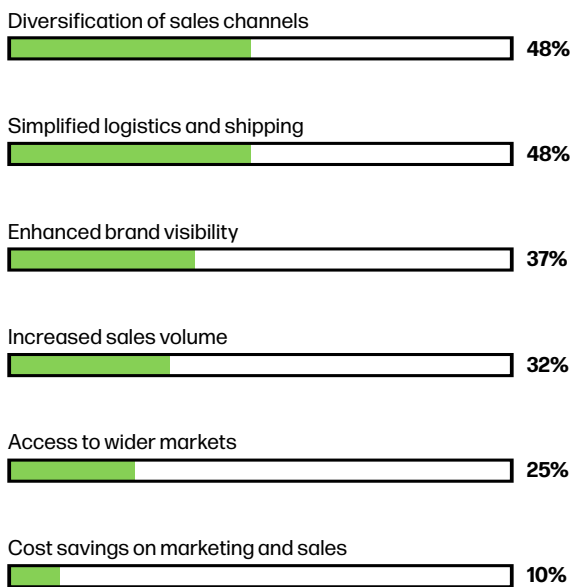


Indeed, the majority of respondents (64%) anticipate a moderate increase of 1%-50% in their sales through third-party marketplaces over the next 12 months, while 4% expect a substantial increase of 50%-100% or more.

This optimism about the growth potential in these channels underscores the need for businesses to develop robust marketplace strategies to capitalize on this expected growth and stay competitive in the evolving eCommerce landscape.

As more brands expand their offerings onto marketplaces, they will become more competitive based on factors like price, visibility, and product quality.

Which of the following are your top two biggest benefits of selling products on third-party marketplaces?



The top benefits of selling products on third-party marketplaces include diversification of sales channels and simplified logistics and shipping, both cited by 48% of respondents. Additionally, 37% named enhanced brand visibility as a top benefit.

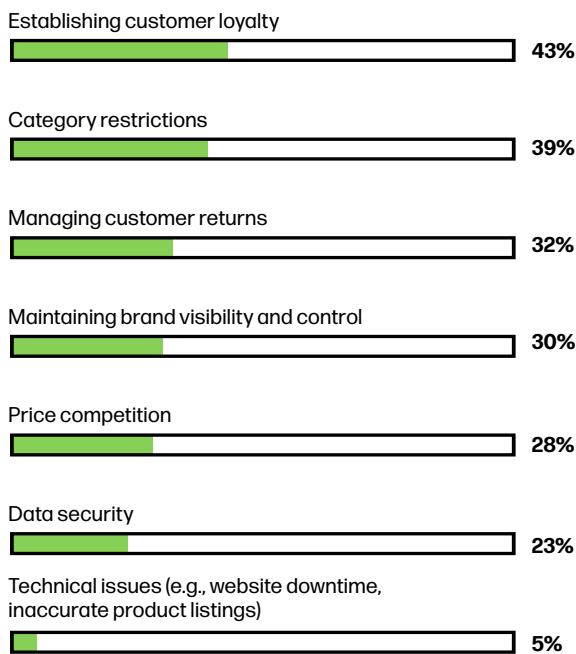
These advantages highlight the multifaceted value that third-party marketplaces offer, from risk mitigation through diversification to operational efficiencies and increased brand exposure. Companies should leverage these benefits to strengthen their overall eCommerce strategy.

Selling on third-party marketplaces also allows businesses to tap into new customer segments and expand their reach beyond their own website or physical store. By being present on popular marketplaces, companies can connect with a

broader audience and potentially gain new loyal customers. This not only increases sales but also helps in building brand awareness and credibility.

Moreover, third-party marketplaces often have established customer bases and strong marketing capabilities, providing an additional boost to product visibility and discovery. This means that even lesser-known brands can benefit from the existing traffic of these marketplaces, making it easier to attract potential customers.

Which of the following are your top two biggest challenges when selling products on third-party marketplaces?



However, the survey also reveals significant challenges in marketplace selling. Establishing customer loyalty (43%) and dealing with category restrictions (39%) are the two most prominent issues faced by respondents. Managing customer returns (32%) also poses a notable challenge.

These findings suggest that companies need to develop strategies to build brand loyalty within marketplace environments, navigate platform-specific

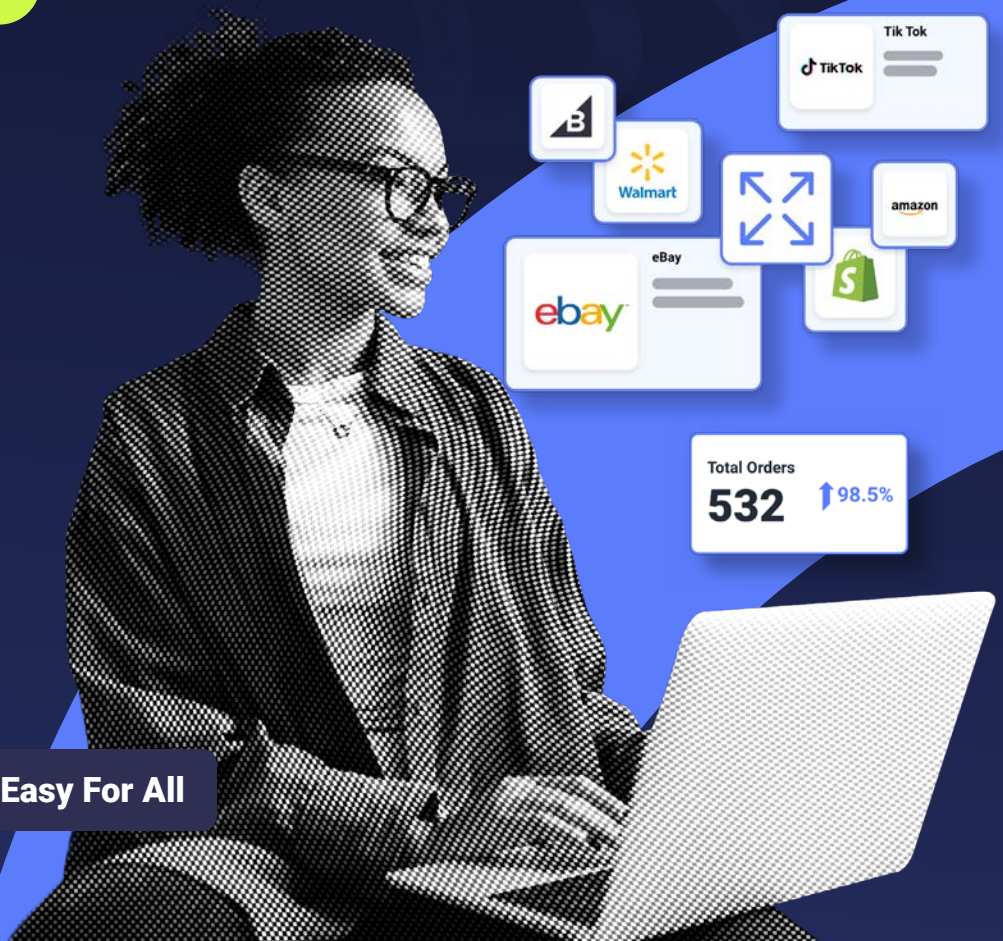
rules and restrictions, and streamline their return processes to succeed in this competitive space. In the next section, we'll explore what strategies companies can use to accomplish these goals.



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Making Commerce Easy For All

Strategies for Effective Marketing and Sales on Marketplaces

The study highlights key strategies for effective marketing and sales on third-party marketplaces.

These strategies include sales optimization, leveraging user-generated content, implementing product sampling programs, and assessing the effectiveness of eCommerce solutions for market expansion, all of which are crucial for enhancing competitiveness and expanding market reach in the evolving digital commerce landscape.

On-site Sales Optimization

There are multiple ways for retailers and brands to optimize the sale of their products on third-party marketplaces. However, not every company in the study is currently doing everything they can to optimize sales.

Which of the following strategies has your organization implemented to optimize sales on third-party marketplaces and which do you plan to implement in the next 12 months?

■ We currently use this strategy.

■ We will implement this strategy in the next 12 months.

□ We don't currently use this strategy and have no plans to implement it in the next 12 months.

Enhancing product listings with detailed descriptions and high-quality images



Establishing partnerships with influencers to increase brand awareness



Implementing dynamic pricing strategies to stay competitive



Utilizing targeted advertising and promotions to boost visibility



Leveraging advanced analytics to identify trends and adjust inventory



Most of the respondents (70%) are enhancing product listings with detailed descriptions and high-quality images to optimize sales on third-party marketplaces. This approach is crucial as it directly influences consumer purchasing decisions by providing clear and attractive product information.

Additionally, 49% of the companies in the study have already established partnerships with influencers to boost brand awareness, with another 41% planning to do so within the next year. This trend highlights the growing importance of influencer marketing in reaching wider audiences and building brand credibility.

Almost half of the respondents (48%) are currently implementing dynamic pricing strategies to remain competitive, with 44% planning to adopt such strategies soon. Dynamic pricing allows companies to adjust prices based on market demand, competitor pricing, and other factors, which can enhance competitiveness and profitability.

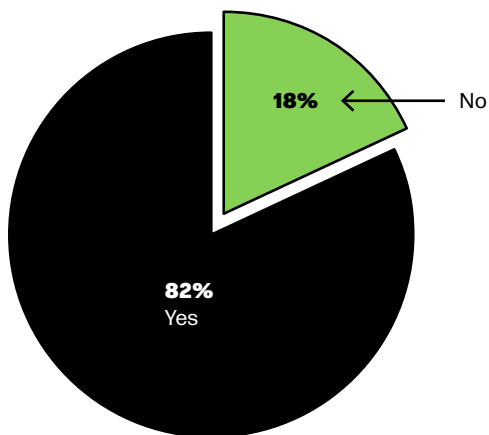
Nonetheless, a significant one-fifth of the respondents aren't leveraging or planning to leverage targeted advertising to boost visibility.

Similarly, 22% of the respondents aren't leveraging advanced analytics to identify trends and adjacent inventory. These could be missed opportunities for companies to better understand their customers and optimize their marketing efforts.

Employing User-Generated Content

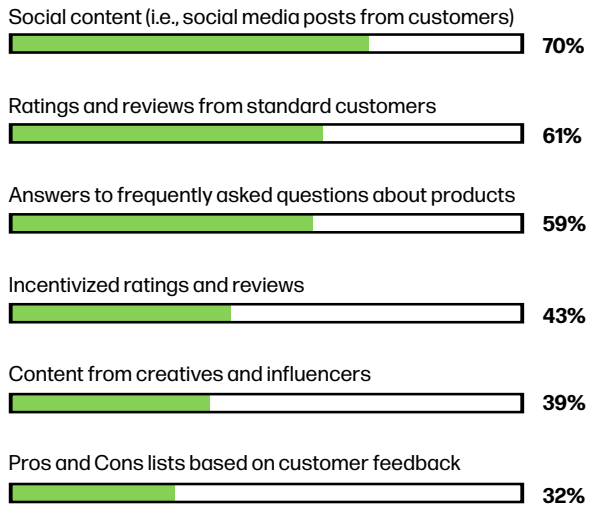
User-generated content (UGC) refers to any form of content, such as text, videos, images, or reviews, that is created and shared by consumers rather than brands. This type of content often plays a significant role in marketing strategies, as it fosters community engagement and builds trust with potential customers.

Do you currently enhance listings on eCommerce marketplaces with user-generated content (UGC) like reviews and social content?



A significant 82% of the respondents currently enhance their listings using user-generated content (UGC). This demonstrates how critical this strategy is for building trust among potential customers and enhancing brand awareness.

Since you said, “Yes,” which of the following user-generated content do you currently use to enhance your listings on eCommerce marketplaces?



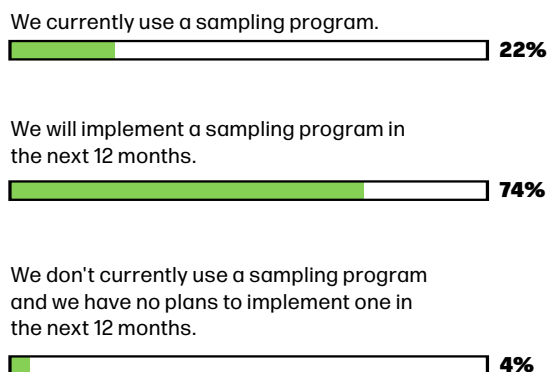
Among those respondents who are currently using UGC, social content (70%) and customer reviews (61%) are the most utilized forms of content. Additionally, 59% of these respondents incorporate answers to frequently asked questions about products.

Studies have consistently shown that consumers trust other consumers more than brands or even third-party reviewers. Organizations utilizing UGC recognize that authentic insights from other consumers can increase trust, drive sales, and help establish a community around the brand.

Launching Product Sampling Programs

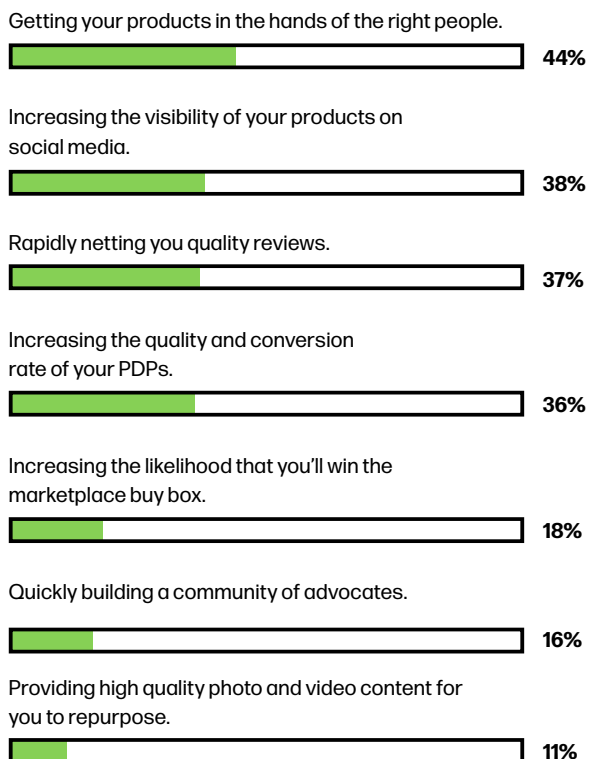
Product sampling is another means of enhancing trust and interest in products on third-party marketplaces. By providing free samples of products to potential buyers, retailers and brands can give customers a risk-free opportunity to experience a product before they commit to a purchase.

Are you currently using a product sampling program for your third-party marketplace products, or do you have plans to implement one?



Currently, only 22% of companies use a product sampling program, but 74% plan to implement one in the next year.

Regardless of whether you are currently using a product sampling program for your third-party marketplace products, which two of the following aspects of a product sampling program would be most beneficial for your brand?



Regardless of whether they engage in such a program or not, significant portions of the respondents agree that the primary benefits of sampling programs include getting products into the hands of the right people (44%) and increasing product visibility on social media (38%). Additionally, 37% of respondents value the ability to quickly garner quality reviews, while 36% emphasize the improvement in quality and conversion rates of product detail pages (PDPs).

Primary benefits of sampling programs include getting products into the hands of the right people (44%) and increasing product visibility on social media (38%).

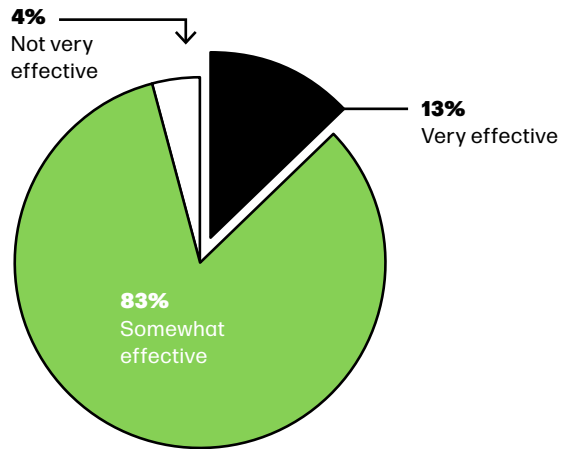
Product sampling can be an effective strategy for introducing new products, gathering consumer feedback, and enhancing online presence, ultimately driving sales and customer loyalty.

Leveraging eCommerce Tools for Market Expansion

Retailers can also leverage their eCommerce solutions to expand into new markets, including international markets, by implementing several key strategies. For example, they can invest in localization, which involves translating their website content, adjusting pricing to reflect local currencies, and accommodating cultural preferences in product offerings.

Moreover, optimizing shipping and logistics to efficiently handle international orders is crucial; partnering with reliable logistics providers can enhance delivery speed and reduce costs.

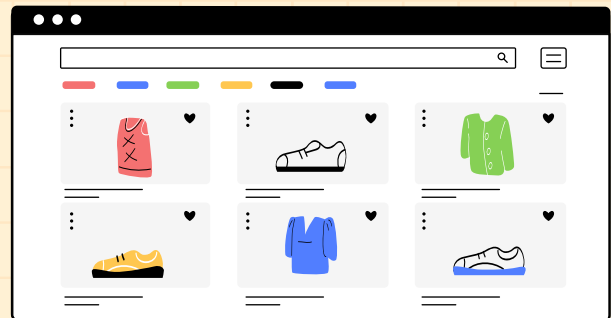
How effective are your current eCommerce solutions at helping you expand into new markets, including international markets?



The survey reveals that most companies (83%) find their eCommerce solutions only somewhat effective in expanding into new markets, including international ones, while 13% find them very effective.

This suggests that while eCommerce platforms provide opportunities for market expansion, there are still challenges to be addressed. Current solutions may not provide enough support for localization, logistics, and regulatory compliance.

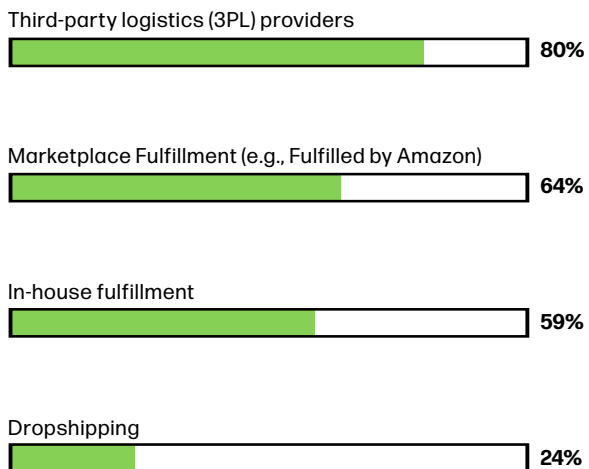
Companies aiming to expand their market reach should focus on tailoring their strategies to overcome these barriers and maximize the potential of their eCommerce solutions.



Fulfillment Methods and Challenges in Marketplace Commerce

The survey reveals that companies employ diverse fulfillment methods to manage their marketplace commerce operations.

What types of fulfillment methods do you use for your orders on third-party marketplaces?



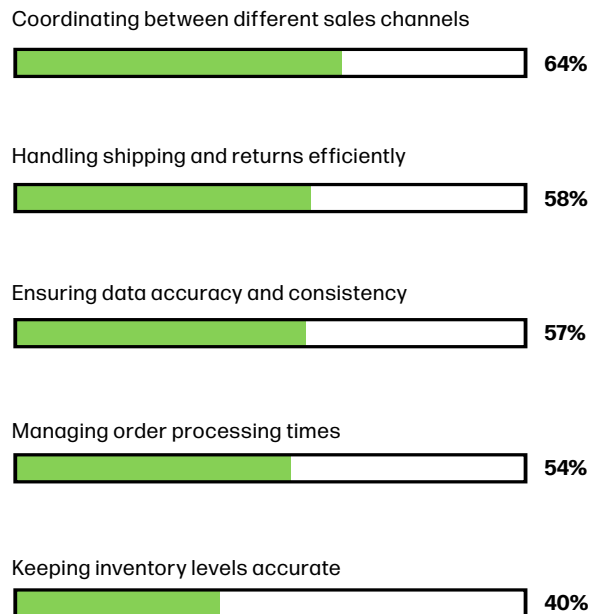
Third-party logistics providers are the most popular choice, utilized by 80% of the companies surveyed.

This high adoption rate suggests that businesses recognize the value of outsourcing logistics to specialized partners, potentially leveraging their expertise and infrastructure for more efficient operations.

Marketplace fulfillment services, such as Fulfilled by Amazon, are also widely used, with 64% of companies taking advantage of these offerings. Integrated fulfillment solutions provided by major marketplaces can offer benefits like faster shipping times and improved customer satisfaction. However, this result also raises questions about the need for diversification strategies.

In-house fulfillment remains a relevant option, employed by 49% of the surveyed companies. This approach allows for greater control over the fulfillment process but may require substantial investment in infrastructure and personnel. The continued use of in-house fulfillment alongside other methods suggests that many companies are adopting a hybrid approach to balance control, cost, and efficiency.

What are the biggest challenges you face in managing logistics and fulfillment across multiple marketplaces?



When it comes to logistics challenges, coordinating between different sales channels emerges as the most significant hurdle, cited by 64% of respondents.

This highlights the complexity of managing inventory and orders across multiple marketplaces and platforms. It also underscores the need for robust, integrated systems that can synchronize data and processes across various channels.

Handling shipping and returns efficiently is another major challenge, reported by 58% of the companies. Reverse logistics plays a critical role in successful eCommerce operations and has a significant potential impact on both customer satisfaction and operational costs. As consumer expectations for seamless returns processes continue to rise, companies will need to invest in technologies and strategies to streamline these operations.

Overall, these challenges point to the growing complexity of omnichannel commerce and the need for sophisticated logistics solutions. Future marketplace and eCommerce strategies will likely focus on developing more integrated systems, leveraging advanced technologies like AI and machine learning for better coordination, and potentially exploring new partnerships or innovative fulfillment models to address these persistent challenges.

Conclusion:

Changes to the eCommerce Marketplace Landscape

To gain a better understanding of the future of eCommerce marketplaces, researchers asked the respondents to describe how they foresee the sector changing over the next three years.

The results suggest that a significant transformation will occur, driven by technological advancements and shifting consumer preferences.

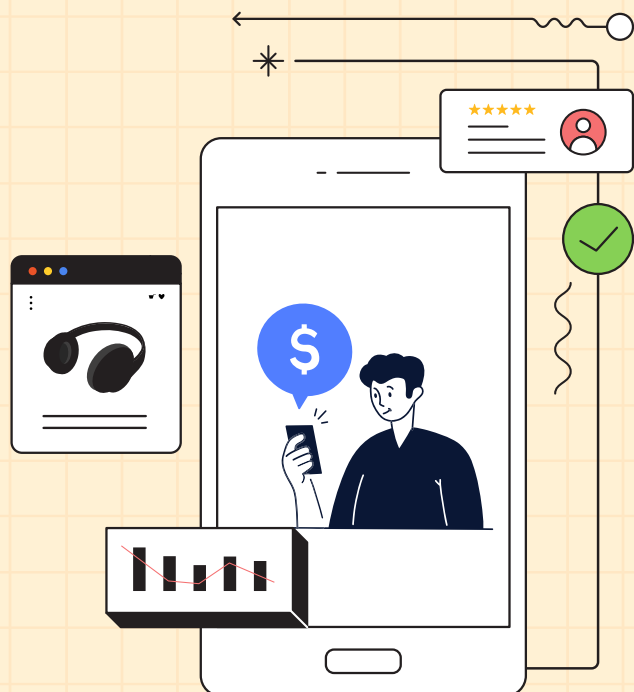
Respondents foresee the widespread adoption of virtual and augmented reality technologies, such as virtual showrooms and fitting rooms, which will provide immersive shopping experiences and reduce the need for physical returns. Additionally, the integration of AI will enhance various aspects of the shopping experience, from dynamic pricing and personalized recommendations to advanced inventory management and automated customer services, creating more efficient and tailored interactions for consumers on marketplaces.

The rise of blockchain technology is also anticipated to play a critical role in ensuring transparency and authenticity in transactions, particularly for high-value items, thereby building consumer trust. This technology could also play a role in increasing transparency between brands and third-party marketplaces.

Retail and eCommerce leaders also expect that ethical and sustainable practices will become central to marketplace operations. Consumers are increasingly demanding transparency regarding product sourcing and manufacturing processes, prompting marketplaces to focus on ethical sourcing and eco-friendly practices.

This shift is likely to be accompanied by a growth in community-driven elements, such as forums and user-generated content, which will foster more engaging and socially responsible shopping environments.

Finally, as cross-border eCommerce continues to expand, driven by improved logistics and payment systems, marketplaces will need to adapt to cater to diverse consumer needs and preferences, including offering a variety of payment options and supporting local businesses through hyper-localized logistics networks. Overall, these anticipated changes highlight the need for retailers and eCommerce sellers to innovate continuously and align with evolving consumer expectations.



Key Suggestions



Enhance

product listings, build partnerships, and implement dynamic pricing on third-party marketplaces. These strategies will allow you to enhance competitiveness and profitability, even in a rapidly changing marketplace environment.



Leverage

user-generated content to boost product credibility and engagement. Utilizing social content and customer reviews can enhance the perceived value of products, increase trust, and influence potential buyers, thereby improving customer engagement and conversion rates.



Adopt

product sampling programs to increase product visibility and gather consumer feedback.

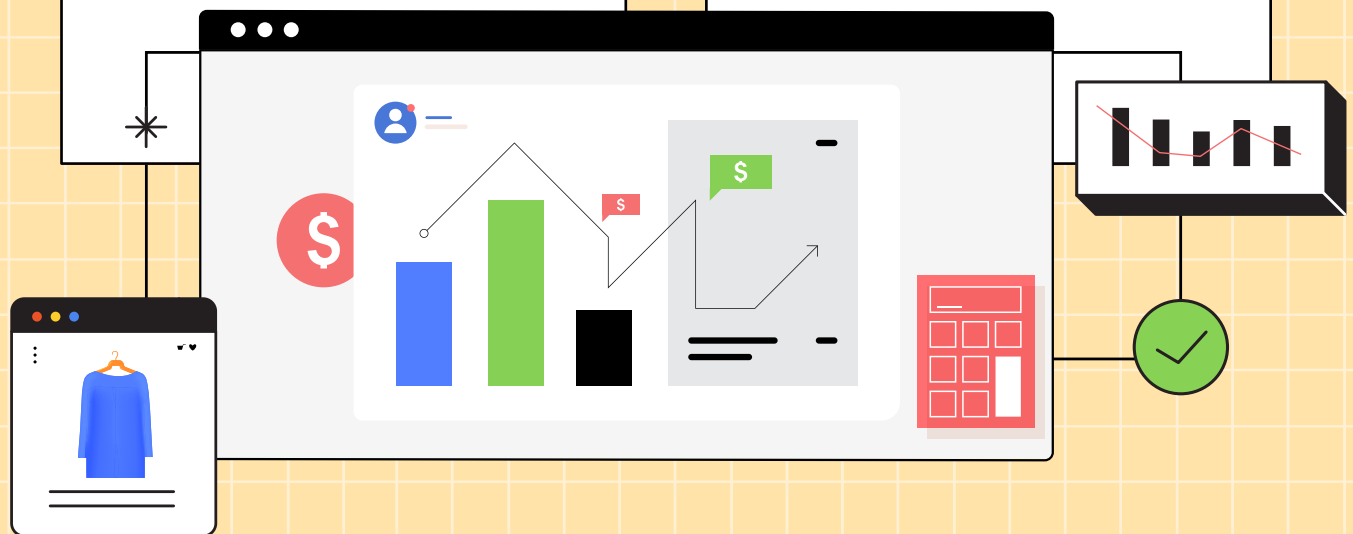
Sampling programs can introduce products to the right audiences, increase visibility on social media, and rapidly net quality reviews, all of which can drive sales and customer loyalty.



Optimize

logistics by coordinating sales channels and improving shipping and returns processes.

Efficient logistics management is essential for maintaining customer satisfaction and minimizing operational costs, especially as consumer expectations for seamless returns and fast shipping continue to rise.



About the Author



We launched eTail in 1999 and have been dedicated to supporting the growth of the retail industry ever since. What started off as 100 people in a room discussing where this sector is headed has led to 2,000 senior-level eCommerce executives being inspired whilst learning and developing their company as well as their careers.

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