



A Buying Guide to Marketplace Solutions

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There are several different ways to build your marketplace. As choosing the right software for your marketplace is an essential but very challenging step, we have put together a buyer's guide to marketplace solutions to set you on the right path.

Marketplaces are booming. By 2022, online marketplace provider revenue is expected to double ¹ and, according to Lengow, **more than half of all digital sales are already carried out through marketplaces**. Consumers are getting more and more comfortable with the marketplace model, so much so that 55% of consumers compare prices on Amazon ² before they begin online shopping. For new marketplace owners, this is great news.

Although these figures are very encouraging, starting a marketplace business still requires a lot of motivation, knowledge and determination. New marketplace owners need to be aware of the options they have and how best to use their limited resources. The good news is that with the recent advent of highly effective marketplace solutions, **business owners can launch a marketplace that both pleases customers and their budget, vastly improving their chances of success**.



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A Marketplace Launch Guide: How To Kickstart Your Business For Success

¹ [Online marketplace revenues to double by 2022](#)




² [More shoppers are starting their online search on Amazon](#)

The pains of launching and growing a marketplace business

It might be a better time than ever to start a new marketplace business. Despite this, launching a marketplace is still a huge undertaking that requires a lot of determination and hard work.

There are many different problems that a marketplace owner will face before and after the launch of their multi-vendor business. These can be related to tech, budget, logistics or any other number of tasks that relate to setting up a marketplace.

Here are a few problems that might sound familiar to many marketplace businesses:

-  The marketplace technology is often down, crashing with every new module release and keeping the business from growing.
-  Seller onboarding and catalogue upload do not scale and require too many work hours to operate.
-  Payouts to sellers are time-consuming and the finance team often has to spend most of their time processing payments and invoices for dozens of sellers on the platform.

Doing this is an essential step in deciding how to assign a marketplace budget. As marketplaces are multi-faceted businesses that connect sellers and buyers, **deciding where to focus efforts and finances is crucial for the success of the platform.**



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5 Marketplace Trends To Watch



Types of marketplace software

01

Knowing what types of marketplace solution software are available is crucial to your ability to make the best decision about which one to choose. On the surface, the options might be easy to distinguish, but some important distinctions often get hidden in marketing-speak - and through the sheer exhaustion of researching all the different solutions.

For example, some solutions might seem like a cheap, easy option, but hidden costs drive up the required budget. Avoiding problems like these will **prevent potential headaches before they happen**. Here are the four main types of software available for creating a marketplace platform.

Developing from scratch

Marketplace businesses that need a highly customised marketplace might opt for building their marketplace from scratch, that is, coding the whole software from the bottom up.

This alternative is ideal for **creating a platform that totally reflects the company's product vision**.

Large technology companies like Airbnb, Uber, and BlaBlacar ³ have all coded their software from scratch: these companies needed platforms with special built-in features and user interfaces that could put their disruptive business models into effect.

³ [4 open source peer-to-peer marketplaces](#)

The drawback is that coding a new marketplace from scratch is a lengthy process and will likely **require a rather large technology team to build the marketplace**. Maintenance and upkeep after the platform's launch are also important considerations - for this reason, a sizable part of the team (if not all) will most likely need to be retained post-launch.

While this option gives owners full autonomy over the marketplace platform with no dependence on external providers, it is expensive and time-consuming.



Open-source platforms

Building the platform through free-to-download open-source platforms is an attractive proposition for many new business owners building a platform. Open-source relies on 'pro bono' work; the platforms are built by a group of passionate individuals driven to make the best possible solution. This means a business owner can have access to a set of quality assets for free.

This solution allows for increased adaptability. Using open source is **particularly attractive for companies that have a team of talented coders**, but are faced with budgetary or time constraints. Essentially, these platforms give a good starting point to work from.

As mentioned above, the cost of a marketplace goes beyond the principal stages - customisation in the set-up phase, upkeep and maintenance must also be considered.

Unfortunately, as open-source platforms rely on free ‘pro bono’ work, many of them no longer provide updates. Open-source platforms, therefore, may be liable to have security issues, a lack of third-party integrations, and a pile-up of bugs.

However, while the solutions themselves being free, the cost of retaining the coders and maintaining the platform still has to be considered. What’s more, the prevalence of SaaS solutions (more below) means that some of these solutions are **discontinued** (for instance Beyourmarket and Mayocat) **or rarely updated** - this is an obvious drawback and significantly reduces the appeal of open-source solutions for many marketplace owners.

SaaS platforms

SaaS means Software-as-a-Service. In this approach, the software is licensed to a user over the internet. SaaS is increasingly the preferred method for businesses to purchase and utilize software.

In the long run, SaaS provides a very cost-effective solution. When you look at the bigger picture - the total cost of ownership (TCO) - a **SaaS platform can help you to save 20 to 70%**, compared to solutions like coding from scratch and open-source platforms.

This is due largely to the fact that there is no need to retain a staff of coders to maintain your platform after launch. Having around-the-clock upkeep means that the technological infrastructure is much smaller for the owner of the marketplace. What’s more, SaaS marketplace solutions allow for a **shorter time-to-market** as they do not require lengthy set-up or design times.

SaaS services allow you to focus on managing the business over managing the technology. Having the technical side of things handled by your SaaS provider means that you can assign less of your budget to engineering, for example, and more on marketing.

While SaaS solutions might allow less customisation (compared particularly to coding from scratch), they **free up the budget for other important areas of the business**. SaaS is a great alternative for both greenfield marketplaces and existing companies alike.



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**A Marketplace Software Guide:
Why Choose SaaS Over Open
Source**



Criteria Comparison

02

When selecting the right solution for your marketplace you will want to know the exact features you are looking for. It is very important to have a checklist of your *must-haves* in order to pinpoint which platform will be the best fit.

It is important to ask for demos of the solutions being considered in order to compare these features. We have put together a checklist of what we consider to be **the essential components of an effective marketplace solution**.

User Experience

Marketplaces are there to make the buying experience quick, easy and intuitive. A great solution should enable this across the whole marketplace - allowing buyers, sellers, and marketplace employees to easily navigate and manage the storefront and its products.

Multi-seller checkout

Buyers can shop the way they like, with **one single purchase of different products from different sellers**. This allows them to compare prices and quality over a wide range of goods and buy them in a single order.

Page speed and performance

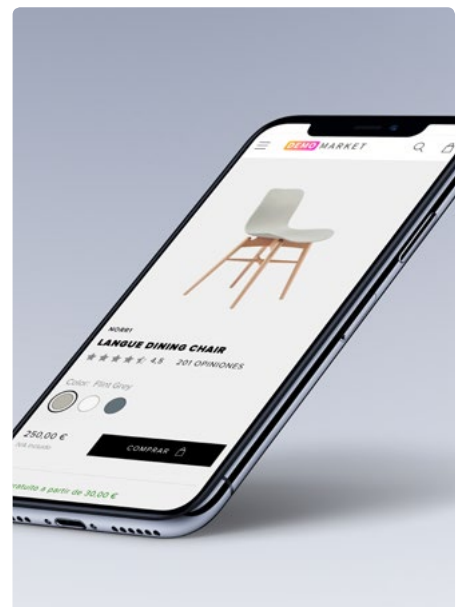
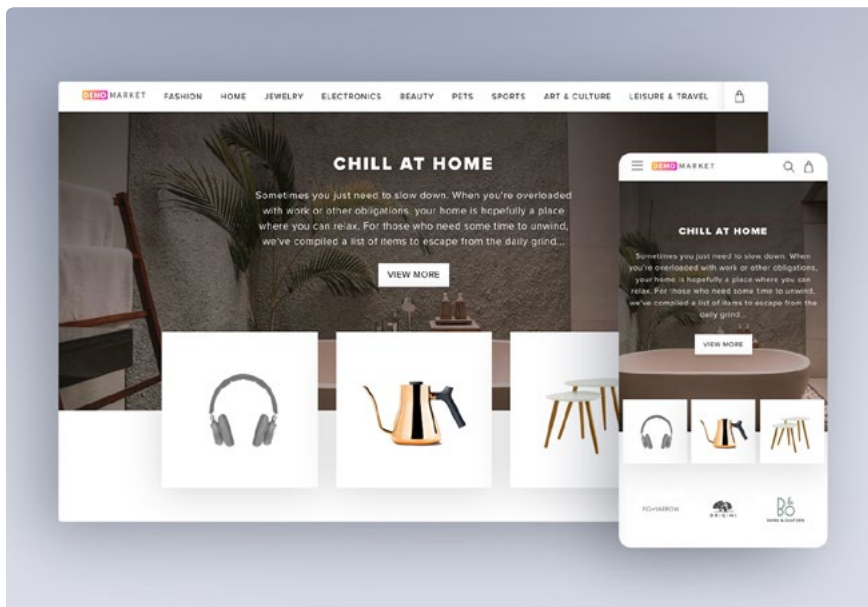
Speed in page uploading and web reliability are essential to creating a great user experience. Any solution being considered should be reliable and fast.

Easily navigable storefront

Once the marketplace is up and running, you will be looking to have a lot of sellers and products on the site. These need to be easily found via a seamless UI. A good marketplace acts as a search engine for products, allowing buyers to search collections and categories and easily compare

Mobile, responsive and cross-device

Mobile is an essential part of the **buyer experience**. If the storefront is not mobile-ready, you risk losing a big chunk of sales that could be driven via smartphones and tablet devices.



Modern design

Most successful marketplaces today have a simple, minimalistic design that conveys **brand values in a modern, aesthetically pleasing design**, allowing the products to come to the forefront of the buyer's attention. A platform that can offer a modern, aesthetically pleasing design will create a better user experience.

Intuitive

Much in the same way that the marketplace itself should be intuitive and easy to use, the provider or solution you choose should allow for intuitive editing and management of the marketplace with an easy-to-navigate UI.

Seller Experience

The back-office of any marketplace should never be tricky to navigate. Making this process as painless as possible for sellers will help to attract more vendors to your marketplace.

Simplified catalogue management

The ideal solution should include simple product upload forms (or the ability to upload in bulk), as well as editing and synchronisation capabilities (where applicable) with legacy systems. It should offer them an **easy, intuitive catalogue management feature**.

Configurable seller branding

The sellers should be able to easily apply their brand to the products they are selling. Categorization can enable them to easily tag all of their products, while a small degree of personalisation makes branding appear more prominently across their products.

Easy, low tech environment

Having a clean back-office with focused features makes the user experience more optimal for sellers. This will make them more likely to sign up, use, and be successful with the marketplace platform.



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How To Attract The Best Vendors To Your Marketplace

Admin experience

Vendor onboarding and payouts to sellers can be extremely time-consuming and difficult to scale for the marketplace business. A lot of this administrative work can thankfully be automated.

Hand-to-hand admin onboarding

Though digitizing and automating aspects of the platform is key, a human touch is still essential. A good solution provider will help to train clients in the use of the software through materials and one-on-one sessions.

Advanced data intelligence

A solution that facilitates data collection and visualisation can provide **valuable marketplace insights and metrics** to guide and grow the business.

No version clashes

Make sure that specific modules for open-source platforms (take a payment solution as an example) do not clash once the main version of the platform is updated.

All-in-one solution

Choosing a solution that covers all bases will help to save time on the launch of the marketplace. Look for a software that includes everything a marketplace requires to **launch and grow**, covering all technology, visual and marketing needs.

Self-onboarding for sellers

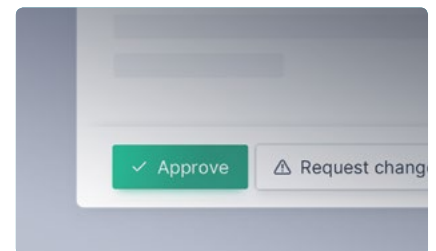
Onboarding sellers should be as easy as possible to avoid unnecessary efforts from the marketplace operations team. Third-party sellers should be able to easily join the marketplace and upload their product catalogue.

Built-in moderation tools

Content moderation is a cornerstone of a successful marketplace. It is essential to have a tool that can help enforce Marketplace and Content Policy, helping streamline operational resources.

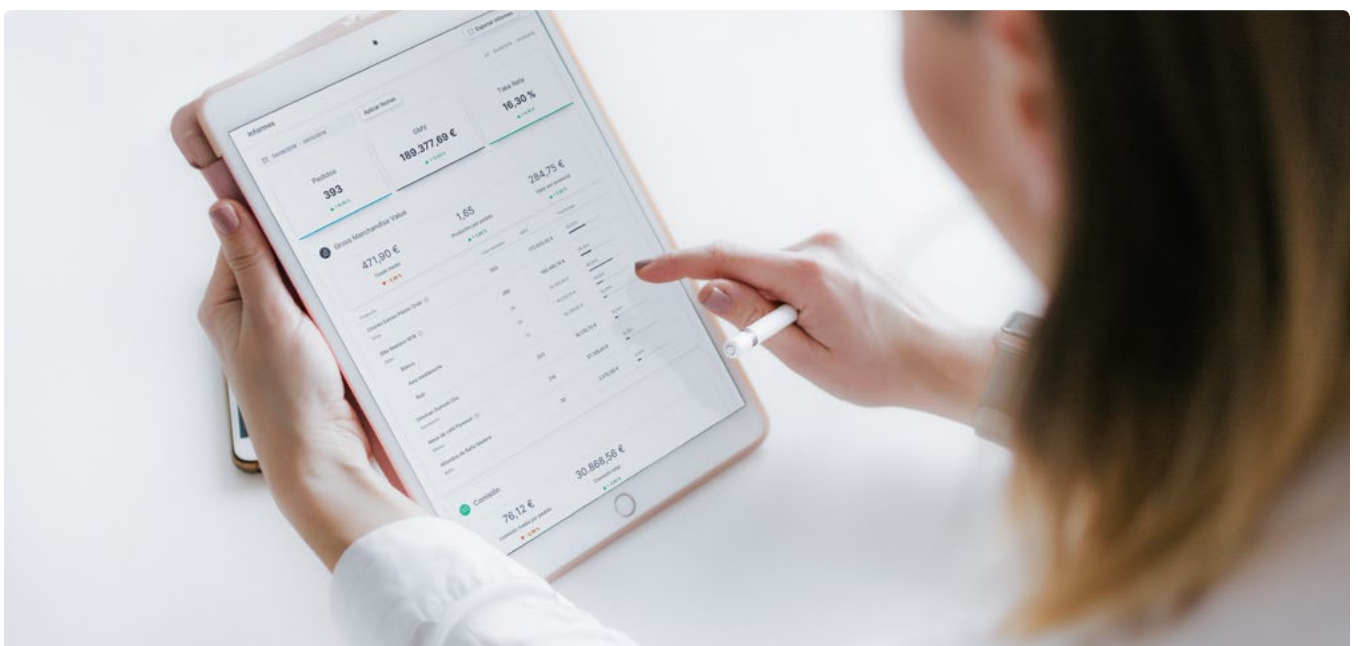
Simplified collections and payouts

A great solution allows for commission management through the platform. This can be achieved through integrating split payments, automatic payouts and PSD2 compliance.



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How Content Moderation Is Key To Marketplace Success



Cost savings

The ideal solution should allow for several cost-saving features. This can open up the marketplace's budget to be used for other avenues other than the building of the platform. For example, efforts can be increased in marketing and sales over technology.

Low or no commissions

Suppliers often include commissions to offset lower fees: however, they can have a relevant negative impact on the bottom line as the marketplace grows.

Free software updates and improvements

Some suppliers will include free updates and improvements in their fees so that fixes and new features are continuously deployed. This helps marketplaces save money that would otherwise be allocated to maintenance.

Hosting

Having web hosting and easy domain integration included in the solution makes it much easier for a business to join a platform. No need for time-consuming hosting.

No need to hire tech staff

A development team is potentially the largest part of the budget for marketplace businesses, especially in its early stages. Some solutions can help keep this cost at a minimum.

Risk and commitment

Some solutions allow for subscriptions that can come with clear terminations policies (at shorter notice than agency or employment contracts). **Contracting an external solution might be seen as less of a risk**, as the business can quickly change the approach if it is not working for them

Low set-up costs

Set-up costs can be hefty for new marketplace businesses. Choosing a solution with lower set-up costs reduces the stakes and rigidity with the project.

Fast set-up time

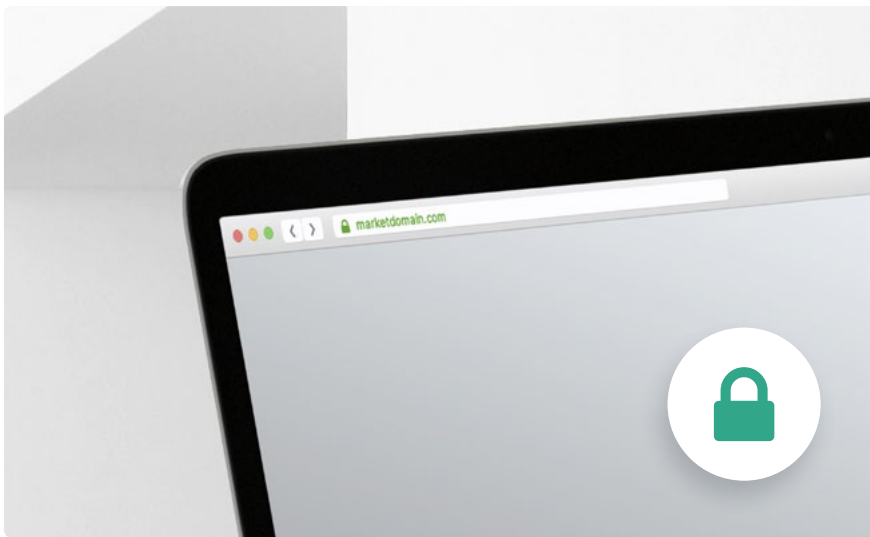
Having a solution that allows the platform to be launched quickly allows the company more of using its resources more efficiently and having a chance of capturing its respective market.

Security

Any website that processes transactions needs top security. As marketplaces are a hub for buyers and sellers, security should be a top priority when choosing which solution to go with.

Sitewide certified HTTPS and SSL

If a website shows *https* at the beginning of the URL, that means it has an SSL certificate. In other words, it encrypts information between web servers and browsers, allowing for **safer navigation** and increased user engagement.



Single sign-on authentication

Single-sign on authentication is an identification method that allows the marketplace to use other trusted sites (such as Google or LinkedIn) to verify users. This is an interesting tool to validate buyers and sellers.

Compliant with GDPR

This is essential for companies inside and outside the EU. Businesses based inside the EU will be breaking the law if they are not **GDPR compliant**, while those outside might not be allowed to access European buyers.

Future readiness

While the rise of SaaS has allowed for more adaptability, fewer large commitments through long-term contracts and the ability to choose more easily what works best, changing platforms and aligning the whole team on a new comprehensive software is still a time-consuming process. Make sure you choose a solution that will still be a great fit further down the line.

Innovation pace

Will the platform you are looking into still be at the top of its game for years to come? Will it keep up with the latest marketplace trends? How knowledgeable is the team behind the solution? It is important to work with a company will continue to grow and improve.

Easy to scale

Marketplaces are highly scalable businesses; this should be accounted for in the platform that you choose. Look for **a solution that helps you to scale when it comes to increasing capacity** (employees, sellers and buyers), supporting high-growth rates in visits and sales, or allowing for sponsored features.

Improvements and updates included at no cost

It is important to consider if **updates and software improvements** will be included at no extra cost. Some companies split their offerings into more comprehensive options at higher prices, while others provide all updates without raising the price.

Social proof

Is the solution you are looking at provided by a proven company? It is important to check if other clients in the same industry or geography speak (or write) highly of the solution you are evaluating.

Relevant ratings, reviews and testimonials

Unbiased software review sites, such as Capterra and GetApp, can help to give a rounded view of the platform you will be using.

References and clients

Existing case studies and testimonials from current client provide great insight into strengths and weaknesses of each solution.



How to Use Our Buying Guide Checklist

- 1 Download the Checklist as a PDF document or as a spreadsheet.

[Download PDF](#)[Download Spreadsheet](#)

- 2 Indicate the names of the solutions you want to compare.
- 3 Rate each solution on a scale from 1 to 5 for each criterion.
- 4 Choose the solution that best matches your business needs.



About Shoperly

Shoperly Marketplaces empowers brands, corporations and ventures to build and scale their marketplace businesses through SaaS solutions and digital advisory.

Reach out to us today to explore how you can outsource the technological foundation of your marketplace and eliminate the need to actively manage your infrastructure. Our SaaS solutions take care of the technological side of your business, so you can focus all your attention on what matters: building a winning marketplace.

For more information about our solutions or to book a demo, contact sales@shoperly.com

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