



The Definite Guide to Launching a Marketplace

Shoery®



What's In It?

Getting your strategy right

Choosing the best technology

Crafting a great team

Defining a winning marketing plan

Building solid operations

Post-launch tips

Who's it for

Founders of a marketplace

Heads of Digital and Ecommerce

Innovation Officers and Digital Officers

The Definite Guide to Launching a Marketplace

Marketplace businesses are dominating the ever-growing e-commerce space. According to Forrester, more than half of online sales occur through online marketplaces ¹. Moreover, **60% of digital sales are carried out through marketplaces already.**

Big names like Etsy, Airbnb, Uber and Glovo not only stand out in the marketplace space, they are some of the most exciting tech businesses of the last decade.

That said, there's still plenty of space for more vertical, niche businesses to corner their respective markets, meaning that building a new marketplace business in today's climate is an extremely attractive proposition. With online **marketplace revenue expected to double by 2022** ², there's never been a better time to jump in.

However, a marketplace launch is not an easy undertaking: several areas demand careful oversight at different stages of the process. This guide will enable new marketplace businesses to **minimise the risks** involved with launching their projects and will boost the chances of success for your new marketplace. It's crafted by the Customer Success team at Shopery, made up of e-commerce experts that have supported dozens of clients on the journey to the success of their marketplaces.



Shopery Insights

5 Marketplace Trends To Watch

¹ Forrester: Half of online sales occur on marketplaces

² Online marketplace revenues to double by 2022

A typical marketplace launch

The launch is typically carried out in four stages: analysis, planning, implementation and launch.

Stage	Purpose
 Analysis	Validate the preliminary feasibility of the marketplace business
 Planning	Prepare and define the marketplace business model
 Implementation	Prepare the marketplace launch
 Launch	Execute marketplace operations

These are undertaken while focusing on five major business areas: **strategy, technology, team, marketing** and **operations**. The following chapters are organised into these five areas so that each one can be covered comprehensively.

01

STRATEGY

- Understand the value proposition
- Define the monetization strategy
- Develop a business plan
- Secure financing for the marketplace launch
- Define key marketplace metrics

02

MARKETING

- Test the project with potential buyers
- Define the brand and positioning
- Create a content calendar
- Prepare the PR launch campaign
- Implement product reviews
- Optimise for SEO

03

OPERATIONS

- Test the project with potential vendors
- Define the shipping model
- Select a curated list of vendors
- Acquire sellers
- Define a marketplace vendor policy

04

TEAM

- Build a launch team
- Have a kickoff meeting
- Hire more talent as needed

05

TECH

- Define the marketplace's technological requirements
- Decide on the implementation
- Choose the technology solution that fits best



Strategy

01

Analysis

Understand the value proposition

The value proposition for a marketplace has to be clearly defined for two separate personas: **the buyer and the seller**. The best way to do this is by setting up meetings with prospective sellers, buyers and industry leaders in the specific field a marketplace owner wants to enter. That way marketplace owners can gain an understanding of the expectations and needs of both personas.

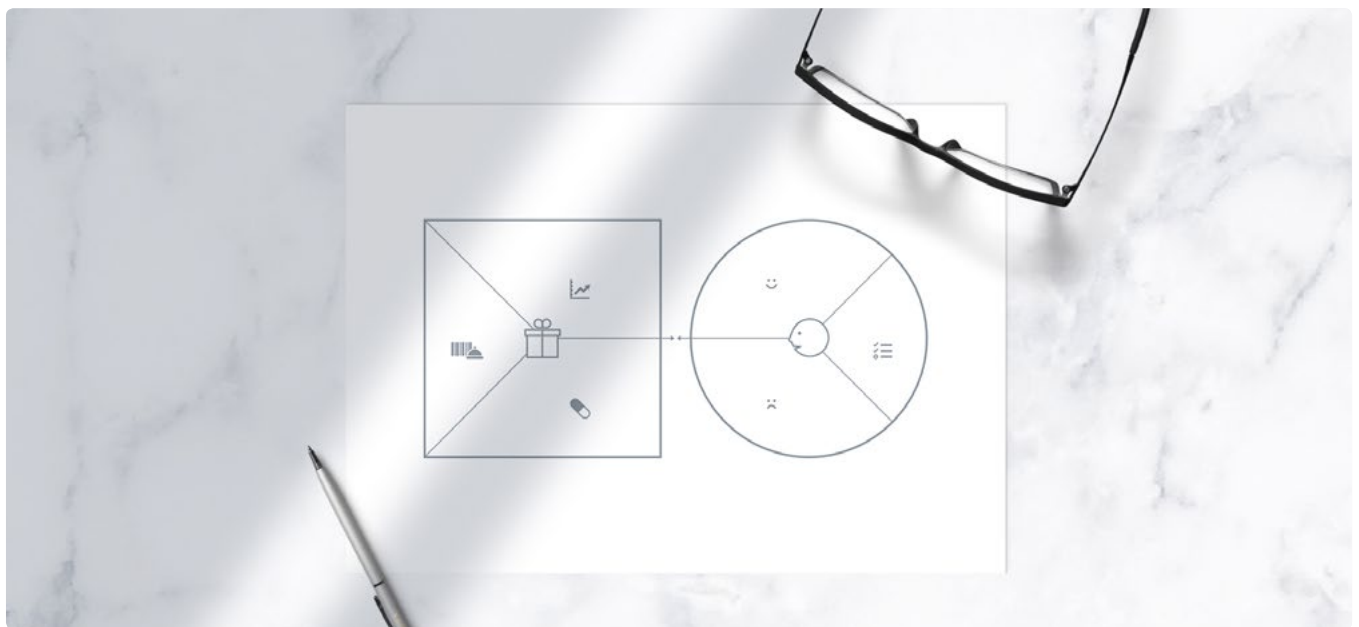
The value for a seller will give the main information an owner needs to decide on a monetization model, and the value for a buyer will guide the creation of the business model. **Both will help the owner to decide on the ideal team setup for the marketplace.** For example, a marketplace working in a niche space might want to spend more money on marketing and branding so as to reach its target persona. A marketplace owner aiming to create a large inventory and business might want to invest more in operations.

Planning

Define the monetization strategy

There are four prevalent ways a marketplace can develop its revenue model: commissions, monthly fees, marketplace ads and additional services. Other models, such as listing fees, can also be experimented with, though they may be a riskier proposition.

It's important that an owner **aligns their chosen model with the value the marketplace brings to buyers**. They'll also need to make sure they are properly incentivising vendors to list their products on the site. As an example, Etsy charges a minimal commission percentage (less than 10%) while stock image websites can charge up to 50%. Services that will be lost entirely if not bought – a night at a hotel for example – generally incur a higher fee due to the nature of the sale.

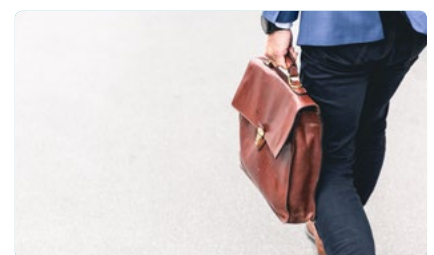


Planning

Develop a business plan

The marketplace model is quite lean and scalable for new startups and corporations alike, but the business must still **carefully evaluate how they wish to operate before they begin**. With buyers, sellers and the marketplace team to keep track of, it is crucial to have a clear guide to follow on how, and in which direction, to grow the business.

A clear outline should be made for what will be sold (physical products, digital products, services), who will do the buying and selling (B2B, B2C) and how delivery will be handled. This should all be reflected on a business plan consisting of financial statements like projected P&L statement and required budget.



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A Guide To Marketplace Revenue Models

Planning

Secure financing for the marketplace launch

As with any new project, the future marketplace will need a budget to hire the team, run acquisition campaigns and develop operations. Indeed, new startups and corporations alike will need to secure a budget. Having said that, different types of marketplaces need different approaches depending on their business plan.

For entrepreneurial ventures, it is common to secure funding for their new marketplace from FFF (Family, Friends and Fools) and Business Angels, a fact reinforced by **e-commerce growth showing no signs of decline** ³.

For corporations, an employee must sponsor the marketplace idea at the relevant decision-making level – usually at the company's Innovation Board. Crucial to getting buy-in from key stakeholders is identifying how the marketplace model will bring in new revenue stream and affect its main KPIs.



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How To Measure Your Success: 5 Key Marketplace Metrics

- ³ [Online Shopping Trends 2019 & Key Figures](#)
- What you need to know

Implementation

Define key marketplace metrics

Metrics are vital in keeping track of the many facets of a marketplace. Marketplace growth, as well as seller performance and buyer engagement, have to be tallied in order to see if the business plan is being implemented effectively, or if it needs adjustment. Here are a few marketplace KPIs to collect and analyse.

Gross Merchandise Value

The Gross Merchandise Value (GMV) should be followed early on as it provides an indicator of the marketplace's gross revenue (i.e. the aggregate of all sales from all sellers). It can be calculated through:

$$€ \text{ GMV} = \# \text{ Transaction} \times € \text{ AOV}$$

Average Order Value

Shows how much an individual customer typically spends on the marketplace, helping understand how much they should spend on acquiring customers. It is calculated with the following formula:

$$€ \text{ AOV} = \frac{€ \text{ GMV}}{\# \text{ Transactions}}$$

Buyer and seller liquidity

Buyer and seller liquidity are important metrics to follow. These show the number of listings that turn into transactions (on the seller side), and the probability that a visit will become a transaction (for the buyer).

$$\text{Seller liquidity} = \frac{\# \text{ Listings with transactions}}{\# \text{ Total Listings}}$$

$$\text{Buyer liquidity} = \frac{\# \text{ Transactions}}{\# \text{ Visits}}$$

Take Rate

The Take Rate allows a marketplace owner to calculate their actual sales through the following formula:

$$€ \text{ Actual sales} = € \text{ GMV} \times \% \text{ Average Take Rate}$$



Marketing

02

Analysis

Test the project with potential buyers

Once the marketplace's buyer persona is clearly defined in the early customer development, the theory has to be put to the test. Ultimately, until you reach out to real buyers, it is all speculation. Reaching out can be done in several ways. For businesses with an already established network of clients, crafting a selection of the most relevant buyers can be a good way to test the waters.

Many newer business launching as a marketplace, such as Lexoo, which connects business lawyers and businesses, started out only with a simple landing page on a website with a form. The CEO handled every enquiry until they saw an increase in paying customers and had to grow. Phone interviews should be carried out with potential buyers if possible, and inexpensive ads can also lead traffic towards enquiry forms that would encourage potential customers email, or call in.

Planning

Define the brand and positioning

Though branding is hard to define, it is just as important as finding the right vendors and buyers, measuring metrics and choosing the right revenue model. In fact, according to a study by Circle Research, **77% of marketers state that branding is an essential factor in the future growth of a company.** A business's brand refers to its personality and values transmitted to customers.

These are portrayed via visual appearance (logo, website and social media), and through the marketplace's voice in content throughout its website, different social media and advertising platforms. Ultimately, it is the customers' immediate association when faced with the name of the marketplace. A strong brand can be crafted via strong values and an effective marketing campaign based on having a strong social media and online presence.

Implementation

Prepare the launch campaign

A launch campaign is the cornerstone of a marketplace's early marketing efforts⁴. The team should take an almost journalistic approach to make it as compelling as possible, gathering any data they can find that backs up the company's USP. Out of everything in the marketing calendar, this needs the most attention prior to launch.

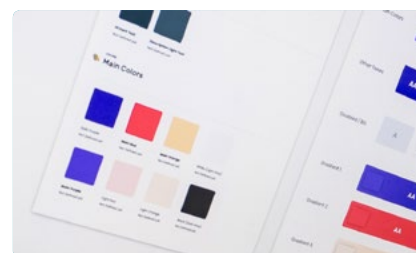
Depending on the nature, stage and vertical of the marketplace, a launch campaign can focus either on supply or demand. Often, marketplaces focus on the supply side before launch, then switching their resources to acquiring the demand during launch.

Implementation

Create a content calendar

What does the marketplace specialise in? Can anyone, including the owner, position themselves as a thought leader by giving expert advice on services the marketplace provides? **Blog posts can be the start of a business' content approach.** This could then develop into other types of content including creating white papers, lead magnets and case studies to ensure as wide a reach as possible through their content.

All of these can be used to put together a comprehensive content calendar. Marketing teams may also wish to put a newsletter together. **A newsletter campaign has been shown to be a cost effective way to build customer relationships**⁷ and increase engagement with a platform. At Shopery, we are seeing a growing trend in using content also in B2B marketplaces: it helps to educate corporate buyers in the nature and benefits of the products sold in the marketplace, and overall **increase sales**.



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The Four-Step Formula To Effective Marketplace Branding

⁴ [4 Tips to Launch Your First Effective PR Campaign](#)

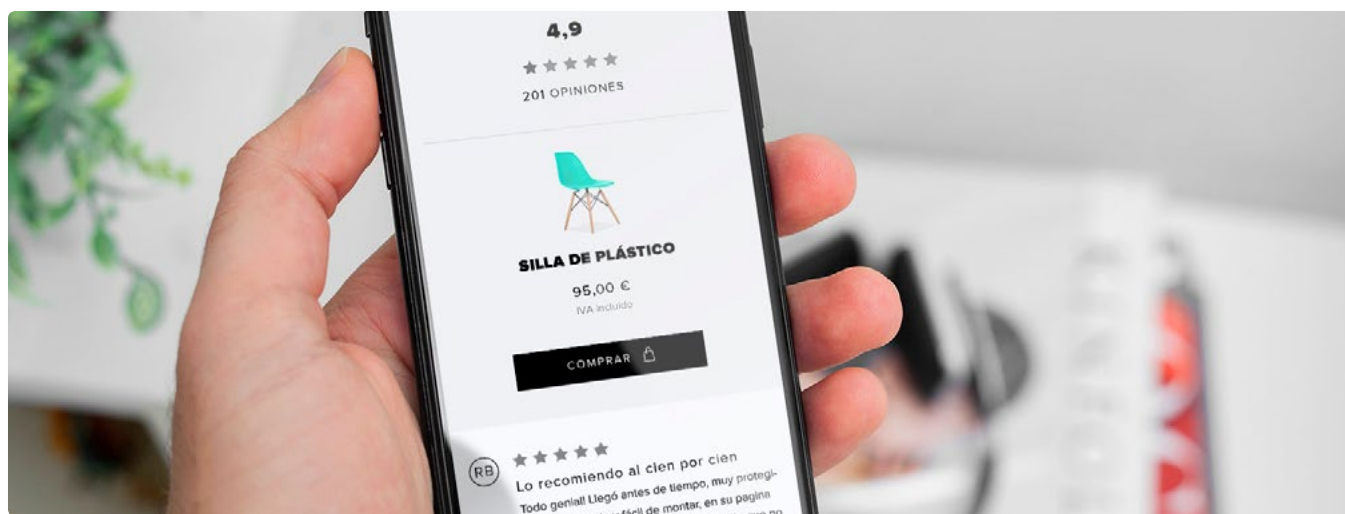
⁵ [Newsletters can help you build customer relationships](#)

Implementation

Implement product reviews

Shareable reviews go a long way to promote not only the products on your marketplace, but your entire marketplace brand too. **More user engagement with your products means more engagement with the marketplace as a whole** - which holds true both for B2C and B2B marketplaces.

What's more, your marketing team should be ready to fully engage with reviews. Any queries or complaints about products sold on the marketplace, ideally, should be dealt with promptly and in a positive manner. Engaging with buyers in this way, as well as through social media, helps to create a sense of community that encourages user engagement and builds trust through your platform.



Product reviews in a marketplace built with Shopery Marketplaces software

Implementation

Optimise for SEO

Optimising a marketplace for SEO is an extensive task. **However, the hard work that goes into it is well worth it and will reap rewards in the long term.**

The usual avenues— product descriptions, landing pages, blog posts — can be tweaked to bring traffic to the marketplace. However, there are a few surprising ways SEO can be given an added boost.

For example, separate images contain file names and captions, both of which are picked up by search rankings. Meanwhile, as of last year, page speed is a factor ⁶ in Google search ranking — meaning that a page that takes a while to load will be adversely affected when it comes to SEO. Though your marketplace should use the best pictures possible for a positive user experience, take care when it comes to large files that it doesn't affect your site's latency or performance.

Note: This is relevant for B2C marketplaces that aim to drive marketplace discovery. Private, B2B marketplaces will typically set up discovery through other channels, such as fairs and PR.



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Why Great Pictures Are Paramount To Success In B2C Marketplaces

⁶ [Using page speed in mobile search ranking](#)



Operations

03

Planning

Test the project with potential vendors

Amazon was a very early player in the market and leveraged the lack of competition starting as a book reseller. Etsy approached a largely untapped ¹⁰, already existing, handcraft artisan community. Airbnb made things easier for people who were already providing the same service through Craigslist. When reaching out to potential new vendors, **the value proposition should always be a priority**. What exactly does the marketplace provide vendors over any other platform? It is also crucial to research any existing competitors in order to outperform them with the marketplace's unique offer.

As operations teams reach out to potential vendors, they should emphasise how the marketplace addresses some of the key benefits that attract vendors to a multi-seller platform. **First and foremost, sellers will want to tap into a wide customer audience**. They will also want the added promotion of joining a marketplace, as well as the benefit of seamless delivery models (either logistics or booking platforms) that make it easy to sell products or services. Some newer businesses that are just starting out as vendors might see joining a marketplace as a good base from which to grow their sales.

⁷ [How did Etsy build its brand name among independent sellers early on?](#)

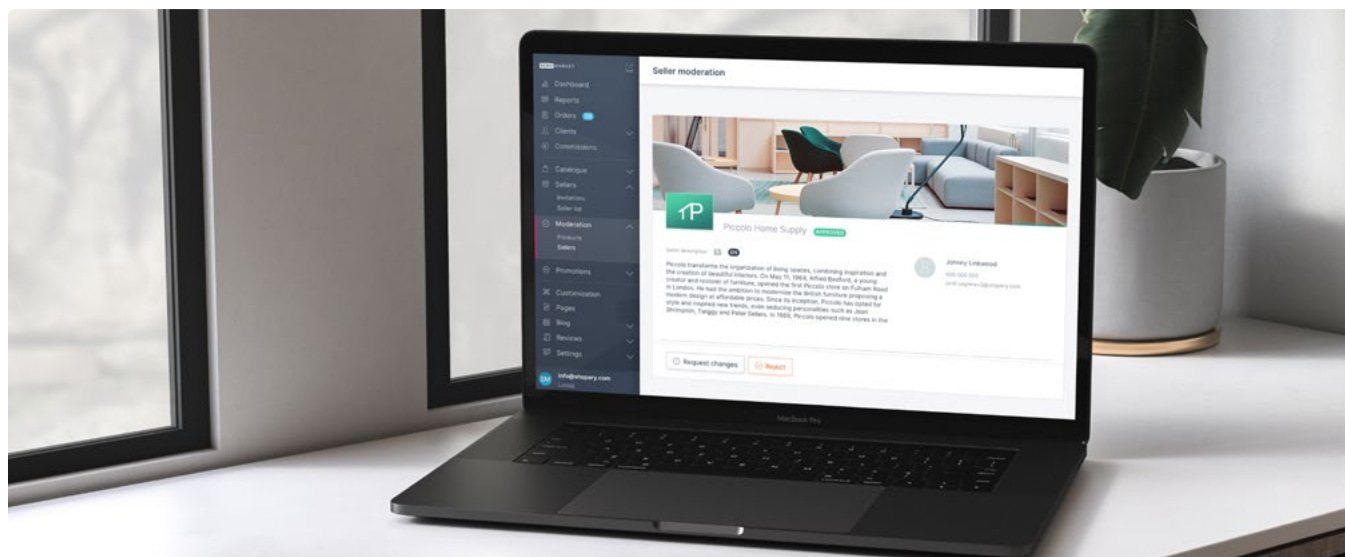
Implementation

Define a marketplace vendor policy

The vendor policy is a document that summarizes the agreements made by the marketplace and the vendor.

Alongside the big policies to be agreed upon, like price and quality control, there are other important considerations. Discuss the credit period offered to the vendor as well as how they will be paid, as well as what kind of products are publishable and which aren't (usually through categories and product brands). Though a marketplace owner wants to avoid micromanaging their vendors: **operations must moderate and curate the catalogue, making sure guidelines have been followed by the vendors and all inventory is categorised properly.**

In the early stages of the marketplace, where providing a great customer journey is paramount, the vendor and marketplace should also be heavily aligned when it comes to the brand and values.



Seller moderation feature in Shopery Marketplaces admin

Implementation

Select a curated list of vendors

After creating the marketplace's business plan, extensive research should be conducted to identify potential sellers and create a shortlist. There are important considerations to take into account when constructing a shortlist. Do the sellers have the experience and capacity to adapt to the marketplace's growth predictions? Has anyone on the team experienced working with any of the sellers? Do the prospective sellers currently also work with any competitors?

In the early stages, a marketplace might aim to incorporate the most prominent sellers into the marketplace to benefit from their increased



Shopery Insights

How Content Moderation Is Key To Marketplace Success

branding and large catalogues. However, convincing an established player to join the marketplace might prove difficult. It may, for example, come at the expense of offering lower fees. New marketplaces should consider the easier onboarding process that comes with less established vendors.

The first vendors of a new marketplace are typically associates of the owner that can be brought onboard at the very early stages. **Before and after the launch, it's important to work very closely with these vendors**, give them a seamless experience that allows them to learn from their success, as well as leveraging it to promote the marketplace as a go-to platform.

Planning

Define the shipping model (for goods marketplaces)

Several models can be taken up by a marketplace with different costs and benefits. For example, a third-party logistics provider can be contacted to take over management of the supply chain.

Businesses with large distribution networks can benefit from providing logistics as an added service to 3rd-party sellers. A leaner approach for new marketplaces is to let sellers have full autonomy over their individual shipping, while the marketplace oversees orders and shipments.

Implementation

Create a vendor launch campaign

The launch campaign is a great time to double down on the advantages and benefits of joining the marketplace. **What makes it such a great place for vendors?** What differentiates this platform from its competitors?

Etsy, for example, held a special offer of one month free for every new vendor at their launch. It may also be a good idea to create a member referral program for vendors. These types of initiatives allow vendors to see the benefits of the marketplace first hand and incentivises them to sign up long-term. What better way to launch than by focusing on the fantastic selling points of the marketplace?



Team

04

Planning

Build a launch team

There are four main pillars of a team to address: marketing, operations, product and engineering. As discussed in ‘Technology’, a marketplace business must invest wisely based on the requirements of the business.

What are the technological requirements? Can an owner invest more in marketing, operations and product if they invest in affordable SaaS solutions, for example? **Take some time to consider the unique personality of the marketplace**, and use that as a guide to finding a team of brilliant characters that will strive to achieve the marketplace’s goals.



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How To Structure Your Marketplace Team To Ensure Success



Marketing



Operations



Product



Engineering

Implementation

Align the team

As marketplaces are composed of various different facets, including sellers, operations and logistics, they **all need to be aligned as efficiently as possible**. Make sure that everyone on the core team is on the same page and ready to get others onboard. Number crunching plays a big part in any business, so it is important that the key metrics are shared with the team so everyone knows how to follow progress.

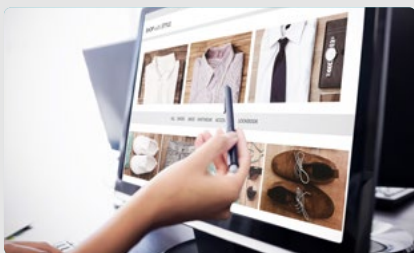
Stakeholders should also be informed – as members that are also responsible for the project's success – about launch goals and milestones that have been set out by the team.

Launch

Hire more talent as needed

As the marketplace grows, new challenges and obstacles will undeniably emerge. If demand is high, for example, growth might mean more time is needed for content moderation to ensure the **products sold are meeting buyers' expectations**. A marketplace may want to hire a content team in this case.

Increased revenue and user activity might mean increased need for investment in operations to make sure your infrastructure is equipped to deal with greater traction. On the other hand, an ambitious growth plan or external events can lead to a need to reinforce your marketing team in order to make sure your business has the people power to position itself as the leader in its field.



Shoperly Insights

How Content Moderation Is Key To Marketplace Success





Technology

05

Planning

Define the marketplace's technological requirements

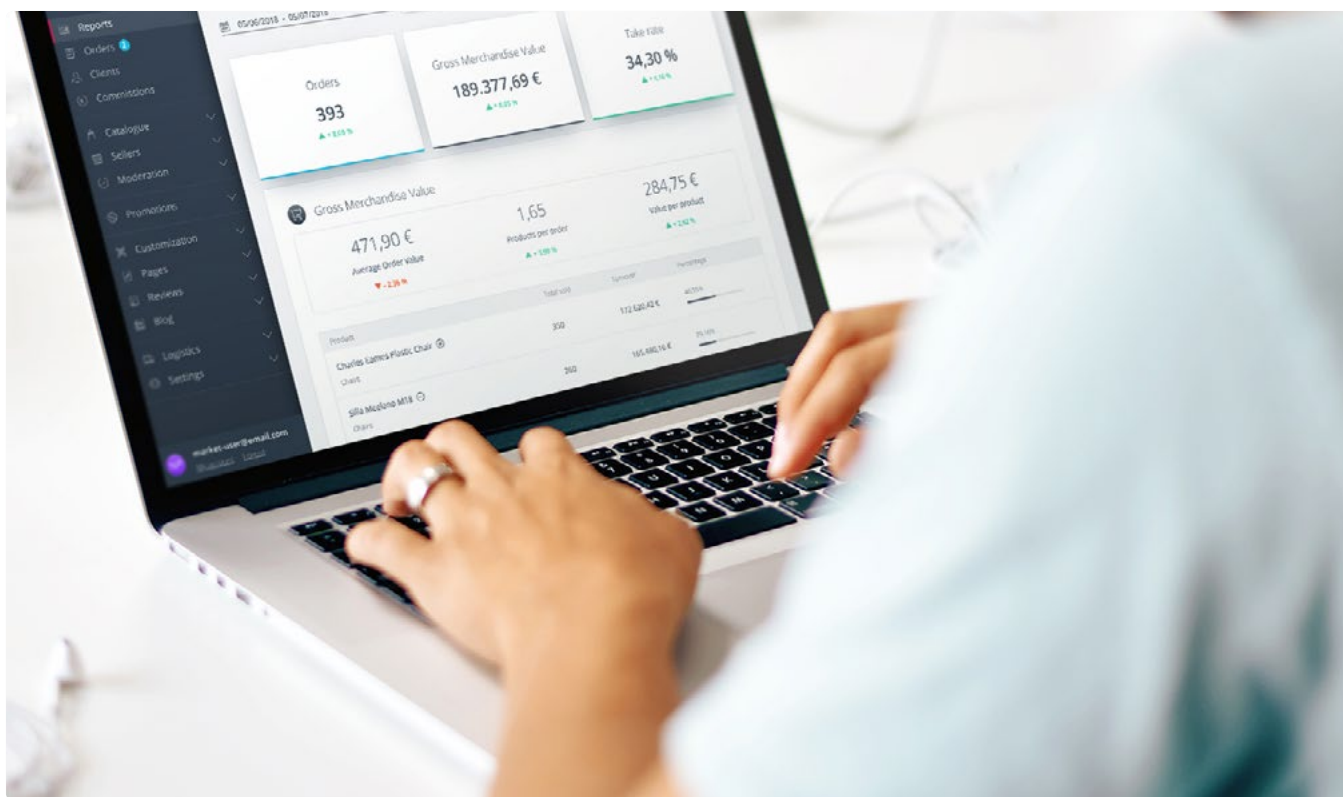
Based on the analysis carried out from the above sections, a marketplace team must then define the business's technological requirements. This will, of course, differ depending on the industry, business model (B2C/B2B) and geographical, logistical demands of the marketplace.

Having a tiered list of requirements (where Tier 1 are of utmost importance, and Tier 3 are "nice-to-haves") can help the team prioritise and align their technological requirements. This will aid in differentiating between requirements that need to be met at launch, and those which are less urgent and can be implemented later on. In some cases, marketplace teams want to launch as quickly and with as lean a model as possible; **they might find it useful to define a simplified MVP version which covers the fundamentals.**

Planning

Search for, compare and choose the solution that fits best

Once the tech requirements are clearly set out, it's time to decide whether to develop the marketplace from the ground up (with an in-house internal build) or externally via outsourcing. **Several tech considerations will guide the next steps.** For example, what's your budget for the marketplace? Is it looking to be the first offering in a specialised niche space, meaning a quick time-to-market is needed? For a specialised marketplace, is more budget needed for marketing in order to position the business as a leader in its specific niche?



A snapshot of the back-office tool provided by Shopery Marketplaces software

While traditionally most marketplaces have resorted to in-house, proprietary technology, SaaS technology has entered the industry and successfully supported many marketplace projects. **SaaS marketplace technology allows for a lower cost of ownership, a quicker time-to-market, best practices off-the-shelf and focus on the business** while typically run on a subscription model and allows removes the need for a marketplace owner to hire, train and retain software engineers. As an alternative, open source software can also be leveraged, though this still requires hiring a team of expert coders.



Shopery Insights

**Marketplace Technology:
Choosing A Software For Your
Marketplace**

Implementation

Supervise the technology delivery

Throughout the implementation process of proprietary and open-source solutions, it is important that the delivery of the technology is supervised by someone in the marketplace team. In smaller or newer business this would typically be someone at C-Level in Technology or Marketing functions. For larger corporations, a Project Manager, Product Owner, or Marketplace Manager would typically take on the role. This person's responsibilities include making sure the implementation timeline is on track, ensuring **the final platform is aligned with the outlined requirements** and ultimately checking in with the provider and making sure everything is working as intended. It is crucial that any problems that may arise are found and mitigated before launch.

Marketplaces using **SaaS technology will require very little supervision on the delivery**, as the provider takes full responsibility on the platform, maintenance and hosting.



Bonus

Post-launch tips

Increase and optimise the product catalogue

Once your marketplace is growing steadily, revenue should be invested back into increasing the catalogue and adding to the vendor list. A strategy should be put in place based on growth statistics, compiled by operations.

It's also important to identify external trends and act upon them as a marketplace. For instance, if operations detect growing sales in a category that's not currently covered by current sellers, take that as a useful signal to grow the catalogue by adding new vendors in that space.

Use case studies to acquire new vendors

The more a marketplace grows, the easier it becomes to acquire new vendors (and interestingly, more reputed ones). Success stories of vendors using the marketplace, presented as case studies, can then be used to attract new sellers.

Take, for instance, posts by Flipkart who are emphasising family stories in India ⁸, an area in which family business is traditionally seen as a pillar of society and is a strong inroad for e-commerce. Vendors might already have their own online presence and this could also be leveraged in order to promote the platform. Take this blog ⁹ post on how one seller made \$53,000 dollars on their first year using Etsy as an example.

⁸ [FlipKart Sellers: Creating the new-age family business](#)

⁹ [Etsy Income Report: How I Made Over \\$53,000 my first year on Etsy](#)

Checklist

Ticking off each of the items listed should see any new marketplace well on its way to becoming an established player in their industry.

Task	Deadline	Owner
Strategy		
<input type="checkbox"/> Understand the value proposition
<input type="checkbox"/> Define the monetization strategy
<input type="checkbox"/> Develop a business plan
<input type="checkbox"/> Secure financing for marketplace launch
<input type="checkbox"/> Define key marketplace metrics
Marketing		
<input type="checkbox"/> Test the project with potential buyers
<input type="checkbox"/> Define the brand and positioning
<input type="checkbox"/> Prepare the launch campaign
<input type="checkbox"/> Create a content calendar
<input type="checkbox"/> Implement product reviews
<input type="checkbox"/> Optimise for SEO
Operations		
<input type="checkbox"/> Test the project with potential vendors
<input type="checkbox"/> Define a marketplace vendor policy
<input type="checkbox"/> Select a curated list of vendors
<input type="checkbox"/> Define the shipping model
<input type="checkbox"/> Create a vendor launch campaign
Team		
<input type="checkbox"/> Build a launch team
<input type="checkbox"/> Align the team
<input type="checkbox"/> Hire more talent as needed
Technology		
<input type="checkbox"/> Define the marketplace's technological requirements
<input type="checkbox"/> Search for, compare and choose the solution that fits best
<input type="checkbox"/> Supervise the technology delivery



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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