



The Marketplace Revolution



A New Paradigm for
Brands, Retailers, and
Shoppers



HAVAS Market  MIRAKL

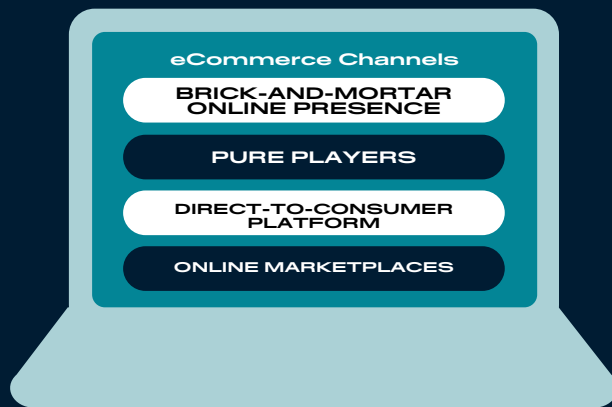


The New Frontier for eCommerce Growth

The eCommerce landscape continues its impressive growth trajectory, with Insider Intelligence forecasting that eCommerce sales worldwide will increase by 9.4% in 2024, representing a staggering **\$6.33 trillion**. Despite the massive, pandemic-fueled adoption of eCommerce, there are still areas in this space that represent untapped revenue potential for brands & retailers.



Chief among these opportunities are online marketplaces. According to research firm Digital Commerce 360, marketplaces represented **more than 55% of global eCommerce sales in 2022**, a remarkable feat given they represent **1.5% of eCommerce sites**. It's clear that there is untapped potential in this space, but brands may be wondering how they can harness this opportunity to deliver against their growth objectives. Given this incredible potential, in September of 2023, Havas announced a meaningful partnership with Mirakl to provide seamless access to sell on Mirakl-powered marketplaces and launch and grow marketplaces with Mirakl's leading tech suite for brands. In this paper we'll explore how marketplaces can deliver for brands, retailers, and shoppers alike.



What is a marketplace?

Within the broad category of eCommerce exists 4 different sales channels: the online presence of traditional brick-and-mortar stores, the pure players that sell only online, brands' owned direct-to-consumer platforms, and online marketplaces.

An online **marketplace** is a digital platform that serves as an intermediary between vendors and consumers, facilitating the online sale of goods and services. Unlike conventional eCommerce, with a marketplace, the company that runs the platform doesn't own, warehouse, or ship the products that are for sale. Instead, it operates like a physical marketplace, selling different products from various third-party "sellers" in one centralized place.





Enter Third-Party Sellers

Major players, such as Amazon and Alibaba, were pioneers of the marketplace approach, and have since gained global recognition as leaders in this space, evolving beyond marketplace operations to become true multinational technology corporations.

According to Amazon, 66.8% of all their sales in 2023 came through third-party sellers. Fuelled by the model Amazon, Alibaba and the other major players in this space have championed, third-party sellers continue to gain prominence across the eCommerce landscape.

66.8%
Amazon sales from
third-party sellers
in 2023



This trend is not just limited to these marketplace leaders. With greater frequency, we're seeing pure players embrace the marketplace revolution, opening their eCommerce sites to third-party sellers and becoming "hybrid" marketplaces. It's a similar shift in mindset to when brick and mortar retailers first embraced eCommerce, overcoming hesitancy to shift a business model that they saw as core to their brand identity and strategy.

There are hundreds of these hybrid marketplaces operating globally, and more than 100,000 businesses sell their products on hybrid marketplaces.

While it's clear that this new paradigm is delivering revenue for marketplace giants and third-party sellers, in this paper we will explore how marketplaces create a scenario where everyone wins, and why brands should have their attention on this rapidly expanding space that is still in its infancy.

How Marketplaces deliver for Brands

1) Reaching new customers.

While direct-to-consumer platforms target a single customer base that is confined to the platform's existing audience, marketplaces multiply reach and deliver higher conversion rates. By driving new traffic, marketplaces allow brands to obtain transaction data and customer insights that will allow them to better understand their audience and ultimately unlock new opportunities to accelerate business' core objectives and topline growth. Brands can view marketplaces as a complementary component of their digital advertising strategy, allowing them to acquire customers effectively and economically.



2) Boosting profitability.

With higher conversion rates, marketplaces allow brands to eliminate the costs associated with selling through a retailer, where a retailer buys stock at a certain price and chooses the resell cost, ultimately hurting the brand' margins. Selling through a marketplace removes this intermediary and allows brands to capture greater profitability.

3) Strengthening brand awareness.

Selling through marketplaces gives brands greater control over their online image. Instead of leaving retailers to determine their pricing, markdowns, product content, and marketing, brands can directly control these elements of their online brand image. Brands will have greater ability to connect their marketplace presence to their retail media strategy, creating a comprehensive approach to brand awareness that is data-driven.



4) Gaining autonomy.

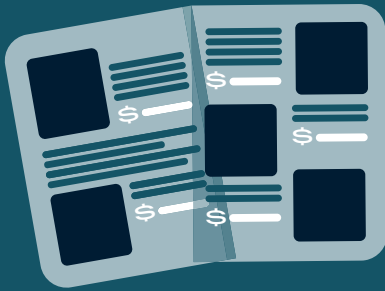
Selling on marketplaces gives brands greater autonomy to optimize their portfolio. Harnessing consumer data, brands can curate product bundles that will generate the greatest revenue from their customers, instead of relying on retailers to determine how products are bundled.

5) Marketing globally.

By selling on global marketplaces, brands can tap into new customer bases in different countries, breaking through the virtual barriers of local retailers. This offers the chance to expand and diversify a brand's customer reach.



Benefits of Marketplaces for Retailers



1) Diversifying and strengthening catalogue offerings.

By opening their platform to third-party sellers, retailers can offer a greater depth of catalogue. Curated and generalist marketplaces alike benefit from this increased depth of product, with a higher chance of customer retention without the risks and responsibilities associated with higher inventory responsibilities.

2) Improving profitability.

Just as brands can increase profits by selling through marketplaces, retailers that operate hybrid marketplaces can use their marketplace to optimize their assortment strategy for maximum profit. Whether it's heavy or bulky items like furniture, highly seasonal products, or new categories that haven't been tested with their target customers, with a marketplace retailers can partner with marketplace sellers to offer those products without risking the bottom line.



3) Growing an international customer base.

As the depth of a retailer's catalogue increases, the traffic on their platform increases, which in turn contributes valuable first-party data essential to grow and optimize the platform. This presents an opportunity to scale customers internationally by onboarding foreign sellers and adapting payment methods to new markets.

4) Capturing new revenue streams.

Media plays an important part of a marketplace's revenue stream. By growing profitability through media activation, retailers can implement a digital advertising solution on their platform, allowing advertisers to programmatically buy display and video ads. The opportunity is significant: retail media spending is already a \$125B market globally and will surpass spending on TV advertising by 2028. Amazon's dominance of retail media leaves growth opportunities on emerging marketplaces, which is up for grab already today.



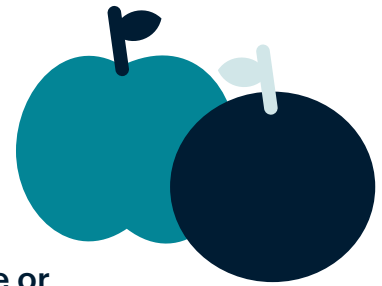
5) The tech is ready.

Creating a curated direct-to-consumer marketplace platform can seem incredibly complex, bringing new requirements around seller onboarding, third-party catalogue integration, quality control and customer care. However, purpose-built technology solutions make it possible to manage these processes while ensuring a consistent, high-quality customer experience, at scale. Creating a marketplace that protects brand integrity and fuels eCommerce growth is more seamless than ever.

Benefits for Shoppers

1) Product diversification

Marketplaces offer consumers a wider array of products than are available in both physical and brand-owned eCommerce stores. This convenience of finding multiple brand options in one place saves shoppers both time and effort and can offer access to unique or specialized products that are typically harder to find with traditional retailers.



77% of consumers globally believe marketplaces are the most convenient way to shop online.



2) One-stop shop

Through marketplaces, shoppers are offered a centralized platform catered to all their needs — offering exploration and discovery of new products and brands with ease. This improved digital shelf offers more offerings in terms of product sizing and variations and bundles catered to every need – all delivered with convenience.

3) Cost effectiveness.

As more brands appear on marketplaces, competition increases for similar products, driving retailers to push promotions, discounts, and special offers, providing potential cost savings for consumers.



Havas Market: Empowering Brands in the Marketplace Revolution

Marketplaces are projected to keep growing at an exponential rate, with all parties converging to this model that offers benefits to brands, retailers, and shoppers alike. Data from Mirakl found that more than half (53%) of the companies selling on marketplaces today are brands, rather than “marketplace native” resellers who have built their business only on marketplace sales. With 62% of sellers planning to expand their presence across additional marketplaces in the next 12 months, it’s clear that brands who have embraced marketplaces are reaching new customers, boosting profitability, strengthening brand awareness globally, and more.

At Havas Market, we’re committed to partnering with leaders in the industry to help the brands we champion create a marketplace presence that is meaningful and delivers against their growth objectives.



Thanks for Reading!

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To learn more about how Havas Market can be a meaningful partner in establishing your marketplace strategy, please contact alexis.duverger@havas.com.