

EXECUTIVE SUMMARY: MARKETPLACES

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Marketplaces Are Thinking Globally, and Locally

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Once upon a time, and not too long ago, selling merchandise on online marketplaces such as Amazon was not a major part of a merchant's marketing strategy. In fact, merchants that were selling in marketplaces were only taking a serious look at Amazon and using that as a way to clear out overstock items.

But the times have changed, and changed very fast. According to MCM Outlook 2012-13 survey results, 35% of respondents said they sold product on Amazon and 18.2% sold on eBay. And those numbers grew considerably: MCM Outlook 2013 results showed 57.4% of respondents were selling on Amazon and 28.5% were on eBay.

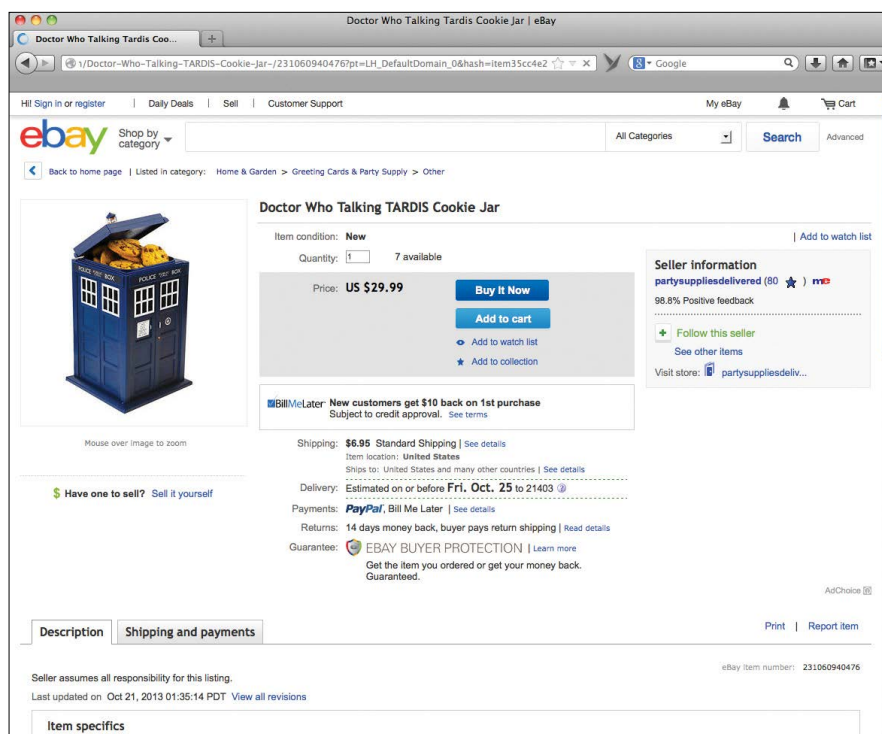
Not only that, but the marketplace selection grew as well. Just less than 10% (9.1%) of respondents said they were selling on Rakuten while 8.4% were selling in the Sears Marketplace, 8% on Shop.com and 6.5% on Walmart's marketplace.

Why the change in strategy? One reason is the growing global economy. Merchants want to broaden their reach and are using the marketplaces to sell product in emerging international markets such as China, Brazil and Russia.

But another reason merchants are looking to sell in online marketplaces is order fulfillment. At one time, Amazon was the only marketplace that fulfilled orders sold by a third-party merchant. Now, as other online marketplaces grow, so are their offerings—including order fulfillment.

And then there's same-day delivery. Amazon is continuing to grow its warehouse footprint in an attempt to offer same-day delivery across the U.S., and merchants that want in can go piggyback on its success.

And of course, there's the marketing



PartySuppliesDelivered.com gets a good chunk of its orders from various online marketplaces, including eBay.

aspect: Selling via the marketplaces allows merchants exposure to new prospects.

Jade Hansen, president of Clickhere-2shop.com, says selling on Sears Marketplace has allowed the merchant to market its products to a wider online customer base, increase its sales and sales potential, and give its customers easier access to its inventory.

If you are not yet selling in the marketplaces, it is something that you need to embrace, says Ian MacDonald, division vice president of ecommerce and marketing for PartySuppliesDelivered.com.

He says PartySuppliesDelivered.com sells on various marketplaces including Amazon, Rakuten, Shop.com and Sears Market-

place. "It's an important part of our strategy," MacDonald says. "We get a really good chunk of orders from the marketplaces."

Unlike Google Adwords or comparison shopping sites where the merchant is charged per click, third-party merchants pay a commission to the marketplaces when a sale is made.

Going Global

In 2012, Buy.com was acquired by International marketplace Rakuten. After a rebranding of Buy.com as Rakuten, the marketplace was opened for global commerce. That has allowed Rakuten's U.S. merchants to sell product to customers in Japan, and vice versa, says Bernard Luthi,



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Amazon sees India and its growing economy as an emerging country for merchants to sell in.

chief marketing officer and chief operating officer of Rakuten.

In April, eBay announced plans to open global commerce up to its marketplace sellers and make the merchant experience as seamless for them to participate as it is to sell to customers domestically. eBay predicts that 40% of its projected 200 million eBay Marketplace users will be international customers. eBay does have international sites, but it had only been open to sales within each site's respective borders. However, sellers using eBay's U.S. marketplace have been able to sell to international customers.

Devin Wenig, president of eBay Marketplaces, says Russia is an emerging market because it has a growing middle class and not a lot of supply. Also, Wenig says, Russian consumers "have a hunger for Western goods."

Wenig also identified China, Brazil and India as emerging ecommerce markets. He says China has been a big export country for eBay, and added that it is still looking to develop a domestic presence in Brazil. As for India, Wenig says eBay does have a very strong domestic presence there. "We are investing heavily in it," he says. "India will be a massive place for ecommerce business in five years."

eBay is not alone in India—Amazon opened a marketplace there this past

The marketplaces will give your store exposure to new prospects.

spring. Marketplace sellers in that country can use Amazon.in to sell books, cameras, electronics, jewelry and toys, and Amazon plans to expand product selection by the end of 2013.

Amazon does allow U.S. merchants to sell their goods globally. However, merchants who want to sell goods in other countries have to use the Fulfillment by Amazon service. FBA will help the merchant with the translation, tax and fulfillment of that product across borders. Also, if you have a growing number of orders from a particular region, FBA will move some of the inventory there to keep the product as close to the consumer as possible.

So how do you get started selling globally in the marketplaces? Rakuten's Luthi says you have to consider what type of products are doing well in specific countries, what consumers in those countries are looking for and what kind of content will help consumers in those countries

make their purchase decisions.

Sebastian Gunningham, senior vice president of seller services at Amazon, says merchants need to walk before they run when expanding globally. "Make you sure you get your process streamlined and efficient before you move to the next region," he says.

"One of the key things you see in these countries that are growing is a significant broadband penetration," Luthi says. "People are going online, searching and there is a desire for authentic product. As you see these nations' Internet usage grow, it's inevitable they will want to make purchases online."

In 2012, eBay introduced a new shipping program to make it easier for U.S.-based retailers to ship goods to international buyers and efficiently manage customs charges. The Global Shipping Program from eBay streamlines international selling by automatically including all ship-

Selling on Sears Marketplace has allowed Clickhere2shop.com to market its products to a wider online customer base, increase its sales and sales potential, and give its customers easier access to its inventory.

The screenshot shows the Clickhere2shop storefront on the Sears website. The page is titled "clickhere2shop Storefront on Sears.com". It features a search bar at the top with the text "Find something great...". Below the search bar, there are several product listings. Each listing includes a product image, a title, a price, and an "Add to Cart" button. The products listed are: "Amplivox Wireless Quad Half-mile Hailer Kit Outdoor Portable Pa System and", "Office Accents Mahogany Elephant King Comfort Majestic Arm Chair", and "Luxor 2 Shelf Presentation Stations Cart no Electric Black". The page also includes a "Seller Rating" section on the right side, which shows a 4.5-star rating based on 6 reviews. There is also a "Contact Seller" section with the seller's name, address, and phone number.



ping and customs charges in the buyer's purchase price and reducing the retailer's effort to a simple domestic U.S. shipment at no additional charge. GSP uses experienced international shipping operators to handle the international leg of the shipment. The retailer delivers the package to a domestic U.S. address where GSP takes over. Once the seller has shipped its package to the domestic address, everything else is fully automated.

Fulfillment Offerings Expanded

One way marketplaces are trying to steal some of Amazon's thunder is to expand fulfillment offerings. In April, Sears Holdings launched Fulfilled By Sears, a fulfillment service that offers third-party sellers pay-as-you-go pricing for businesses seeking storage, picking, packing and shipping of customer orders from Sears Marketplace and other places a merchant sells products.

"There is a significant cost savings to package and ship our products with Fulfilled By Sears," says Clickhere2shop.com Hansen. "Plus, having peace of mind that Sears is taking great care of our customers from the moment they buy a product to the moment it arrives on their doorstep means that we can focus our time and resources on growing our business in other ways."

In June, Rakuten acquired global e-commerce fulfillment provider Webgistics. That move gave Rakuten four U.S. warehouses—in New York, Atlanta, Reno and Las Vegas—that allows it to ship customer orders in less than two days to 90% of the country.

"It gives us ability to grow our offerings

not only to merchants, because we can offer fulfillment services, but to consumers because they can get their items quicker and more efficient," Rakuten's Luthi says. "It's also a very strong signal that Rakuten is a player in the U.S. market, and that we're going to do what's required not only to be competitive, but to win in this marketplace."

Also in June, Newegg announced it launched its own fulfillment service, Shipped by Newegg, for all Newegg Marketplace sellers. Shipped by Newegg gives sellers the ability to use Newegg's logistics operations, including warehouse storage, packing and shipping. Designed to help companies of any size scale their businesses, Shipped by Newegg allows sellers to get their products into the hands of customers more efficiently and cost effectively.

Local Delivery

Amazon has positioned itself as the online marketplace leader in the \$350 billion online retail market through innovation within the distribution channel, including offering the convenience of clicking online and having the product delivered to your door that day. Same-day delivery only adds to the customer experience. Since Amazon launched its same-day delivery service in select markets in July 2012, other online marketplaces have followed.

Amazon's Local Express Delivery is available in 11 markets. Customers can have their purchased products delivered for an \$8.99 fee, plus an additional 99 cent per product fee. In addition to deliveries to residential and business addresses, a customer can also have his or her purchase delivered to an Amazon Locker. In some

Which marketplaces are you selling in?

	2012	2013
Amazon	35%	57.4%
Rakuten	4.9%	9.1%
Ebay	18.2%	28.5%
NewEgg	1.4%	2.3%
Walmart	3.5%	6.5%

Source: MCM Outlook 2012-13 and MCM Outlook 2013

cities, Amazon has partnered with such brick-and-mortar merchants as 7-Eleven to provide these pick-up locations. The success of Amazon Lockers, however, is unclear, as Amazon severed ties with locker hosts Radio Shack and Staples as recent as September 2013.

eBay rolled out its pilot eBay Now same-day delivery service in the New York City and San Francisco Bay areas. But in an April interview, eBay's Wenig said it does not want to become a warehouse business and will continue to have its own couriers to make deliveries on its behalf. eBay partners with merchants such as Best Buy, GNC, Home Depot, Macy's Office Depot, Radio Shack and Target, and orders are fulfilled for a \$5 fee from those store locations. eBay acquired same-day delivery service Shutl in October with plans to grow eBay Now to 24 markets.

Though Walmart began beta testing its Walmart To Go same-day delivery service in Northern Virginia, Philadelphia, Minneapolis and San Jose/San Francisco in fall 2012, the merchant does not deliver items that are sold by third-party marketplace sellers. Sears, too, offers same-day delivery in certain locations, but limits that service to items sold in Sears stores. ■

The following Multichannel Merchant articles by staff and industry experts were sourced for this executive research summary. Please click on the article titles to learn more:

- 3 Ways to Simplify International Expansion with Global Marketplaces
- Amazon and eBay Offering Same-Day Delivery
- Amazon Launches Marketplace in India
- Amazon Lockers Removed from Staples and RadioShack
- Cyber Weekend Customers Come Ready to Buy
- eBay Looks to Grow Locally and Globally
- eBay Now Expands Delivery Reach In Existing Locations
- Newegg Introduces its "Shipped by Newegg" Fulfillment Service
- Sears Holdings Launches Fulfilled By Sears
- Walmart Testing Same-day Delivery Service
- What to Consider When Selling Globally
- What Will Amazon Collections Mean For Merchants?

