



# The Benefits of using Online Marketplaces

Online marketplaces provide a variety of benefits to every stakeholder involved. Both operators and merchants can save costs in operating, selling their products and attracting new customers. Customers on the other hand have access to a trustworthy product portfolio that caters to every need and most likely never runs out of stock

## Benefits for the Operator

### Scale your business effortlessly:

Marketplace is a business model that is easily scalable. Cut out the tedious steps of investing in and sourcing inventory yourself and onboard merchants that enrich your product portfolio instead. New merchants with an appealing service and product assortment will quickly grow your customer base.

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### Increase your profit margin:

Implementing a marketplace introduces new revenue streams to your business. Adding merchants to your existing platform requires less resources and investments than stocking and managing your own products. Redistributing the financial risks while receiving commissions on successful sales increases your profit margin.

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### Differentiate your offerings:

Growing the number of merchants on your platform gives you the unique opportunity to diversify your product offerings, and introduce

and test new, niche products without any risk or stock commitments. Constantly grow and expand your offerings, while seizing the opportunity to become the central focal point for your customers by meeting every product and service need.

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### SEO improvements and increased traffic:

The listings of new merchants and their portfolios bring additional traffic to your marketplace. A better search engine ranking will ensure a constant stream of customers, which will lead to more sales.

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### Actively incorporate merchants in your growth strategy:

Use the marketplace model to grow your business in areas you have not branched out yet. Rely on the expertise of your Merchants and leave the majority of purchases to them, so you can focus strategically on products with high margins, up-sales and services.



### **Foster customer loyalty:**

Create a well-rounded and optimized product and service portfolio that unifies all the needs of your customers and turns them into returning customers. Foster customer loyalty by being the primary shopping platform with an answer to every demand and keep them from switching to a competitor.

### **Reduce your risks:**

Onboard new merchants quickly and risk-free to grow your business and test out new products instead of burdening yourself with high stock and storage investments. Reduce your financial risk by keeping operational and inventory costs low.

### **Ownership of the entire platform:**

Merchants take over a variety of operational tasks, thus freeing up resources for the marketplace operator. However, the operator is always in control of merchant activities and how they present themselves on the marketplace, therefore keeping full ownership of the platform all the time. The operator also controls which products and price levels are being offered.

### **24/7 operation:**

You no longer have to worry about fulfilling orders and offering product availability around-the-clock on your own. Share this responsibility with local merchants and open your marketplace beyond your borders and time zones.





## Benefits for your Merchants

### Merchants can increase their customer base instantly:

Every merchant has immediate access to all the customers once they operate on the marketplace. There is no need for extensive marketing activities - new audiences can be reached by simply onboarding to a marketplace. This means expansion to other countries with little effort, since marketplaces often work internationally.

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### Resources are used for operational excellence:

The marketplace is doing the heavy lifting to expand the customer base. Because of this merchants can focus their resources and efforts on operational excellence, great performance and internal rankings within the marketplace.

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### Benefits from trusted marketplaces:

The marketing, branding and trust-building of the marketplace will help your merchants to convince new customers to try their product and services. If the marketplace is credible and has a good reputation then customers are more willing to try out new merchants and products.

### Start from a marketplace and grow from there:

If running their own online-shop seems a bit too much in the beginning merchants can always start their business on a marketplace. They don't have to worry about building and running an entire platform or significant investments in hosting, design and marketing.

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### Test out their products and business ideas as a merchant:

Merchants can use the marketplace as an environment that allows them to test new products or business ideas. The variety of customers on a marketplace helps them to find out which target group responds to their products and what they are willing to spend.

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### The marketplace as a marketing opportunity:

Merchants can use their presence on the marketplace as an additional marketing opportunity and customize their own profile in the marketplace and influence the branding of their own page to gain more visibility on the internet.





## Benefits for your Customers

### Increased shopping convenience for end customers:

Your customers can conveniently shop at a marketplace and have a greater variety of products and services at their disposal. International customers have the chance to buy their products by local merchants and keep the delivery time low.

### Saving costs by using price transparency:

Customers have the chance to compare prices and services by different merchants within the marketplace and always find the best service for the cheapest available price. Purchase your desired items and benefit from price transparency.

### Benefiting from highly stocked products:

Marketplaces have numerous merchants that all carry products and can make offers on existing products if they have them in stock as well. This means for your customers, that it is more likely for the marketplace to not run out of stock of a desired item, because it can be stocked by several merchants.

### Marketplaces are a trusted platform:

Once vetted by the customer, a marketplace can be considered a trusted platform and provide a sense of safety. In case of conflicts, there is ultimately always the same marketplace operator to guarantee customer safety, whether it's with their payment information or ensuring the order fulfilment process runs smoothly. This means customers have access to a variety of products without needing to change shops and vetting each new shop again on their own.