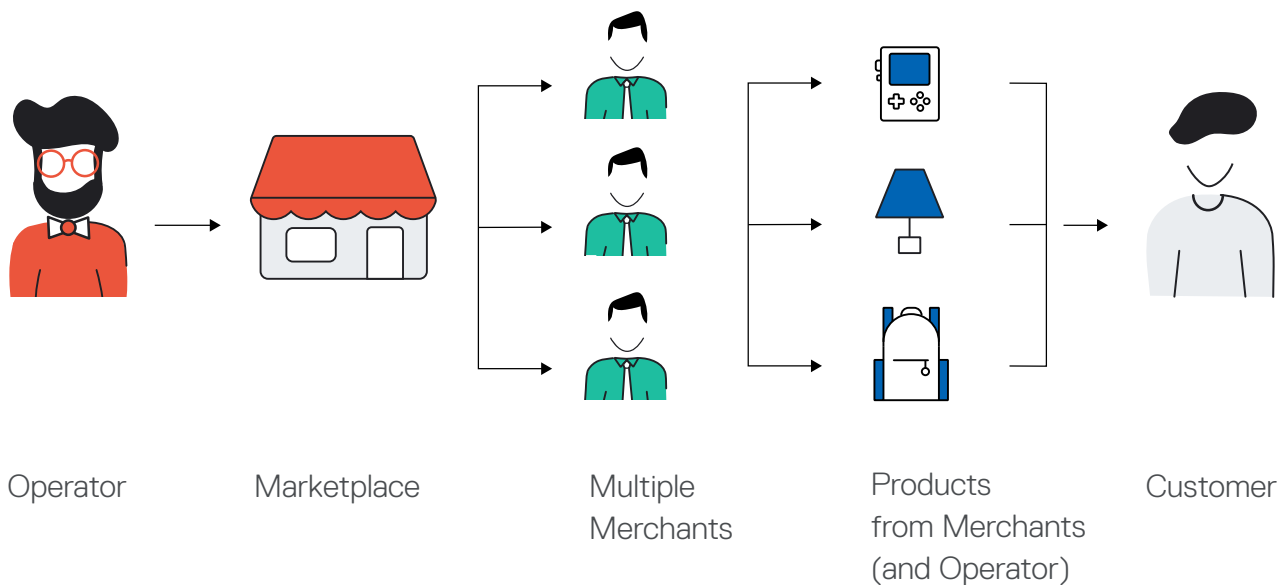




Marketplace Operators and Merchants

The Marketplace model is a proven way to scale online businesses fast and easy. However, unlike traditional e-commerce platforms, a Marketplace has an additional player using the platform: the Merchant. What are the differences between a Merchant and a Marketplace Operator?





What is a Marketplace Operator?

The term Marketplace Operator refers to the person or company that is owning and running the Marketplace. The Operator can just manage the Marketplace or sell Products as well. Products can be open to Offers from Merchants, or they can be exclusive, like a house brand. The Operator has access to additional Marketplace functionalities in the Back Office and is always in control of its Merchants and how they operate on their platform:

- The Operator invites the Merchant to the Merchant Portal and approves and deactivates Merchant accounts
- The Operator can check the Merchants overview and approve, decline, and edit their profile
- Operators can also add Products on their own, allowing them to sell exclusive Products, e.g. their own Products lines or hand-crafted items
- In order to ensure a coherent Marketplace the Operator can always access and control all the Products and Offers from the Merchants
- Access and overview of all orders and sales activities in the Back Office

Responsibilities

Operators are owning and running the entire Marketplace. They are responsible for the technical setup from hosting and implementing technology partners to the design and SEO optimization. Marketplace Operators invite and onboard Merchants and always keep control over which Products are being sold and to which price, by approving or blocking Products, Offers and prices. They are in charge of all the financial transactions on their platform and take commissions or fees from Merchants.

If an Operator is also selling Products on its own platform, he is also responsible for Product Management, which includes updating the Product Detail Page, stocking the inventory, order fulfillment and more. The Operator is required to offer customer service and assist in solving any problems on its platform.

Why are Marketplaces Interesting for Operators?



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.



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.



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.



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.



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.





What is a Merchant?

In the context of a Marketplace model, a Merchant is a person or entity selling Products and making Offers on Products on a Marketplace. A Merchant Offer means they add their own pricing and options to an already existing Product, therefore allowing the customer to pick the most appealing price conditions. Adding Products on their own means they are responsible for the complete Product description, imagery and anything else found on a Product Detail Page. This way, a Merchant can also introduce exclusive Products, like hand crafted items.

Typically, there are multiple Merchants selling on a Marketplace with every Merchant being displayed individually within the storefront and their respective Merchant profile page. Business information and Products are displayed on every Merchant profile to end-customers and can be set up and edited within the Merchant Portal. The Merchant Portal is the operational interface for the Merchant and allows them to:

- Create and edit their own Merchant profile, entailing contact details, shop description, legal information and an individual merchant shop URL
- Create and manage their own Products and Offers
- Fulfill orders in the Merchant Portal and get an overview of sales and orders in a dashboard and detailed order management tool

Responsibilities

Merchants are not involved in the technical aspects of running a Marketplace, but just need to update and manage all the information that is relevant for their business. This means keeping their Merchant profile with all the contact details updated as well as managing the Product and Offer information. A Merchant is required to keep the necessary inventory of its product and manage the order fulfillment. If any problems with an order arises, the Merchant is responsible to provide adequate customer support.

Why is your Marketplace Interesting for your Merchants?

Do you need help convincing your merchants to be part of your Marketplace? We have all the arguments you need to win over new Merchants.



Increase your 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 allows you to also expand to other countries with little effort, since Marketplaces often work internationally.



Use resources for operational excellence: The Marketplace is doing the heavy lifting to expand the customer base. This allows you to focus your resources and efforts on operational excellence, great performance and internal rankings within the Marketplace.



Benefit from trust in the Marketplace: The marketing, branding and trust-building of the Marketplace will help you to convince new customers to try your 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 your own online-shop seems a bit too much in the beginning you can always start your business on a Marketplace. Don't worry about building and running an entire platform or significant investments in hosting, design and marketing.



Test out your Products and business ideas as a Merchant: Make sure to use the Marketplace as an environment that allows you to test new Products or business ideas. The variety of customers on a Marketplace helps you to find out which target group responds to your Products and what they are willing to spend.



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