

WHITE PAPER

Why Now Might Be the Perfect Time To Start a **Retail Marketplace**

Adapt to the evolving retail landscape by transforming your current platform into a scalable marketplace



Spryker



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PART 01

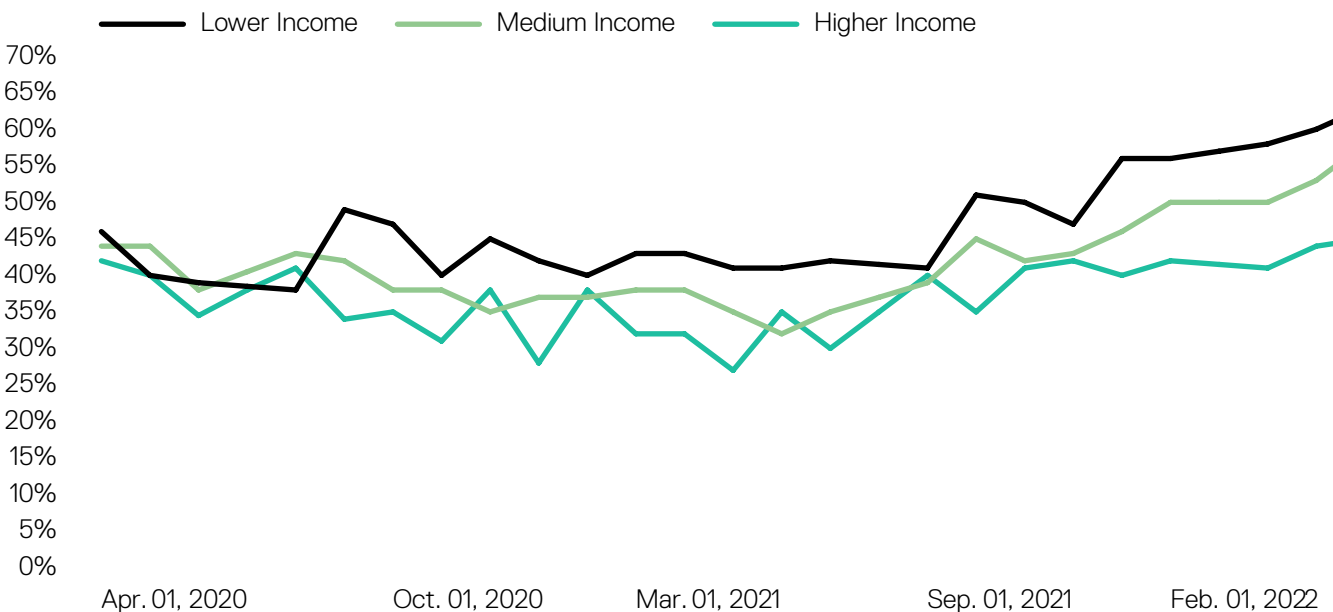
The Changing Retail Landscape

In the past few months, the global economy has witnessed a downward shift in retail sales. The Covid-19 pandemic resulted in an economic shock that left some industries stagnant between 2020 and 2022. Recession fears, inflation, hiring freezes and layoffs are also gradually contributing to a reduction in consumer spending. In the U.S., reports indicate that some consumers have delayed the purchase of large items due to fears that consumer purchasing power may further deteriorate.

Other reports indicate that consumers are spending less on goods and more on services. This could be due to the fact that they engaged in a ton of compulsive buying at the start of the pandemic. At the time, access to some services such as dining and travel services were relatively limited, but as businesses returned to regular operations, consumers have started to reposition their focus to the service industry.

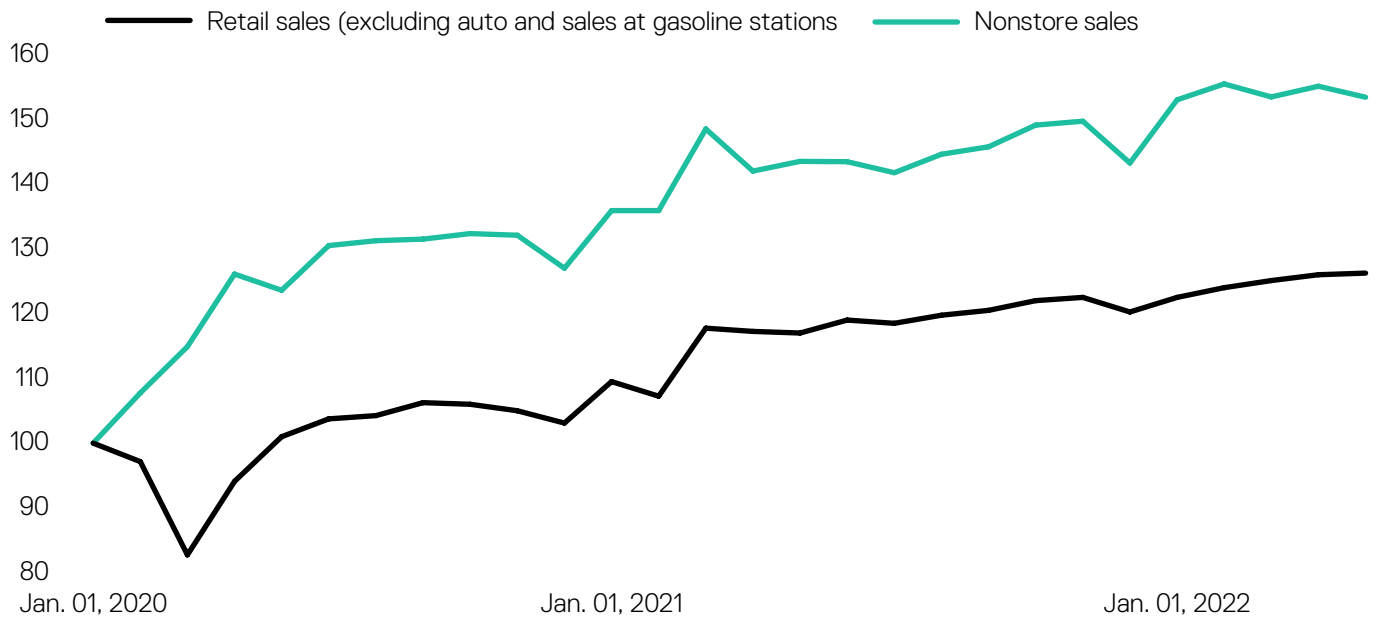
More than half of Americans (56%) are wary about making large purchases

Share of respondents delaying large purchases



Retail sales barely grew in May, with a shift in consumer spending to services likely weighing on sales this year

Index of retail sales and nonstore sales (Feb. 2020 = 100)



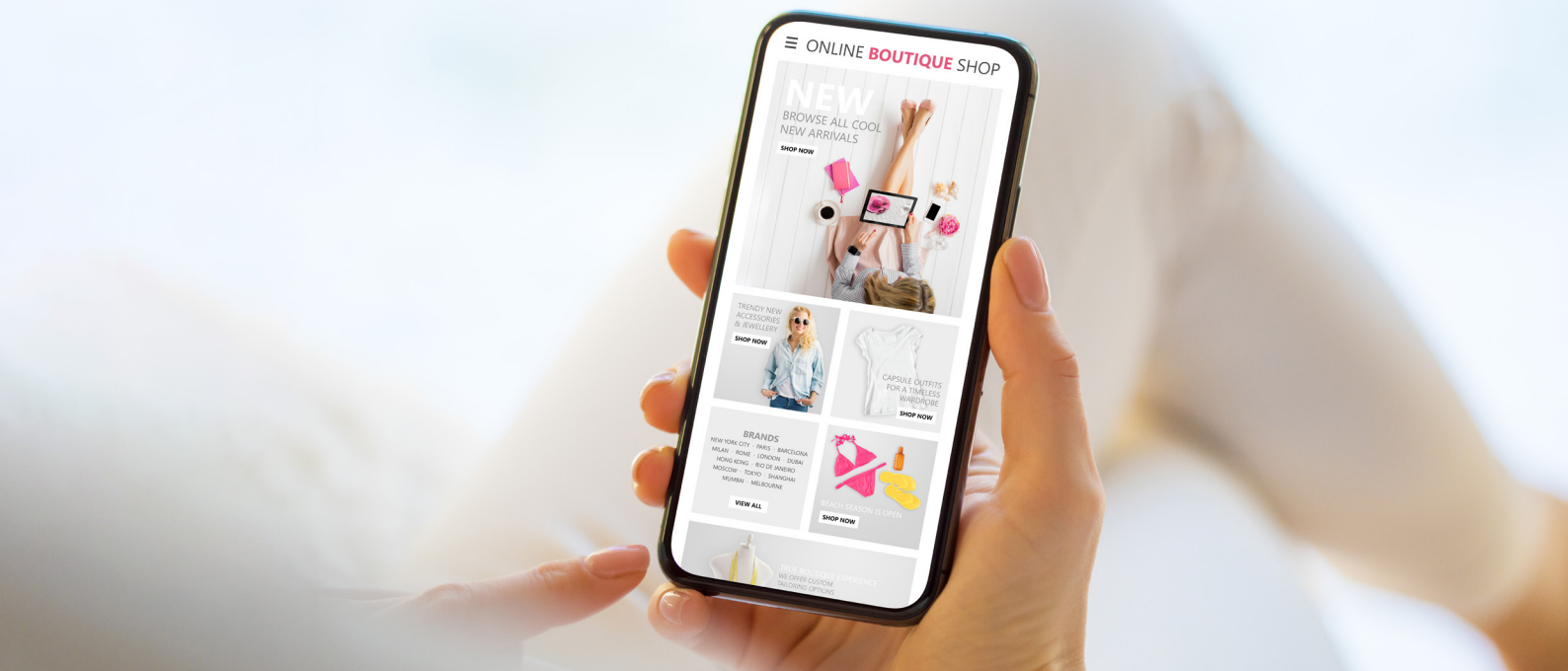
Aside from the evident change in buyer behavior, retailers are having to navigate their way through countless challenges. One of such challenges is **digital disruption**. In the past, having a brick and mortar store alone was sufficient for retailers looking to reach new customers. These days, it is impossible to scale without investing in multiple channels. The explosive growth of e-commerce has resulted in **higher customer expectations**; omnichannel experiences are required in order to achieve a more seamless shopping experience. Furthermore, as shoppers become more sophisticated, creating **advanced commerce platforms** that cater to a wide array of customer needs will be critical for a retailer's success. **Complexities surrounding the supply chain** have also impacted retail operations. Labor shortages, production delays and disrupted logistics are often huge concerns for retailers and having to deal with these challenges independently can be a burden for less equipped businesses.

➔ **Appinio Retail Reports 2022:** riveting insights and data on the state of retail shopping in Germany, the UK, and the US.

Top 4 Retail Challenges that Present Growth Opportunities

- Digital Disruption: Scale your business through digital channels
- High Customer Expectations: Deliver high level personalization
- The Need for Advanced Platforms: Solve customer challenges with a well equipped platform
- Supply Chain Complexities: Streamline supply chain processes by seeking support

As consumers everywhere prepare for the unexpected, retailers must begin to think about new ways to maximize value in order to reach new customers and retain existing ones. One major solution that will be beneficial in driving scale and addressing the current retail challenges is the creation of a retail marketplace.



PART 02

Marketplace As a Solution for Retailers

Online marketplaces are not a new phenomenon; they have been around for several years and many of the world's successful e-commerce businesses operate through a marketplace model. Even with all the momentum marketplaces have gained, many retailers are yet to fully explore the opportunities that come with adopting online marketplaces as a sales channel.

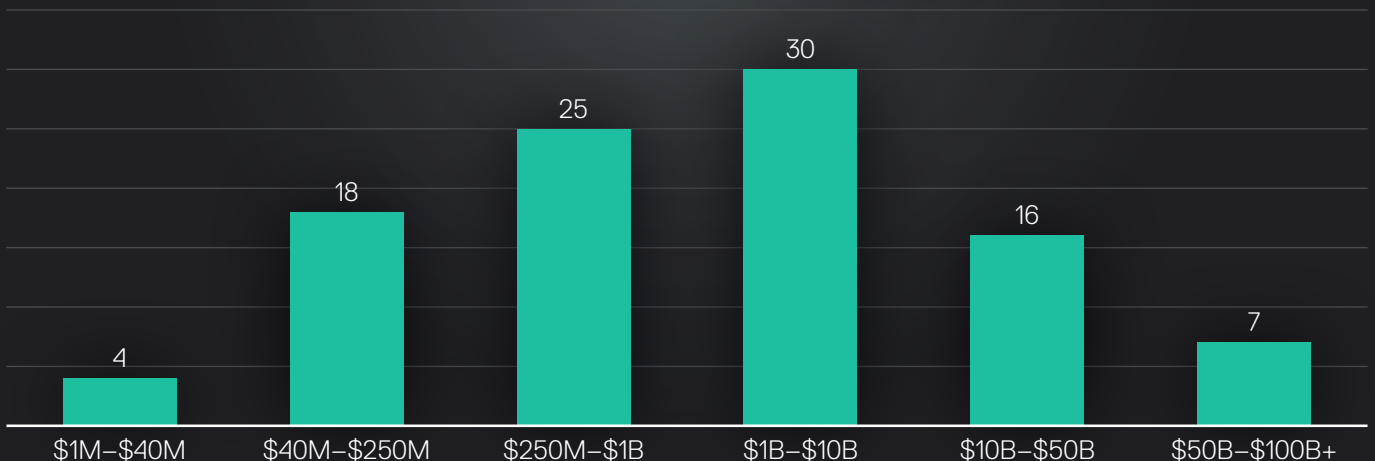
\$3.23 Trillion
spent globally on the top 100 online marketplace in 2021



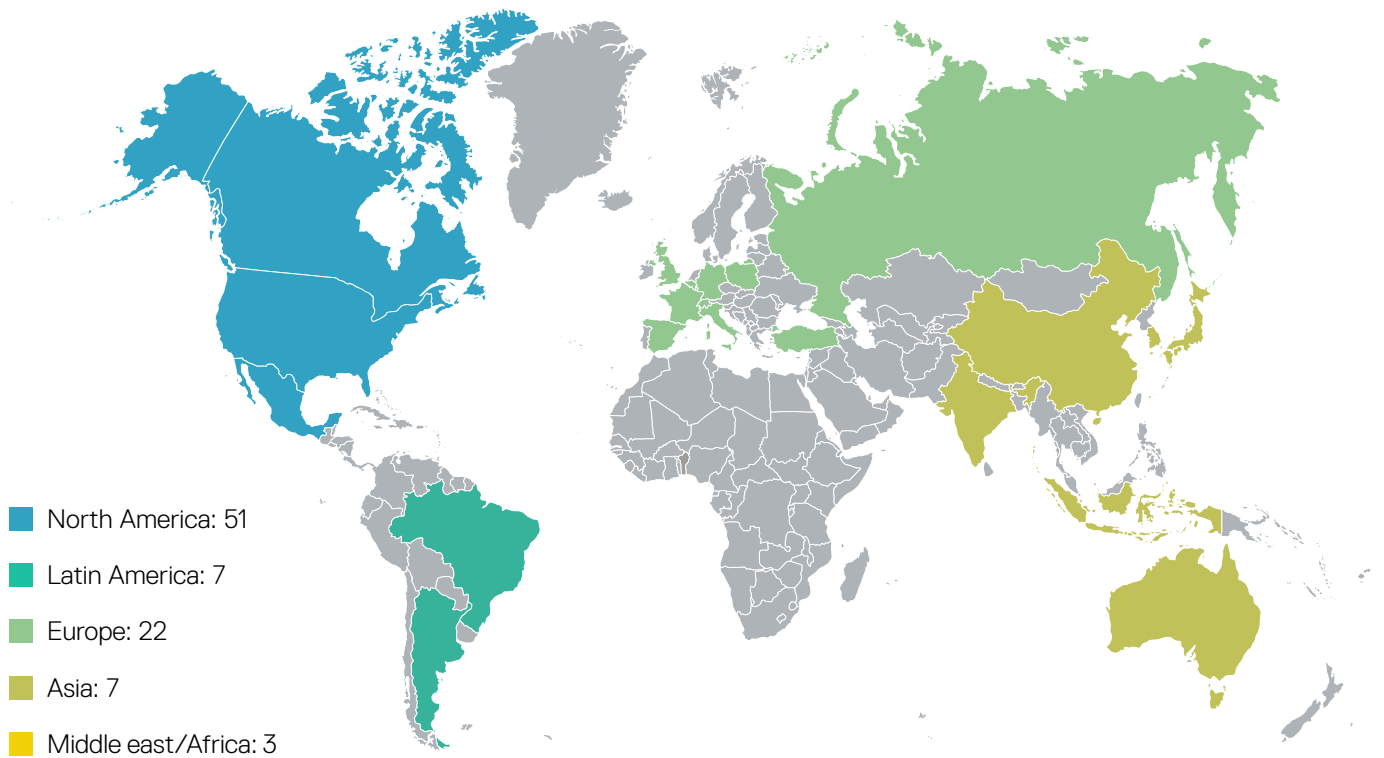
Marketplace sales account for **67%** of global e-commerce



The top 100 marketplaces account for **>90%** of global marketplace sales



Source: [Infographic] What are the top online marketplaces?

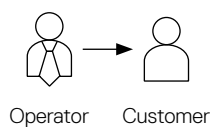


Marketplaces have seen tremendous growth in the past few years. Undoubtedly, having a platform that gives buyers a wider product category to choose from has its benefits. Some retailers, particularly in North America where there has been rapid growth, are expanding their businesses by either partnering with existing marketplaces or launching their own.

Understanding the New Business Model

While operating an independent e-commerce platform has proven to be profitable for a lot of retailers, there are countless benefits to be found in venturing out into the world of marketplaces. The open model or all sellers welcome appeal expands a retailer's chance of success.

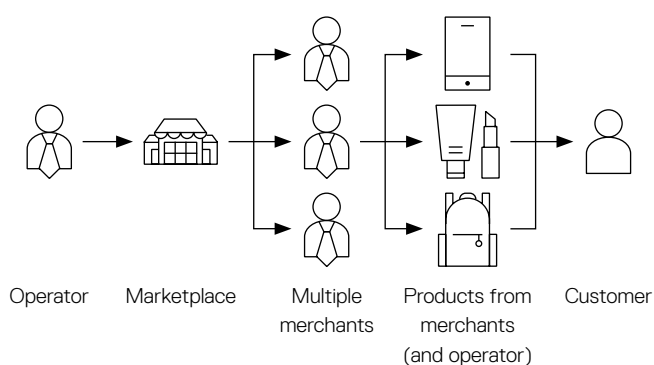
Regular retail e-commerce store



The retailer sells directly to the customer.

vs.

Online retail marketplace



In an online marketplace, the retailer and third party sellers simultaneously offer their goods to customers. The 3rd party sellers or merchants are responsible for their inventory. Increasing the number of merchants on a platform directly impacts demand. Customers searching for products are able to find multiple variations of that product, and this automatically increases the chance of a purchase.

Traditional E-commerce Platform vs. Retail Marketplace

Traditional E-commerce Retail Platform	Online Retail Marketplace
Inventory solely belongs to the retailer	Merchants co-own inventory
Higher operating cost	Lower operating cost
Responsible for shipping and fulfillment of all goods	Merchants sometimes handle shipping and fulfillment independently
Limited stock and product availability	Greater opportunity for product search and discovery
Lack of variation (in product and pricing) reduces opportunity to discover preferences	Deeper insight into consumer preference when it comes to product, pricing & other habits
Responsible for all advertising and promotional costs	Merchants indirectly contribute to the promotion of the platform

Business Models for Driving Revenue through A Retail Marketplace

Commission-based Model	The retailer (or marketplace operator) receives money from each transaction processed on the website.
Membership Fee	Some marketplace users are charged for having special perks on the retailer's website
Sign-up Fee	The retailer charges merchants a flat fee for selling products on their platform
Featured Products or Ads	Merchants are given an opportunity to get more visibility for their products by paying for it to be featured on the homepage or other frequently visited pages

To get the best value out of a marketplace, operators could combine multiple revenue models. Retailers who are new or relatively unknown could consider starting with a model where merchants start to sell for free and they earn commission overtime. This could be a way to incentivize merchants to sell products on their website.



What Retailers Stand to Gain from Operating A Marketplace

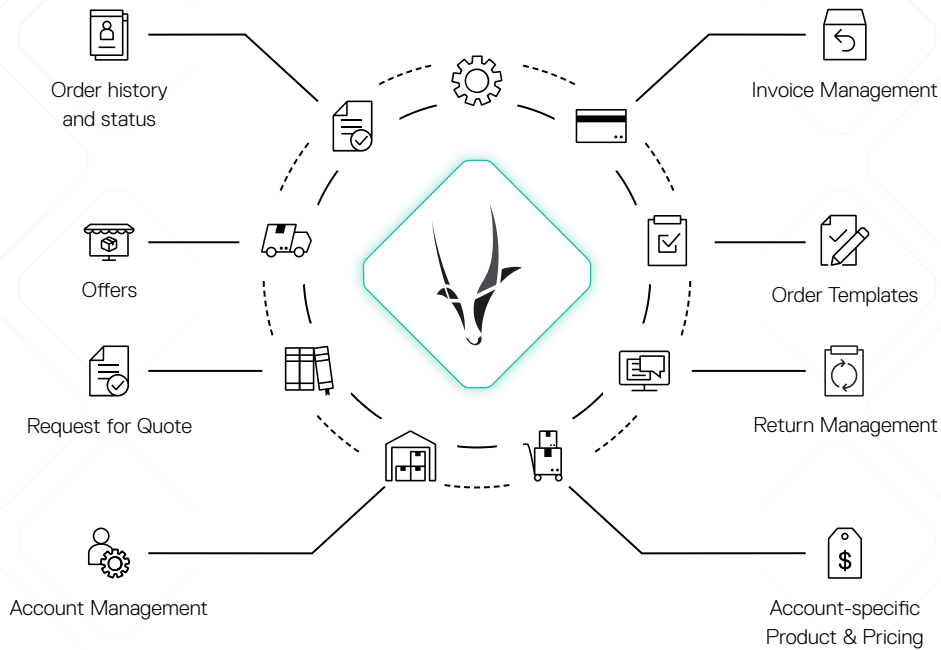
Operating a marketplace has both monetary and brand-related benefits for retailers. One major benefit being the risk factor involved. With other merchants taking ownership of their various shops or product pages, the risk of losing money is significantly less. The retailer would no longer have to rely solely on profit from its own inventory to drive sales. In most cases, merchants come with their existing database of customers and this automatically increases website traffic and customer loyalty.

Monetary Benefits

- Increased revenue through numerous revenue streams (commissions, featured ads etc)
- An opportunity to drive sales without having to manage a ton of inventory
- Lower risk with merchants as co-stakeholders
- The ability to eat up competitors' share of the market by luring them to become merchants on your platform

Brand-related Benefits

- Increased website traffic and SEO improvements
- Product variation which increases the chance of a sale and customer loyalty
- An additional channel to reach a wider audience
- A chance to expand product lines and test out new ideas without hurting their reputation



PART 03

Getting Started with Spryker

Spryker offers an Enterprise Marketplace solution that enables retailers to set up a fully functioning marketplace. The Enterprise Marketplace ensures a consistent user experience for the end customer, the third-party merchants, and the retailer who acts as the marketplace operator.

Built on the Spryker Cloud Commerce OS, this Enterprise Marketplace solution also allows existing Spryker customers to effortlessly upgrade their B2C or B2B shops to a marketplace. Extensive new capabilities ensure that all the needs of running a marketplace are met, like additional back-office functionalities, a merchant portal, and several composable integrations that make the marketplace easy for the end user to navigate.



Capabilities



The Merchant Portal

The Third-party merchants can take care of all their administrative tasks on the Spryker Merchant Portal. Merchants can include their contact details, shop descriptions with logos and banners, and legal information on the merchant portal. Merchants can also list their products and individual offers for existing products in the marketplace. They can keep track of all incoming orders and manage order statuses for their customers. A dashboard function provides the latest sales reports.

Business Value: With a merchant portal, retailers can save costs by allowing merchants to create and manage their offers.



Products and Offers

Merchants can create the portfolio of products they plan to sell on the marketplace. Additionally, they can set up offers for products listed and define prices, stock availability, and validity dates for their Products and Offers. Each merchant can easily filter, search, and manage their existing offers in the Merchant Portal.

Business Value: Retailers can expand their product portfolio with low costs and fulfill customer expectations by introducing merchant offers.

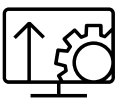


Storefront

The marketplace storefront can be used as a stand-alone or integrated extension to a retailer's regular e-commerce storefront. Offers from merchants can be showcased uniformly on the marketplace storefront. Customers can select offers from different merchants and add them all to a single cart. While completing an order, the customer can relate all the products and every single shipment to each merchant.

The customers can also browse, search, and filter the offers by merchants. To learn more about a merchant, customers can visit the merchant profile page – where they can find additional information such as the merchant's contact information, ratings, and reviews.

Business Value: Retailers can increase customer satisfaction and brand loyalty by ensuring a smooth customer experience while interacting with the storefront.



Back Office for Marketplace Operator

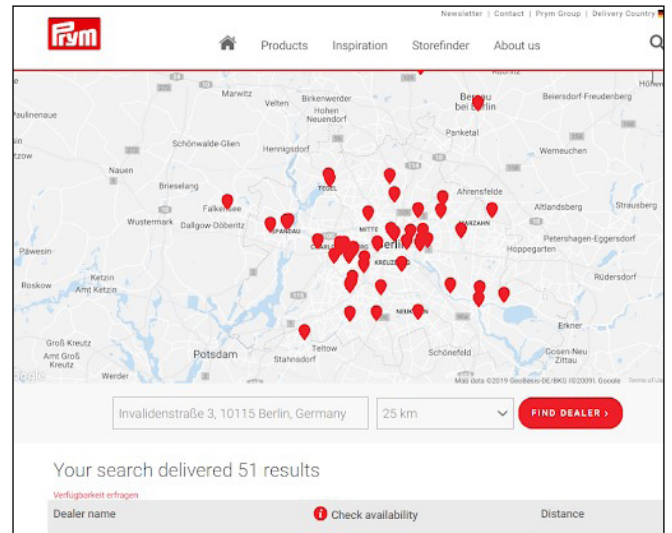
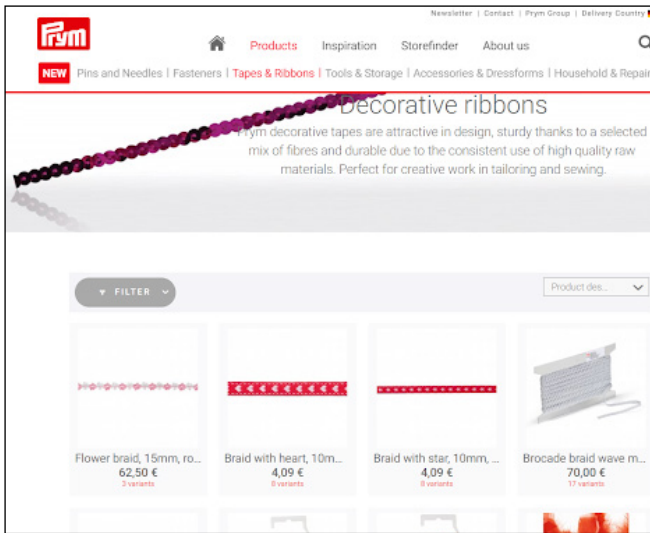
The Back Office functionalities for Marketplace Operators leaves retailers in charge of managing your Marketplace and Merchants. They can easily create and manage new Merchants and review their product portfolio. They have the option to approve and decline offers if they don't follow your shop's guidelines and stay informed about all the transactions on your platform by accessing and managing all the Merchant orders.

Business Value: Retailers can ensure compliance with marketplace guidelines by managing them effectively within their Back Office.

Retailers Using Spryker Marketplace

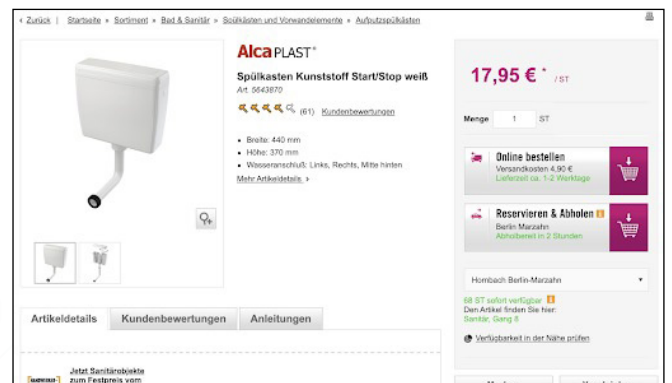
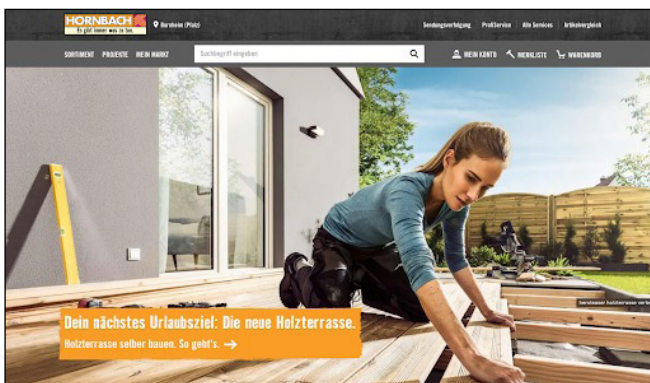
PRYM

Prym produces handicraft and sewing industry accessories. Founded in 1530, Prym is one of the oldest family businesses in Germany. Prym's B2C Marketplace is powered by Spryker.



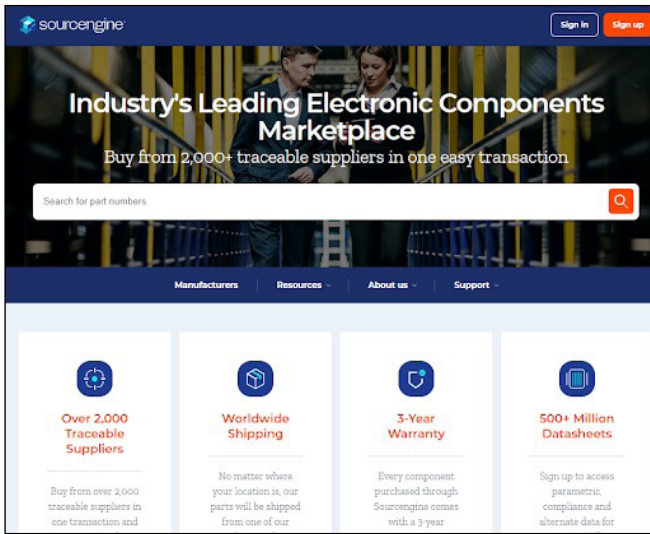
Hornbach

Hornbach is a German-owned DIY store chain offering home improvement and do-it-yourself goods. Founded in 1877, Hornbach runs about 158 stores in many European countries.



Sourceability

Sourceability is an electronics distributor with a main office in California. Their fully customized marketplace is called Sourcengine. In this unique B2B marketplace, the seller is hidden from the buyer.



Supplier attributes ID	Supplier availability	Price	Quantity	Total
Date code: Within 2 years Pack type: Unknown Pack condition: Full factory pack Vendor type: Franchised distributor	Stock: 2,256,800	3,000+ \$6.0000 1,100,000+ \$1,70,000+	\$ 9.3625 \$ 9.3614 \$ 9.3532 \$ 9.3584	MOQ: 3,000 / MFG: 2,500 (D) 170868 \$ 105,806.30
Date code: Within 2 years Pack type: Tape & reel Pack condition: Unknown Vendor type: Franchised distributor	Stock: 216,800	2,500+ 5,000+ 10,000+ 17,500+	\$ 9.3574 \$ 9.3532 \$ 9.3516 \$ 9.3421	MOQ: 2,500 / MFG: 2,500 (D) 17500 \$ 179.91
Date code: Within 2 years Pack type: Tape & reel Pack condition: Unknown Vendor type: Franchised distributor	Stock: 1,877,500	1+	\$ 9.3514	MOQ: 2,500 / MFG: 2,500 (D) 2500 \$ 126.20
Date code: Within 2 years Pack type: Tape & reel Pack condition: Unknown Vendor type: Franchised distributor	Stock: 20,800	1+	\$ 9.3404	MOQ: 2,500 / MFG: 2,500 (D) 2500 \$ 195.80
Date code: Within 2 years Pack type: Unknown Pack condition: Partial factory pack Vendor type: Qualified resellers	Stock: 520	25+ 36+ 180+ 360+	\$ 9.1760 \$ 9.1028 \$ 9.3912 \$ 9.3706	MOQ: 5 / MFG: 1 (D) 580 \$ 37.90
Date code: Within 2 years	Stock: 1,907,400	3,000+ \$ 0.0701	\$ 0.0701	MOQ: 3,000 / MFG: 2,500 (D) \$ 1,332.90

Leverage Spryker's Enterprise Marketplace Capability to scale and differentiate.

➔ Ready to establish a scalable marketplace solution from scratch or transform your current platform into an enterprise marketplace? [Request a demo today.](#)





About Spryker

Spryker Systems GmbH is a privately held technology company headquartered in Berlin, Germany and New York, USA. Founded in 2014, Spryker enables companies to build sophisticated transactional business models in unified commerce including B2B, B2C, and Enterprise Marketplaces. Spryker is the most modern, fully composable platform-as-a-service (PaaS) solution with headless & API-based architecture that is cloud and enterprise-ready and loved by developers and business users worldwide. Spryker customers extend their sales reach and grow revenue with a system that allows them to increase operational efficiency, lower the total cost of ownership, expand to new markets and business models faster than ever before: Spryker solutions have empowered 150+ companies to manage transactions in more than 200 countries worldwide and is trusted by brands such as Aldi, Siemens, Hilti, and Ricoh. Gartner® recognized Spryker as a Visionary in the 2021 Magic Quadrant™ for Digital Commerce, just one year after it first appeared (2020), and has also been named as a major player in B2B e-Commerce by IDC. Finally, it is the only commerce platform to provide full B2B, B2C, D2C, and Marketplace capabilities out of one stack. Find out more at spryker.com



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