



VTEX for Online Marketplaces

Expand your market reach, drive incremental revenue, and reduce overhead with an online marketplace.

To thrive in today's environment and build a future-proof business, merchants need to think beyond traditional ecommerce business models. By embracing the rise of marketplaces as a go-to and one-stop-shop destination, they can grow incremental revenue, attract new customers, and maintain the loyalty of the customers they already have.

Marketplace models are being used to solve modern-day digital commerce challenges, remove buying friction, and reduce operational costs. As consumers and business buyers, we shop and buy from marketplaces every day without even knowing it. This solution brief outlines opportunities attainable by launching your own online marketplace and applying marketplace techniques as part of a comprehensive digital commerce strategy.



What is a marketplace?

A marketplace is an ecommerce site where products and services are offered by multiple third-party sellers. Unlike traditional ecommerce, in which the site owner is the only seller, through a marketplace a business can sell its own products and services, along with products from third parties, or create a platform where buyers and sellers find one another.

With a marketplace, the operator facilitates purchases on the sellers' behalf, and sellers fulfill the orders. The operator still owns the customer relationship, but is not encumbered by the operational burdens associated with delivery, warehousing, logistics, returns, as well as the cost and risk of owned inventory. These are the responsibilities of the sellers.

The marketplace approach gives businesses flexibility to take their ecommerce in different directions and scale beyond the limitations of their own operations and infrastructure – to generate incremental revenue with little investment and business risk.



Why launch your own online marketplace?

Marketplaces have built-in benefits that we don't see in traditional commerce models and have been shown to help businesses:

Quickly expand product assortment without the cost and risk associated with owned inventory, logistics, fulfillment, and customer care.

Secure a greater share of wallet by selling complementary products or services that customers would have purchased from a competitor.

Gain deep insights into customer behavior, buying trends, pricing, brand awareness, and more, for a huge advantage in identifying new business opportunities – especially valuable for manufacturers who lack visibility into their end customers.

Respond rapidly to changing markets and customer preferences by adding suppliers and third-party sellers in a matter of hours.

Test new strategies, learn from experiences, and adapt quickly with less business risk.

Manage channel complexity by adding supplier portals and building dealer or distributor networks that make it easy for customers to find what they want, and buy from their local dealer – all through a seamless experience.

Enhance the brand, increase customer lifetime value, and deliver more benefit to customers by offering a broader range of products and services.

Drive revenue through alternative business models:

- Commission on items sold from third-party sellers
- Cross-sell opportunities that increase basket size
- Lead generation revenue
- Ad space and promotional opportunities for marketplace sellers
- Data and insight monetization
- Ad spending by brand manufacturers

Customers prefer to buy on a marketplace

Buyers have made it very clear they prefer to shop on marketplaces because they offer obvious benefits:

- ✓ **Convenience**, because marketplaces are one-stop shops for a large number of products, products that complement one another, or products frequently purchased together;
- ✓ **Lower prices**, because shoppers can explore similar products from competing sellers;
- ✓ **Time savings**, since customers don't have to visit other web stores for complementary products – they can find everything they need within the marketplace.

50%

of online retail purchases globally are made through marketplaces.¹

\$2.03

trillion spent globally in the top 100 online marketplaces in 2019.¹

22%

Marketplace sales growth in 2019.¹

Common use cases for marketplaces

- ✓ Open marketplace with hundreds or even thousands of sellers, and tens of thousands of third-party products.
- ✓ A curated marketplace that includes select brands or categories that complement existing product lines.
- ✓ Dealer or distributor network to tame channel complexity and offer seamless buyer journeys.
- ✓ Partner and channel management simplification and automation.
- ✓ Supplier portal that gives suppliers the ability to manage their own products and associated inventory.
- ✓ Streamlining operations to reduce inventory and operational costs

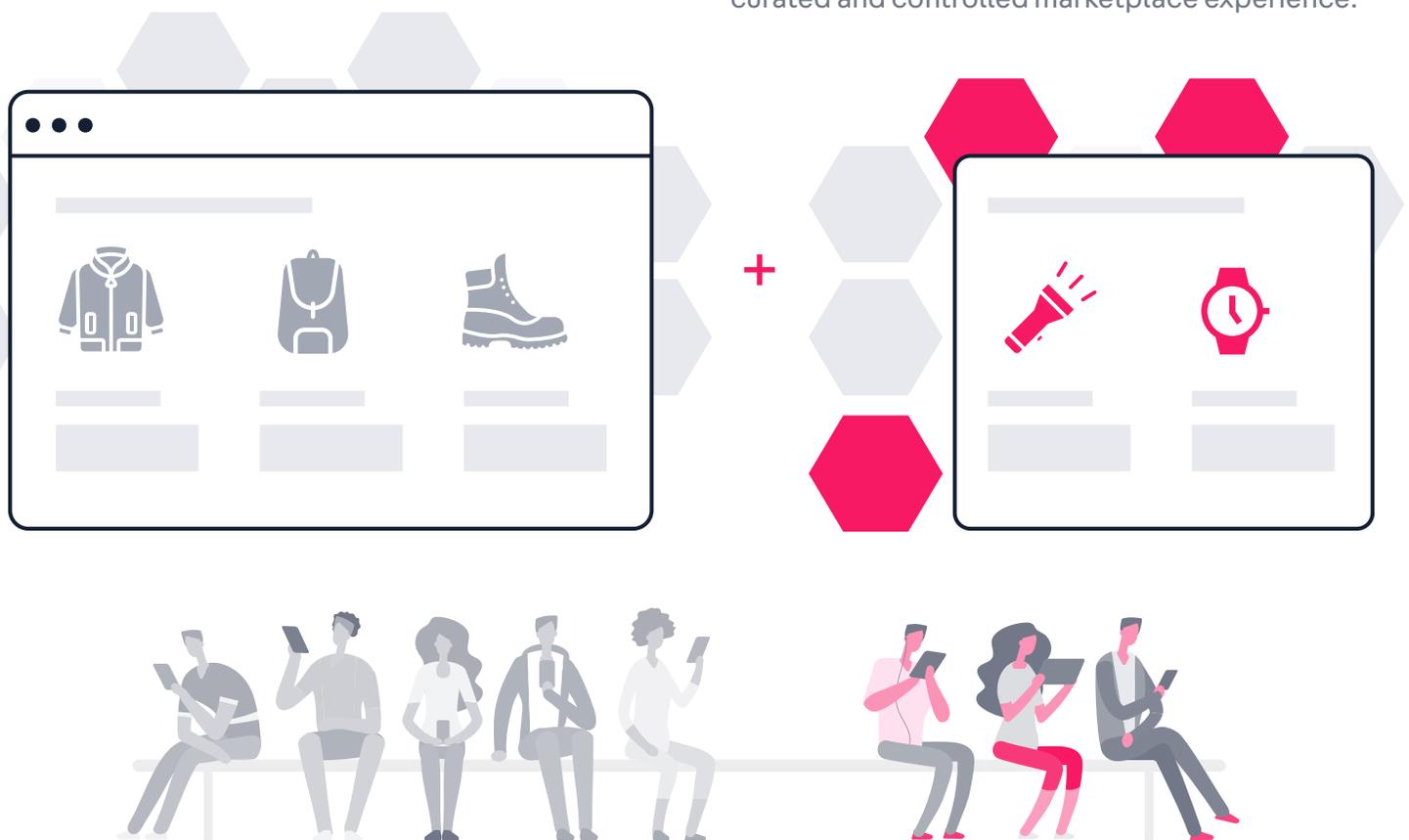
Range Extension

A marketplace lets businesses introduce complementary products and entirely new product categories from third-party sellers without the burden of owned inventory, supply chain and fulfillment costs because fulfillment lies with third-party sellers. Businesses can add products to extend their range and capture sales without losing control of the customer relationship and experience.

However, holding stock comes with physical and financial limitations. When inventory, logistics, and fulfillment is the responsibility of a third-party seller, businesses can grow revenue incrementally and expand without limitations.

Expanding product assortment through a marketplace can be executed in different forms. Some businesses build an open marketplace where any number of suppliers can add their products or services. This creates a marketplace experience for buyers/shoppers in which identical products may be offered by multiple sellers, enabling buyers to compare price, availability, suppliers, and delivery options.

Other businesses wish to place more controls on the marketplace experience, through a curated marketplace that allows only select third-party sellers. With this model, it may be less obvious to the shopper that some products are offered by a third-party seller, therefore creating a highly-curated and controlled marketplace experience.



Channel Management

By building a B2B2C or B2B2B marketplace, one that includes a network of suppliers, dealers or distributors, businesses can eliminate channel conflict and create seamless buyer journeys. A marketplace network of dealers or distributors makes it easy for customers to find and buy products.

Rather than starting on a corporate site to learn about products, only to be redirected to a separate dealer or distributor website, customers can get everything they need in one place. They can research products, find local dealers or distributors and make purchases for pickup at their local facility, or select delivery all in a single, seamless experience.

With a marketplace, organizations maintain complete control of the customer experience and acquire valuable insights about end-customers, (such as buying behaviors and product preferences), maintain pricing visibility, and gain clarity of inventory across all sales channels. A marketplace enables manufacturers to orchestrate channels in a way that benefits themselves as well as channel partners and most importantly the end-customer.

A marketplace gives manufacturers:

Inventory visibility and price transparency across their network of dealers and distributors.

Visibility to end-customer behavior, preferences and buying patterns.

Control of the customer experience and the ability to deliver seamless buyer journeys.

A solution for solving mission-critical operational issues associated with inventory, warehouses, logistics and fulfillment across complex networks of suppliers, dealers and distributors.

A way to easily manage suppliers by enabling them to self-service through a portal experience.



Leverage the VTEX Commerce Platform for your own online marketplace

Since marketplace is an extension of ecommerce, many businesses find significant value, speed, and flexibility in leveraging an ecommerce platform that has built-in marketplace and order management capabilities.

A commerce platform that includes native marketplace capabilities does not require complex and lengthy integrations and can support a wide range of marketplace business models.

Additionally, this approach allows organizations to employ the marketplace gradually, by first launching direct-to-consumer commerce operations and adding marketplace sellers at a later time; or testing and adapting their marketplace strategy as they go.

VTEX Commerce Platform is the first and only fully integrated commerce, marketplace and order management platform in the world.

The advantages of commerce, marketplace and order management in a single solution.

Use case flexibility: With ecommerce and marketplace native to a single platform, it can easily support marketplace use cases as well as business challenges that may not traditionally be associated with a marketplace.

Low-risk deployment: With ecommerce and marketplace capabilities in a single, fully integrated platform, businesses can explore marketplace models at their own pace, testing, learning and adapting as they go.

Total cost of ownership: Integrating and maintaining separate platforms for ecommerce, marketplace and OMS is resource intensive and expensive. A single, fully integrated solution offers the lowest TCO for ecommerce and marketplace operations.

Faster time-to market: A fully-integrated solution enables businesses to launch commerce and marketplace experiences much faster than with separate systems that require complex and expensive integrations.

VTEX Commerce Platform Marketplace capabilities – expand assortment, capture additional revenue, and streamline channel selling.

Operator dashboard: Automate supplier management and product approval.

Seller governance: Manage supplier commercial terms and SLAs and ensure compliance.

Product data management: Manage product data from various sources to maintain accuracy and consistency.

Vendor self-service: Enable vendors (third-party sellers) to onboard and manage products and track sales and orders.

Multi-seller order management: Orchestrate orders across multiple vendors and gain visibility into the entire order lifecycle.

Commissions management: Track and manage vendor commission payments.

VTEX Commerce Platform Order Management capabilities – easily handle the increased complexity of inventory visibility, order management, and fulfillment that comes with operating an online marketplace.

Order splitting and routing: Manage orders that contain line items from multiple third-party sellers.

Order insights: Track overall order growth and monitor business performance for different time periods, channels, and business segments.

Global inventory visibility: Complete visibility into inventory across the entire network owned inventory and third-party sellers.

Order orchestration: Monitor and manage the entire order lifecycle and communicate order changes to customers.

Fulfillment optimization: Ensure the most efficient fulfillment of orders across the extended network, including owned inventory, suppliers, and third-party sellers.

Store fulfillment & curbside pickup: Leverage brick-and-mortar locations as pickup points and fulfill orders from any channel.

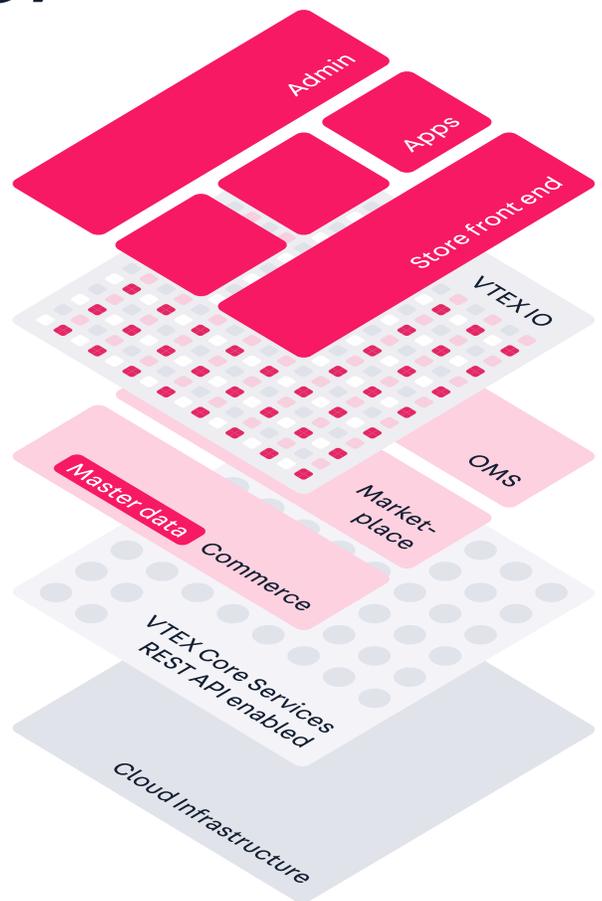
Marketplace and OMS integration – easily connect VTEX with your existing commerce platform to turn your ordinary ecommerce into a marketplace, direct-to-customer, or platform business.

Modern Technology and Architecture

VTEX delivers the best of both worlds – rapid time-to-revenue and the flexibility to tailor commerce experiences for your business and customers.

With a MACH architecture, VTEX provides the agility of microservices, the flexibility of APIs and headless commerce, and the speed and ease of use of the cloud.

Additionally, VTEX provides a low code development platform, VTEX IO, so you can compose commerce experiences by combining our pre-built components with third-party and your own custom apps to start driving revenue fast.



API-enabled Platform: VTEX is 100 percent API-enabled to support any headless commerce configuration, integration with your ecosystem of systems and applications, and the ability to extend and customize commerce any way you like.

Software-as-a-Service: As a true multi-tenant SaaS solution, VTEX delivers the performance, reliability, scalability, and low overhead you need to grow your business without limits, and no upgrades. Ever.

Microservice Architecture: With a microservice-based architecture, VTEX delivers continuous innovation to your business with powerful ecommerce, marketplace, and order management services that are always up to date.

Where to Go From Here

The online marketplace model is here to stay. The question for ecommerce leaders is not whether to employ a marketplace, but when and how to do it – in a way that makes the best sense for your business and for your customers.

As always, VTEX is here to help you succeed.

With more than 3,000 customers in over 40 countries, we have the experience to help you plan and execute a marketplace strategy in a manner that is best for your organization, and that delivers measurable results.

Traditional approaches may not solve today's commerce challenges. Neither do traditional business partners.

Contact us at
[www.vtex.com/us-en/
contact](http://www.vtex.com/us-en/contact) to get started.

