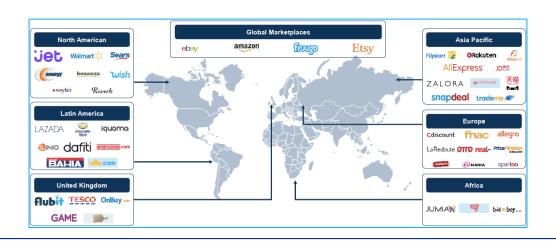


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### 1. Why are marketplaces relevant?

- Consumers are attracted to online marketplaces, and 61% of global B2C ecommerce takes place on one (source: Forrester).
- On average, Finnish companies have a low understanding of marketplace functionality, as they are still largely absent from the local landscape.
- Depending on the definition used, there are several hundred marketplaces globally, many of them regional.







#### The strategic importance of marketplaces

- A typical misunderstanding around marketplaces is that they are comparable to marketing activities.
- Successful entry into a marketplace is not a one-man/-woman show: it is the result of well organised teamwork involving production, logistics, product management, sales, marketing, finance and legal.
- Furthermore, entering into marketplaces is not cheap: the entry process alone requires proper resources, both financial and human, as does the day-to-day management and activation of the marketplace.
- Marketplace ecosystems are complex, and significant resources are required.
   In most success stories, marketplace decisions are made at the very top of the organisation, either at a board level, or by the CEO.



### Handling customer data on marketplaces

- Marketplaces are typically a fast and convenient way to ensure products are available for purchasing audiences.
- Sellers trade their own data collection needs for the convenience of selling on somebody else's platform.
- In practice, the seller does not get direct access to full customer data. On most platforms, customer data can be utilised but only in the tools provided by the platform. For example, sellers can use Amazon customer data in targeted advertising, but only when using Amazon's DSP (Demand Side Platform).
- In cases where the seller takes care of fulfilment, most platforms do not allow the seller to contact the customer. This rule is normally reinforced with serious penalties, including closure of the seller's account.



### Leveraging marketing and promotions

- To make an analogy with the analogue world, online marketplaces are busy shopping centres with a healthy footfall.
- As in the analogue world, a brand must promote itself to consumers.
- The marketplaces in this assessment showcase many different methods for brands to raise consumer awareness and amplify sales.
- The same applies to promotions: all marketplaces offer promotional mechanisms, including price promotions and marketplace-related loyalty programmes.
- It is important that any brand or seller ensures they have sufficient resources to use all these elements when entering any platform.



#### Paying value added tax and sales tax

- Even though business happens on the internet, sellers are obliged to pay relevant taxes.
- Different countries have different tax rules, but every seller should prepare themselves with proper planning and reporting.
- Luckily for sellers, there are multitude of companies able to help brands to sort this issue.

#### How to tell if you have a VAT obligation

As an e-Commerce business looking to expand into the EU, here's a checklist to help you figure out if you will incur a VAT obligation. If any of the following will apply to your business, you may be required to register. Are you:

- 1. Holding stock in an EU country?
- 2. Selling on an online marketplace within the EU?
- 3. Crossing over a set EU Distance Selling Threshold within a calendar year?
- 4. Dropshipping from a supplier in the EU?
- 5. **Importing goods into the EU for onward sale?**If you answered yes to any of these questions, it might be time to VAT register!



### **Defining the marketplace**

Wikipedia is defining an online marketplace like this:

"An online ecommerce marketplace is a type of ecommerce site where product or service information is provided by multiple third parties, while transactions are processed by the marketplace operator."





### Marketplace overview

- There are hundreds of marketplaces around the world: some are very local and others are global, while some are very category-focused and others have an extremely broad selection of products available to buy.
- When evaluating marketplaces it is helpful to understand the following areas:
  - 1. Which marketplaces are relevant in your category and in your desired markets?
  - 2. Does the marketplace offer the services you need?
  - 3. Are you compliant with the marketplace rules?
  - 4. Do you have the resources to manage marketplace activity?
  - 5. Are your partners compliant to manage marketplace activity?
  - 6. What is the cost structure for using a particular marketplace?
  - 7. At what volume does the marketplace operation break even?



### 1. Evaluating relevance

- Most marketplaces tend to exaggerate their numbers and category relevance, so a healthy amount of scepticism is recommended.
- Some marketplaces are easier to evaluate than others; for example, Amazon is relevant in all the markets where it runs a local service. However, while they claim to ship products to 100+ countries, it would be wrong to expect to cover the entire world just by using Amazon.
- Is the marketplace model based on an auction, fixed-priced products or both?
- Does the marketplace sell new, used or refurbished products?

### 2. Evaluating services

- What is the level of support at the beginning of selling activity?
- Is the product content already in place? Will the marketplace help in localising the content or is that entirely the responsibility of the seller?
- How important are marketing and promotions on the platform, and what opportunities are available?
- Does the marketplace offer a payment service, or does the seller need to choose from different options? Would the seller need a local bank account?
- Is a warehousing service available? Does the platform have a preferred partner or is the seller expected to manage warehousing independently?
- Will the marketplace manage fulfilment, do they have pre-selected partners or do they expect the seller to dropship using their own partners?
- Is the marketplace able to handle returns, or should the seller prepare to manage them?



### 3. Evaluating compliancy

- In some marketplaces the platform expects the seller to have a registered company in the respective market.
- Different markets and fulfilment models have different tax implications for sellers.
- Some marketplaces have strict rules on who is allowed to sell certain products.
- Some marketplaces have very specific expectations on fulfilment and product preparation.
- Some marketplaces have exceptionally long return periods.
- Rules on restricted items and categories vary between markets and marketplaces.

### 4. Evaluating resource needs

- Despite perceived ease of execution, marketplaces need focused staff.
- Some marketplaces offer a wide range of additional services that will reduce the pressure on the seller's organisation.
- Is there an option to outsource everything, is everything self-serve or is it somewhere in between?
- How much is the seller expected to participate in time-consuming customer service?
- What impact will this all have on costs?



#### 5. Evaluating partners

- Some marketplaces are open to any partner, while some expect partners to be authorised.
- Is the seller allowed to manage everything inhouse, or does the marketplace force the seller to use their partners?
- Are all partners allowed to manage content, shipments, warehousing, fulfilment, returns and customer service? What is the business impact of this?



### 6. Evaluating cost structure

- In most cases the cost calculation is crucial for the business case.
- Marketplaces do not always make it easy to calculate the real costs of selling on their platforms.
- When evaluating the costs of starting a marketplace operation, it is worth ensuring that all areas of operation are included, not just the direct marketplace costs.
- The costs associated with becoming market compliant, product preparation, shipping and possible local customer service should also be included.



### 7. Evaluating margins

- Despite the simple nature of margin calculation, this step is often overlooked.
- Margin calculation should use a competitive consumer price as a start point.

Retail price - Tax - Marketplace commission - Fulfilment - Advertising - Warehousing - Shipping - Production cost = Margin

Amazon FBA example: Small product, consumer goods, leisure

Dimensions: 12 x 23 x 6 cm Product weight: 383g Market: Amazon Germany Warehousing: FBA, Germany

Retail price	100 €
VAT 20%	- 20 €
Marketplace commission	- 15€
Fulfilment	-3€
On-platform advertising	- 10 €
Warehousing	-2€
Shipping to warehouse	-1€
Production cost	- 35 €
Margin	14 €

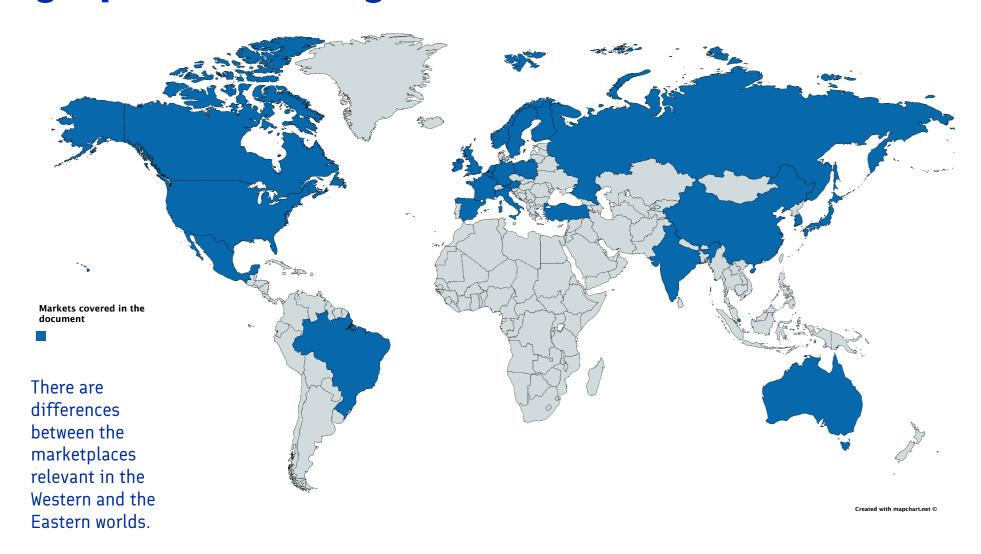




### **Assessment approach**

- This assessment is created to increase understanding of the potential export companies.
- The common denominator of the marketplaces in this assessment is the fact that they are all very popular shopping destinations in their respective markets and audiences.
- This means that instead of building their own ecommerce stores or driving traffic to the existing ones, brands can focus on steering consumers already in-market to their products.
- The objective of the following sections is to make it easier for any Finnish export company to identify which platforms hold the most potential for their growth aspirations and enable them to form a basic understanding of the resource needs associated with the potential platforms.
- This document should act as a first step in an education towards marketplace selection.
- This document describes the situation in January 2020. The marketplaces and competitive situation change constantly, so we recommend that before making any concrete plans, the latest changes are checked.

### Geographical coverage





### Marketplaces covered in this assessment



























# **Allegro summary**

Marketplace description	Allegro is Poland's most popular multi-category online marketplace.	
Relevance		
Geographical	Allegro is a regional operator and is dominant in Poland.	
Userbase	Allegro has 13-17 million monthly users.	
Category	Allegro has strengths in several categories in its market, notably: electronics, fashion, home & garden, FMCG, baby, beauty, health, culture & entertainment, sports, automotive, collectables, B2B, services.	
Marketplace fundamentals		
New vs. used products	On Allegro it is possible to sell both new and used items; the majority of items sold are new.	
Pricing model	The majority of items sold are fixed-price, but the marketplace has some auction functionalities.	
Marketplace services	Allegro does not offer a warehousing or fulfilment service.	
Cost model	No sign-up fee: each product has a listing fee, % commission on sales, service fees, marketplace advertising fees and offer fee.	
Seller service	Communications are managed mostly in Polish. Allegro is largely a self-serve platform.	



### **Amazon summary**

Marketplace description

Amazon Marketplace is an ecommerce platform, owned and operated by Amazon, that enables third-party vendors to sell products on an online marketplace alongside Amazon's own products.

Relevance

Geographical

Userbase

Category

Marketplace fundamentals
New vs. used products

Pricing model

Marketplace services

Cost model

Seller service

Amazon is a global operator and very relevant in the markets where it hosts its own domain: US, CA, MX, BR, DE, UK, FR, IT, ES, TR, UAE, IN, JPN, CH, SIN, AUS (Q1/20 NL).

Amazon has 300-400 million monthly users globally.

Available categories and selection vary market by market, but in more mature markets Amazon is relevant in most consumer retail categories and in many B2B categories. Amazon is expanding categories individually market by market.

Most products sold on Amazon are new; however, it is also possible to sell used products on the platform.

Items sold on Amazon are fixed-price.

A seller can purchase warehousing, fulfilment and returns handling services from Amazon.

No sign-up fee, no deposits, % commission on sales, service fees, marketplace advertising fees.

The platform's main focus is consumers. For sellers, the service is mostly self-serve; the support function is a very slow, clunky processes, while system bugs test sellers' patience on a regular basis.



### **Bol.com summary**

Marketplace description

The dominant marketplace in the Netherlands, Belgium and Luxembourg. Bol.com has followed Amazon's development carefully and it has its own Prime-like subscription service called Bol.com Select, which costs €9.99 per month. 55% of its revenue is from third-party sellers (2018).

Relevance

Geographical

Userbase

Category

Marketplace fundamentals

New vs. used products

Pricing model

Marketplace services

Cost model

Seller service

Bol.com is relevant in NL, BE and LUX.

Bol.com has 15 million monthly users.

Books, music, games, electronics, toys, baby items, computers, cooking & dining, health & wellbeing, animal, gardening & DIY, living & sleeping, sport & leisure, jewellery & watches, baby & toddler clothes.

Most products sold on Bol.com are new; however it is also possible to sell used products on the platform.

Items sold on Bol.com are fixed price.

A seller can purchase warehousing, fulfilment and returns handling services from Bol.com.

No sign-up, fixed sales fee, % commission on sales, service fees, marketplace advertising fees.

The platform has a high customer service standard, including 30-day returns, and the seller's phone number available from 8am to 16. Sellers can expect a relatively good service from Bol.com.



# **Cdiscount summary**

Marketplace description	Cdiscount is France's leading discount online retailer and sells just about everything.	
Relevance		
Geographical	Cdiscount is relevant in FR.	
Userbase	Cdiscount has 11 million monthly users.	
Category	Toys, home appliances, home, computers, games, automotive, travel, baby, sports.	
Marketplace fundamentals		
New vs. used products	It is possible to sell both new and used items on the marketplace.	
Pricing model	Items sold on Cdiscount are fixed-price.	
Marketplace services	A seller can purchase warehousing, fulfilment and returns handling services.	
Cost model	Monthly seller fee, 5-22% commission on sales, service fees, marketplace advertising fees.	
Seller service	The platform is a self-serve platform for most sellers.	



### eBay summary

Marketplace description	eBay Inc. is a US based e-commerce corporation that facilitates consumer-to-consumer and business-to-consumer sales through its marketplace. eBay has operations in about 30 countries. Its online auction and shopping website enables people and businesses to buy and sell a wide variety of goods and services worldwide. The website is free to use for buyers, but sellers are charged fees.
Relevance	
Geographical	eBay is relevant in the domains in which it operates: AUS, AT, BE, CA, CN, FR, DE, IE, IT, HK, MY, NL, PH,

Userbase

Category

Marketplace fundamentals New vs. used products

Pricing model

Marketplace services

Cost model

Seller service

rl, ou, eo, lh, iw, ih, UK, US, VN.

eBay has 110 million monthly users.

There are category differences at a market level, but eBay's most relevant categories are: motors, fashion, books, movies & music, electronics, collectibles & art, home & garden, sporting goods, toys & hobbies, business & industrial, health & beauty.

Both new and used items can be sold on eBay.

eBay's primary pricing model is auction-based; however the fixed-priced option is also used.

No warehousing available. Global shipping assistance is offered.

Listing fee, final value fee on sales, service fees, advertising fees.

The platform is self-serve for most sellers.

# **Etsy summary**

Marketplace description	Etsy is for selling handmade, craft items: the best analogue analogy is an open market or fair. Etsy provides a marketplace specifically for crafters to sell their goods. Additionally, if you're selling downloadable items (e.g. printables), Etsy allows you to store the file on their platform, so buyers can download it immediately from within their Etsy account after the sale. Etsy allows each seller to set up a customised online 'shop' with full ecommerce capabilities.		
Relevance	Relevance		
Geographical	Etsy is as global operator, but its core markets are: US, UK, CA, DE, FR, AUS.		
Userbase	Etsy has 56 million monthly users.		
Category	Etsy's relevant categories are: arts, crafts, jewellery, paper goods, homeware and, locally, artisan candies and baked goods.		
Marketplace fundamentals			
New vs. used products	On Etsy it is possible to sell both new and used items.		
Pricing model	Etsy's primary model is auction-based; however the fixed-priced option is also used.		
Marketplace services	No warehousing or shipping available.		
Cost model	Listing fee, transaction fee on sales, payment processing fee, service fees, advertising programme fees.		
Seller service	The platform is a self-serve platform for most sellers.		



## **Gmarket summary**

Marketplace description	Gmarket is the 'Korean Amazon'. It is the most popular online shopping platform in Korea. The company was founded in 2000 and was acquired by eBay in 2009.
Relevance	
Geographical	Gmarket is relevant in South Korea.
Userbase	Gmarket has 18 million monthly users.
Category	Home appliances & electronics, apparel, home & car accessories, cosmetics, computers, mother & baby, dietary supplements, food & beverage.
Marketplace fundamentals	
New vs. used products	On Gmarket it is possible to sell both new and used products.
Pricing model	Gmarket's pricing model is a combination of online auction and fixed-priced sales.
Marketplace services	Gmarket does not offer warehousing, but it fulfils the shopper's orders with the seller's goods first shipped to them. (Cross Docking)
Cost model	Registration fee, sales commission fee, service fees, advertising programme fees.
Seller service	The platform is self-serve for most sellers.



### **Otto summary**

Marketplace services

Cost model

Seller service

Marketplace description

Otto is Germany's second-biggest online retailer. Having started out as a mail order company, it transformed itself into one of Europe's most successful ecommerce companies. Otto is Germany's biggest online retailer for furniture and home furnishing products and is now on track to become a selling platform.

Relevance

Geographical

Otto is mainly relevant in Germany.

Userbase Otto has 9 million monthly users.

Category Fashion, home, sport, multimedia, toys, electronics, tools, furniture.

Marketplace fundamentals

New vs. used products

Otto is mainly focused on new products.

Pricing model Items sold on Otto are fixed-price.

No warehousing; direct seller shipments or cross-docking shipments via Otto fulfilment.

One-off registration fee, sales commission fee, advertising fees.

Otto appoints a category manager to the seller, and self-serve functionalities are also available.



### Ozon.ru summary

Marketplace description	Ozon.ru is Russia's leading multi-category ecommerce platform, established in 1998. Ozon.ru offers an assortment of more than 2 million SKUs across 24 product categories.	
Relevance		
Geographical	Ozon.ru is mainly relevant in Russia.	
Userbase	Ozon.ru has 50 million monthly users.	
Category	Electronics, mobiles and accessories, computers and software, home appliances, sport, apparel, beauty products, shoes and footwear, books and music CDs.	
Marketplace fundamentals		
New vs. used products	Ozon.ru is mostly focused on new products sold by authorised sellers.	
Pricing model	Items sold on Ozon.ru are fixed-price.	
Marketplace services	No warehousing, but fulfilment is offered based on Ozon.ru's delivery network.	
Cost model	Sales commission fee, advertising fees.	
Seller service	Manual seller approval process; from then on Ozon.ru is mainly self-serve, with 24/7 support available.	



# **Rakuten summary**

Marketplace description	Rakuten is the world's fourth largest online marketplace and the leading platform in Japan. It helps companies develop their brand presence and offers them a choice of four store management plans, as well as the option to sell directly to Japanese consumers. Rakuten has multiple branches where it offers it services, while Rakuten Ichiba is their retail marketplace.
Relevance	
Geographical	Rakuten is mainly relevant in Japan.
Userbase	Rakuten has 105 million monthly users.
Category	Music & video, home, toys, kids, jewellery, sports, health & wellness, beverages, computers, bags & accessories, fashion, gardening, pets, TV & audio, food, beauty, books, car supplies, sake, alcohol, healthcare & medical supplies, shoes, watches, kitchen, electronics, mobile phones.
Marketplace fundamentals	
New vs. used products	Rakuten is mostly focused on new authentic products sold by authorised sellers.
Pricing model	Items sold on Rakuten are fixed-price.
Marketplace services	No warehousing or fulfilment as a service.
Cost model	Rakuten has a three-step cost structure: monthly seller fee (39.00 USD); per-item fee (0.99 USD); and a product category selling fee (5%-14.5% of the overall product price).
Seller service	Manual seller approval process; from then on it is mainly self-serve, with a sales advisor available.



## **Tmall summary**

Marketplace description	Tmall.com, part of the Alibaba Group, is a Chinese-language B2C online retail marketplace. It is a platform for local Chinese and international businesses to sell brand name goods to consumers in China. It is the world's third most visited website. Tmall's business model is to rent online real estate to brand operators. It charges platform fees, advertising fees, commission fees and campaign fees.		
Relevance			
Geographical	Tmall is mainly relevant in mainland China, Hong Kong, Macau and Taiwan		
Userbase	Tmall has 500 million monthly users		
Category	Music & video, home, toys, kids, jewellery, sports, health & wellness, beverages, computers, bags & accessories, fashion, gardening, pets, TV & audio, food, beauty, books, car supplies, sake, alcohol, healthcare & medical supplies, shoes, watches, kitchen, electronics, mobile phones.		
Marketplace fundamentals	Marketplace fundamentals		
New vs. used products	Tmall is mostly focused on new authentic products sold by brand authorised sellers.		
Pricing model	Items sold on Tmall are fixed-price.		
Marketplace services	Western sellers are expected to use a third-party service provider: their service includes warehousing and fulfilment.		
Cost model	Deposit 25k, yearly fee 5k-10k dependent on category, additional categories \$5k-10k yearly fee, sales commission 2%-4%, payment providers' commission 1%.		
Seller service	Tmall has strict governance around ensuring a seller is authorised by the brand to sell their product.		



## **Zalando summary**

Marketplace description	Zalando is a European ecommerce company based in Berlin, Germany. The company follows a platform approach, offering fashion and lifestyle products to customers in 17 European markets. Zalando was founded in Germany in 2008.
Relevance	
Geographical	DE, AU, CH, FR,BE, NL, IT, ES, POL, SE, DK, FI, NO, IRE, LUX, CZE, UK.
Userbase	Zalando has 22 million monthly users.
Category	Fashion, shoes, accessories.
Marketplace fundamentals	
New vs. used products	Zalando is focused on selling new products.
Pricing model	Items sold on Zalando are fixed-price.
Marketplace services	No warehousing or fulfilment offered; fulfilment logistics by Hermes.
Cost model	No sign-up or listing fees, although there is a sales fee. High expectations on customer
	service.
Seller service	Manual application to seller approval process; sales advisor available.





### Marketplaces covered in this assessment



























# **Allegro summary**

Marketplace description	Allegro is Poland's most popular multi-category online marketplace.
Relevance	
Geographical	Allegro is a regional operator and is dominant in Poland.
Userbase	Allegro has 13-17 million monthly users.
Category	Allegro has strengths in several categories in its market, notably: electronics, fashion, home & garden, FMCG, baby, beauty, health, culture & entertainment, sports, automotive, collectables, B2B, services.
Marketplace fundamentals	
New vs. used products	On Allegro it is possible to sell both new and used items; the majority of items sold are new.
Pricing model	The majority of items sold are fixed-price, but the marketplace has some auction functionalities.
Marketplace services	Allegro does not offer a warehousing or fulfilment service.
Cost model	No sign-up fee: each product has a listing fee, % commission on sales, service fees, marketplace advertising fees and offer fee.
Seller service	Communications are managed mostly in Polish. Allegro is largely a self-serve platform.



# Allegro.pl: basic information

#### Main market:

Poland

### Monthly users

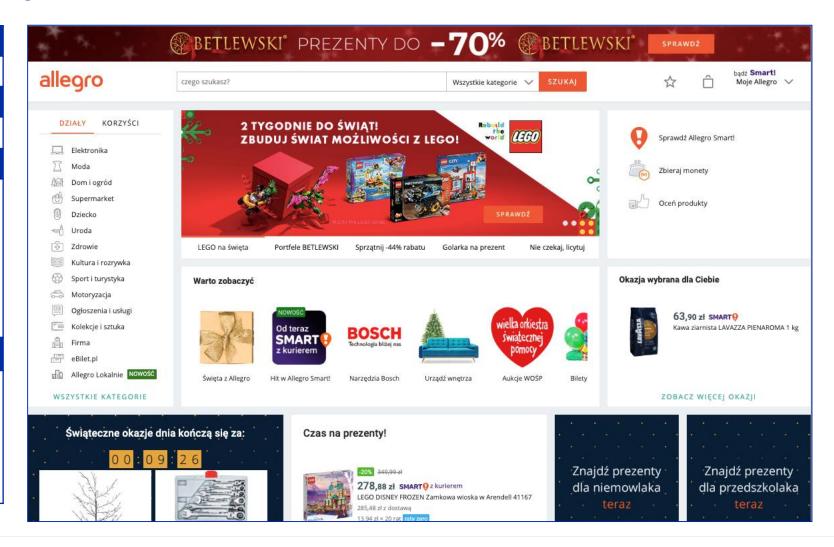
13-17 million

#### Description

Allegro is Poland's most popular, most trusted multi-category online marketplace. Its main business is fixed-priced sales, but it also has some online auction functionalities.

#### Categories

Electronics, fashion, home & garden, FMCG, baby, beauty, health, culture & entertainment, sports, automotive, collectables, B2B, services.



# Allegro.pl: Good to understand

#### Language requirements

Content, customer service and management dashboards require Polish language skills.

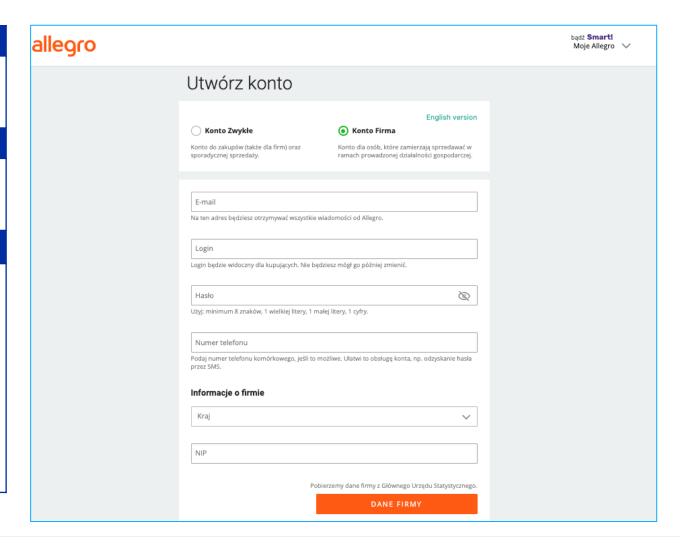
#### Commercial potential

Allegro sells 1.2 million products daily, of which 95% are new, sold at a fixed price, with a warranty and insurance.

#### **Payments**

You do not need a local bank account to start selling on Allegro. You can transfer all your funds from PayU to other bank accounts.

The only acceptable currency on Allegro is Polish Zloty (PLN), thus PayU stores and sends funds in PLN. However, your local bank can help you to convert the PLN into your preferred currency.



# Allegro.pl: Entering the platform

#### Sign-up process

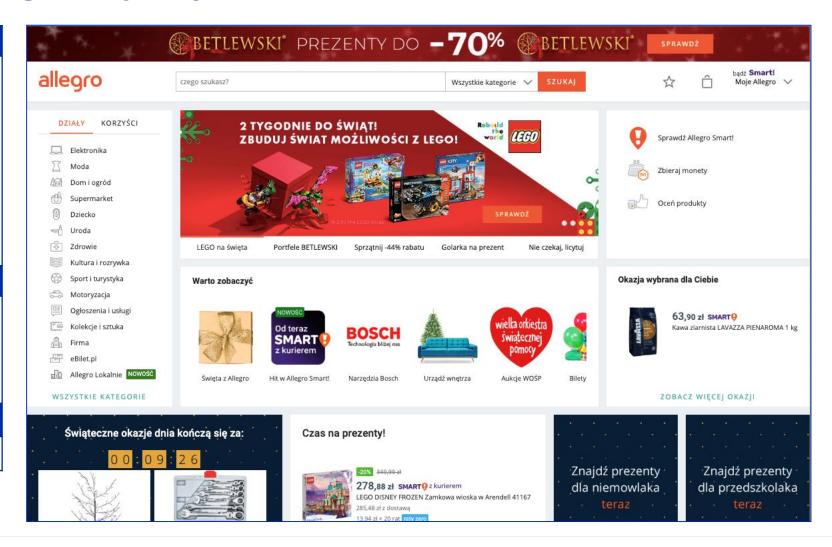
Registering on Allegro is straightforward. Sign-up at Allegro can be done by going to "My Allegro->Sign Up" and following the instructions. There is also a link to create a PayU account, which is used for receiving all funds from Allegro.

#### Associated costs

Listing fee, Sales commission of 0%-15% dependent on category, Percentage commission related to the number of successful sales.

#### Service

Largely a self-serve platform.

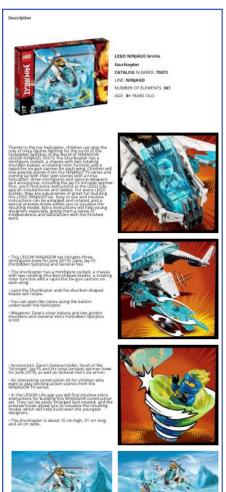


### Allegro.pl: Content

#### Content

On the Allegro portal each product from every company is sold individually. A seller that wants to put a product up for sale on Allegro is required to create a different card for that product. These cards must contain all the information about the product, including the name, photos, description, technical information, price, etc. This means that in a situation where several sellers are offering the same products, each seller will provide its own product card. When a buyer is searching for the particular product, there are several cards displayed, each from different sellers. This gives the buyer the opportunity to make comparisons easily and select the best.





### Allegro.pl: Marketing and promotions

#### Marketing options

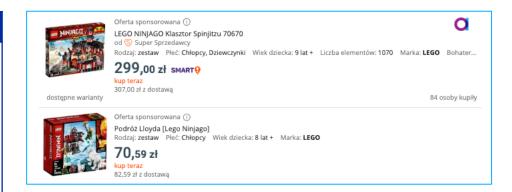
Allegro has a range of different advertising packages and options available.

- Product promotions are similar to Amazon's sponsored product advertising.
- Brand Promotions are Allegro's more traditional display advertising 360 promotions are broader advertising campaigns which take place outside of Allegro's own real estate.

  More information can be found here: https://allegro.pl/reklama

#### **Promotions**

A seller can add Allegro coins to their offer and benefit from their customers' loyalty.







### Allegro.pl: Operational considerations

### Warehousing

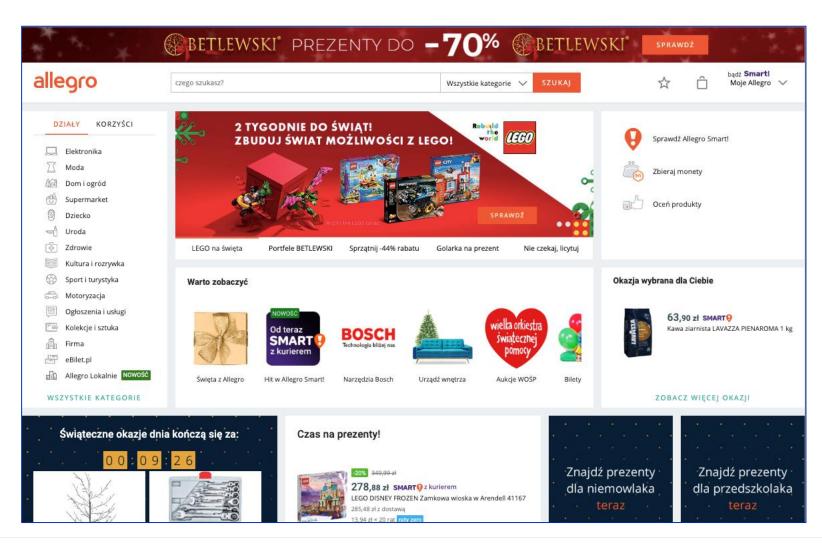
Having a local warehouse is highly recommended. Allegro does not offer a warehousing service to its clients.

#### **Fulfilment**

It is highly advisable to offer free shipping. Likewise, providing a local return address is highly recommended, although not compulsory.

#### Returns

Normal EU returns rules are to be followed.



# Marketplaces covered in this assessment



























# **Amazon summary**

Marketplace description

Amazon Marketplace is an ecommerce platform, owned and operated by Amazon, that enables third-party vendors to sell products on an online marketplace alongside Amazon's own products.

Relevance

Geographical

Userbase

Category

Marketplace fundamentals
New vs. used products

Pricing model

Marketplace services

Cost model

Seller service

Amazon is a global operator and very relevant in the markets where it hosts its own domain: US, CA, MX, BR, DE, UK, FR, IT, ES, TR, UAE, IN, JPN, CH, SIN, AUS (Q1/20 NL).

Amazon has 300-400 million monthly users globally.

Available categories and selection vary market by market, but in more mature markets Amazon is relevant in most consumer retail categories and in many B2B categories. Amazon is expanding categories individually market by market.

Most products sold on Amazon are new; however, it is also possible to sell used products on the platform.

Items sold on Amazon are fixed-price.

A seller can purchase warehousing, fulfilment and returns handling services from Amazon.

No sign-up fee, no deposits, % commission on sales, service fees, marketplace advertising fees.

The platform's main focus is consumers. For sellers, the service is mostly self-serve; the support function is a very slow, clunky processes, while system bugs test sellers' patience on a regular basis.



### **Amazon: Basic information**

#### Main market:

Western world

#### Monthly users

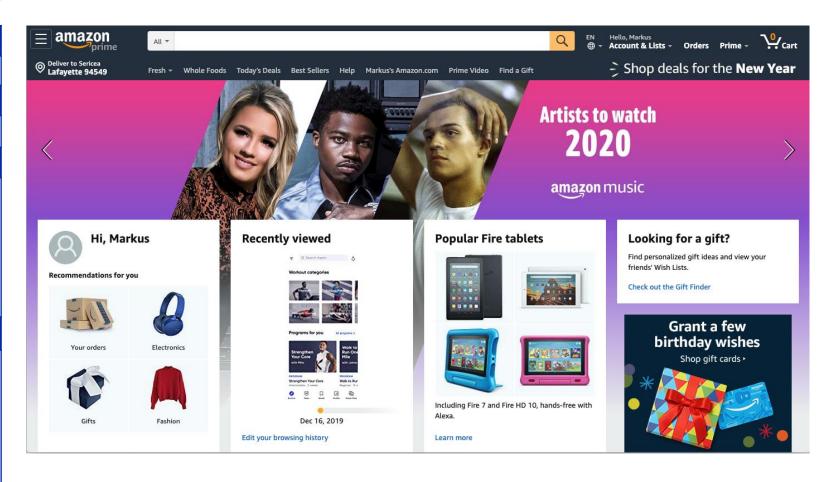
300-400 million globally

#### Description

Amazon Marketplace is an ecommerce platform, owned and operated by Amazon, that enables third-party sellers to sell products on an online marketplace alongside Amazon's own products.

#### Categories

Available categories and selections vary market by market, but in more mature markets Amazon is relevant in most consumer retail categories and in many B2B categories. Amazon is expanding categories individually market by market.



### **Amazon: Good to understand**

#### Language requirements

Amazon content should be created in each market's local language, e.g. German for Amazon.de. Amazon's automatic translations are relatively low quality.

#### **Customer-centricity**

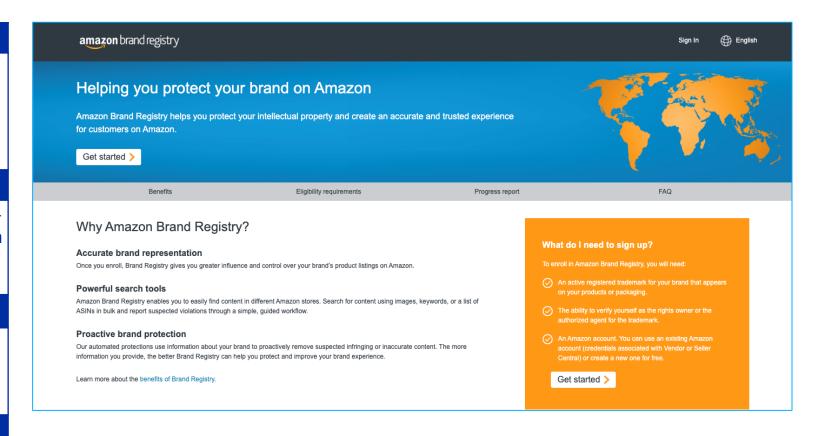
Amazon aims to be the most customercentric company on the planet; this can be seen in how it treats brands and sellers.

#### **Payments**

For Amazon you need an international credit card. No local bank accounts needed.

#### Brand registration

It is recommended that the brand owner registers their brand to Amazon. This is a separate process to general trademark registration.



# Amazon: Entering the platform

#### Sign-up process

Amazon's sign-up process is not quite as simple as they present it. Many of the decisions at this point will have an impact on future sales.

It is recommended to have a clear plan and objectives in order to get the best start available.

#### **Associated costs**

15% selling commission. Amazon does not charge the seller for payment processing. Multiple charges based on selected services, e.g. advertising, fulfilment, promotions, product preparations.

#### Service

Mostly self-serve, relatively slow email support.



### **Amazon: Content**

#### Content

On Amazon every product is presented using the same mandatory template. It consists of product title, images and 5-7 bullet points. This area of content is very important because it is the main source of information for Amazon's search tool.

Registered brands have access to Enhanced Brand Content that can be found below the fold and can be used for branding or highlighting multiple product details.

High-quality content is essential for generating sales on the platform.





# **Amazon: Marketing and promotions**

#### Marketing options

Amazon offers a wide variety of marketing and advertising tools, both and off the platform.

The most basic – Sponsored Products ads and Sponsored Brands Ads – are still very powerful.

Display advertising is also available on and off the platform, powered by Amazon's user data.

#### **Promotions**

Amazon is a very promotions-driven platform, where promotions vary from daily deals to massive shopping events like Prime Day. Promotions are typically in the form of the price reduction.









#### **Sponsored Products**

Sponsored Products are ads for individual product listings on Amazon. They appear on search results pages and product detail pages, helping drive sales and product visibility.



#### **Sponsored Brands**

Sponsored Brands showcase your brand and product portfolio. Featuring your brand logo, a custom headline, and up to 3 of your products, these ads appear in search results.



#### Stores

Stores are custom multipage shopping destinations for individual brands that let you showcase your brand story and product offerings. They require no website experience to use.

### Amazon: Operational considerations

### Warehousing

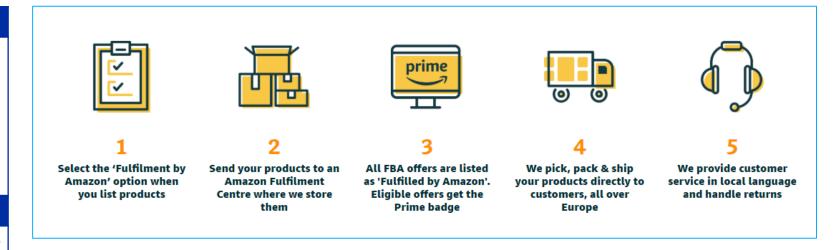
Amazon offers a warehousing service to its sellers called Fulfilled By Amazon (FBA), which has a reasonably low price. The seller can decide if they want to use this service.

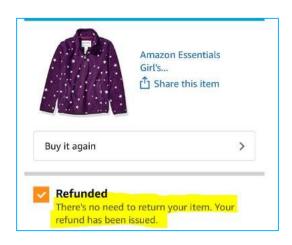
#### Fulfilment

Alongside the warehousing service comes the fulfilment. Amazon-fulfilled products typically get the Prime status: this has a positive impact on conversion rates.

#### Returns

Dependent on the fulfilment method. Returns are normally free for the consumer - the seller must bear the cost.





# Marketplaces covered in this assessment



























# **Bol.com summary**

Marketplace description

The dominant marketplace in the Netherlands, Belgium and Luxembourg. Bol.com has followed Amazon's development carefully and it has its own Prime-like subscription service called Bol.com Select, which costs €9.99 per month. 55% of its revenue is from third-party sellers (2018).

Relevance

Geographical

Userbase

Category

Marketplace fundamentals

New vs. used products

Pricing model

Marketplace services

Cost model

Seller service

Bol.com is relevant in NL, BE and LUX.

Bol.com has 15 million monthly users.

Books, music, games, electronics, toys, baby items, computers, cooking & dining, health & wellbeing, animal, gardening & DIY, living & sleeping, sport & leisure, jewellery & watches, baby & toddler clothes.

Most products sold on Bol.com are new; however it is also possible to sell used products on the platform.

Items sold on Bol.com are fixed price.

A seller can purchase warehousing, fulfilment and returns handling services from Bol.com.

No sign-up, fixed sales fee, % commission on sales, service fees, marketplace advertising fees.

The platform has a high customer service standard, including 30-day returns, and the seller's phone number available from 8am to 16. Sellers can expect a relatively good service from Bol.com.



### **Bol.com: Basic information**

#### Main market:

Bol.com is relevant in NL, BE, LUX

#### Monthly users

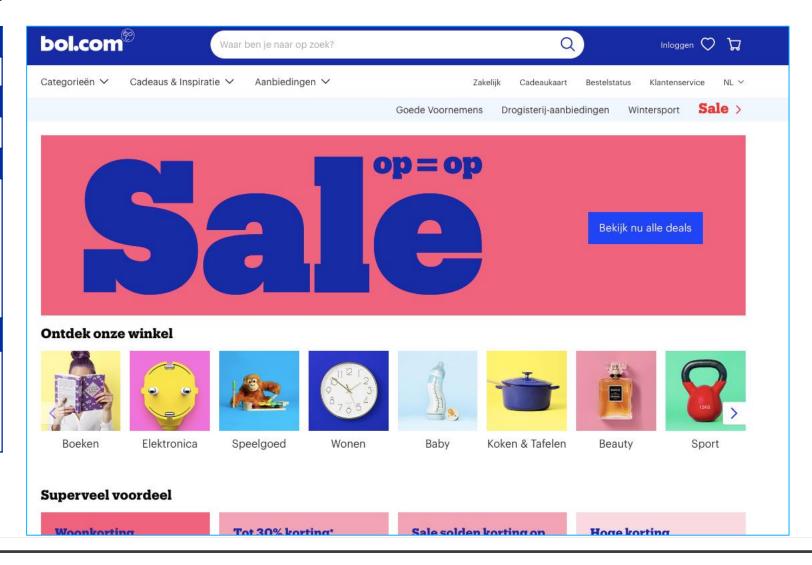
15 million in total.

#### Description

The dominant marketplace in Netherlands, Belgium and Luxembourg. Bol.com has followed Amazon's development carefully and it has its own Prime-like subscription service called Bol.com Select, which costs €9.99 per month. 55% of its revenue is from third-party sellers (2018).

#### Categories

Books, music, games, electronics, toys, baby items, computer, cooking & dining, health & wellbeing, animal, gardening & DIY, living & sleeping, sport & leisure, jewellery & watches, baby and toddler clothes.



### **Bol.com:** Good to understand

#### Language requirements

All product content needs to be in Dutch. Sellers must be able to offer telephone customer service in Dutch and reply to enquiries within 24 hours. International customer service can be outsourced to third-party suppliers.

#### Regional limitations

The selling company needs to be registered in the Netherlands or Belgium and possess a registration at the Chamber of Commerce. A Finnish company cannot sell products via Bol.com unless it's also registered in the Netherlands or Belgium.

#### Returns

The customer is allowed to return the product within 30 days free of charge, and returns will need to be processed within 24 hours. The returns address needs to be in the Netherlands.

#### Start selling at bol.com

★ > To sell > Sell for business > Sign Up



#### Can I sell as a partner?

We are always happy to welcome new partners, but there must of course be a click between you and bol.com. That's why we have a few questions for you. If you can answer 'yes' to this, we would like to welcome you to bol.com!

- ✓ Do your articles fit into one of the existing categories of bol.com?
- ✓ Do your articles have a GTIN (also known as EAN) or ISBN?
- ✓ Can you deliver within 1-8 business days?
- ✓ Are you registered with the Chamber of Commerce or the Belgian Trade Register and do you have a
  VAT number?
- ✓ Can customers return your items within 30 days if they wish?
- ✓ Can you answer customer questions within 24 hours, in Dutch?
- ✓ Do you meet our service standards? View our service standards here

### **Bol.com: Entering the platform**

#### The set-up process

To start selling on Bol.com you first have to create a business account in Dutch at Bol.com. Bol.com is mainly an 'open' marketplace, and there are requirements that need to be met before you can create a business account and sell products via Bol.com.

#### Associated costs

Setting up the account is free and you only pay a fee when a customer buys your product. The fee is based on two elements: a fixed charge between €1 and €3, and a percentage fee on sales, ranging from 5% to 17%. A detailed list of charges can be found here: https://www.bol.com/nl/m/waarom-eenbemiddelingsbijdrage/

#### Service

Largely a self-serve platform.

#### **Our services**

★ > To sell > Sell for business > Our services



We help our partners to sell even more. We use our knowledge and experience with e-commerce to support you. Bol.com offers you useful services to better tailor your offer to the needs of our customers. We help you by unburdening. With various services and tools.

Use it to your advantage.







Automate via bol.com



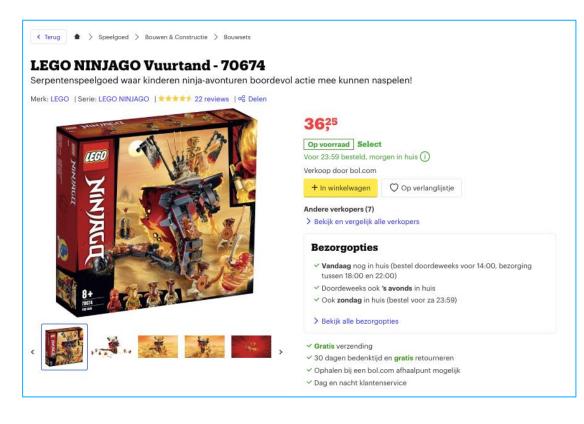
Partner service

### **Bol.com:** Content

#### Content

Content management is done either through API connections using feeds or Excel spreadsheets. There is no content management system in place.

Available content space is more generous than Amazon's, but sellers should keep in mind that being brief and highlighting USPs are easy ways to improve user experience.





### **Bol.com: Marketing and promotions**

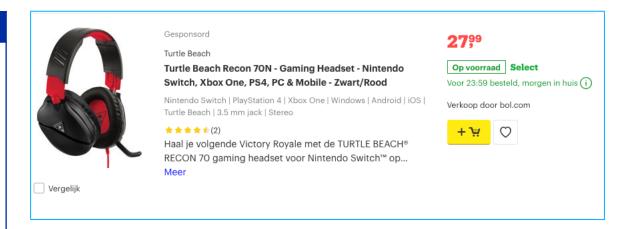
#### Marketing options

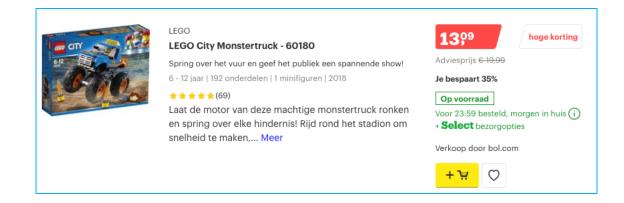
Bol.com offers many forms of advertising and promotions to its sellers:

- Traditional display advertising on and off the platform
- Sponsored products advertising
- Content marketing in Bol.com's online magazines and targeted emails
- Co-op TV advertising
- Social advertising

#### **Promotions**

Price promotions are available on Bol.com, as are coupon promotions.





### **Bol.com: Operational considerations**

#### Warehousing

Bol.com offers a warehousing service, but the seller can decide on their preferred method.

#### **Fulfilment**

The seller can outsource logistics to Bol.com, much like on Amazon. Seller fulfilment is also an option. If the seller chooses to manage fulfilment themselves, they must meet the Bol.com requirements. 98% of orders must be delivered on time, with the maximum delivery time being eight days.

#### Returns

The customer is allowed to return the product within 30 days free of charge, and returns will need to be processed within 24 hours. The returns address needs to be in Netherlands.

### How can you be successful with your articles on the bol.com store platform?







Unique range

Fast delivery

Low prices

#### Do you want to know more about selling via bol.com?



#### **Our services**

We offer useful services to make selling even more professional and easier. Send your articles more cheaply, outsource your stock management to us, or let us improve your product information. You can also advertise your articles even better.



#### **Ensuring quality together**

Say what you do and do what you say. Customers who have a good experience with ordering via bol.com, return more often. Together we can ensure satisfied customers. That is why we work with service standards. In this way we ensure optimum cooperation.



### What do I need to know about signing up?

We are happy to welcome new partners at bol.com that offer added value to our platform. Read more about registering and what you need to do that immediately.

# Marketplaces covered in this assessment



























# **Cdiscount summary**

Marketplace description	Cdiscount is France's leading discount online retailer and sells just about everything.
Relevance	
Geographical	Cdiscount is relevant in FR.
Userbase	Cdiscount has 11 million monthly users.
Category	Toys, home appliances, home, computers, games, automotive, travel, baby, sports.
Marketplace fundamentals	
New vs. used products	It is possible to sell both new and used items on the marketplace.
Pricing model	Items sold on Cdiscount are fixed-price.
Marketplace services	A seller can purchase warehousing, fulfilment and returns handling services.
Cost model	Monthly seller fee, 5-22% commission on sales, service fees, marketplace advertising fees.
Seller service	The platform is a self-serve platform for most sellers.

# **Cdiscount: Basic information**

### Main market:

France

### Monthly users

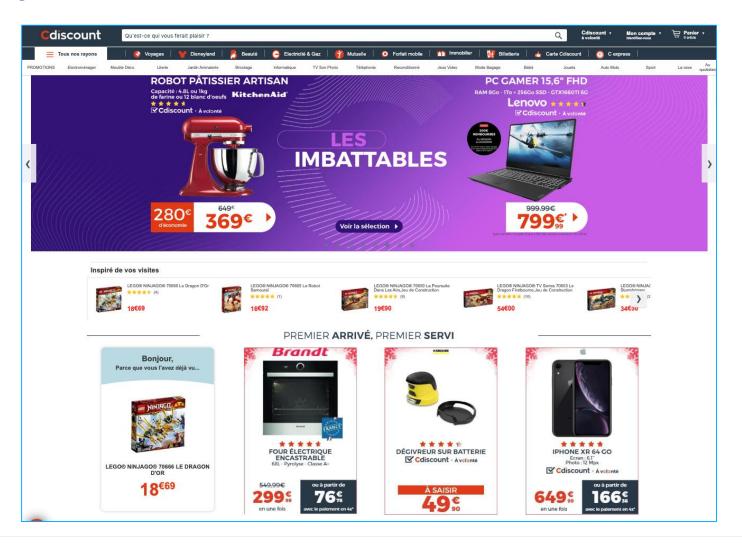
11 million.

#### Description

Cdiscount is France's leading discount online retailer and sells just about everything.

#### Categories

Toys, home appliances, home, computers, games, automotive, travel, baby, sports.



### **Cdiscount:** Good to understand

#### Size and potential

Cdiscount is the busiest marketplace in France; it has an impressive average basket size of €110.

#### Commercial potential

The French ecommerce market is the third largest in Europe, behind the UK and Germany. Cdiscount has been a leader in French ecommerce for many years, although recently it was surpassed by Amazon.fr. However, Cdiscount is less competitive, with approximately a third of the number of sellers that Amazon has.



# **Cdiscount: Entering the platform**

#### Sign-up process

Professional sellers with a valid VAT number can apply to sell on Cdiscount. Prior approval is required via an online form. Cdiscount reserves the right to accept or reject an application, and the specific acceptance criteria are confidential.

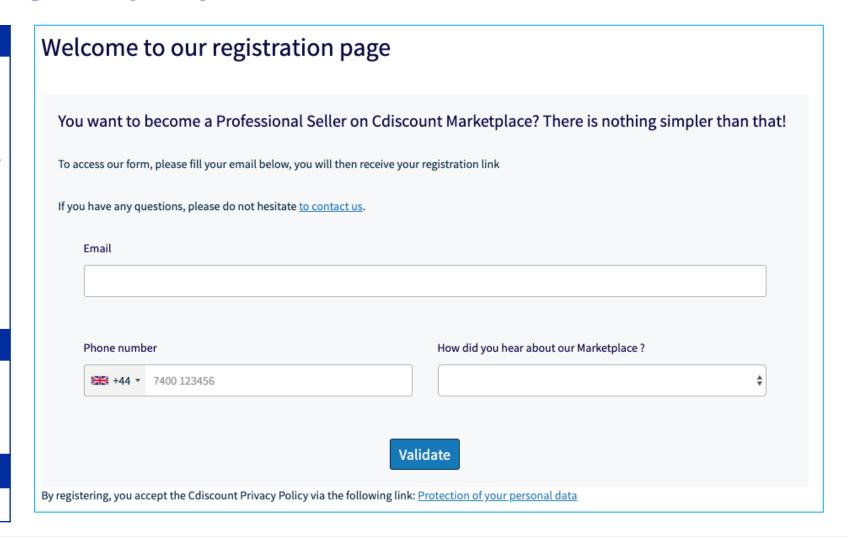
Cdiscount requires sellers to have French-language customer support by email, although French-language phone support is not required.

#### Associated costs

There is a monthly subscription of €39, then a variable commission between 4.5% and 20%, depending on the product category.

#### Service

Largely a self-serve platform



### **Cdiscount: Content**

#### Content

Cdiscount creates all the product information themselves. The listing process depends on whether or not the products are already listed in the Cdiscount catalogue. For catalogue products, you need to set the selling price, condition (new or used), and the level of available stock. As soon as inventory is added, it appears on the Cdiscount site and is visible to customers.

For products that are not already in the catalogue, you can send a file by email or to the Cdiscount API. In either case, Cdiscount integrates new product information themselves. Sellers aren't involved in the process as they are on e.g. the Amazon marketplace.





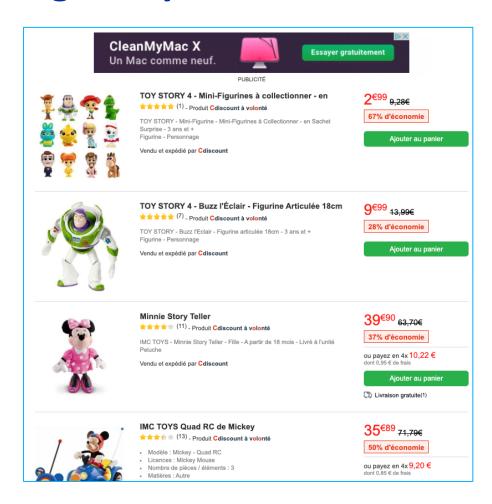
# **Cdiscount: Marketing and promotions**

### Marketing options

Cdiscount has a number of marketing opportunities.
It has sponsored products advertising as well as display advertising. It also offers off-site advertising on other platforms such as Google and Bing.

#### **Promotions**

The focus is on price. Sellers need available stock and a low price to sell successfully on the marketplace. Flash sales are available.





### **Cdiscount: Operational considerations**

### Warehousing

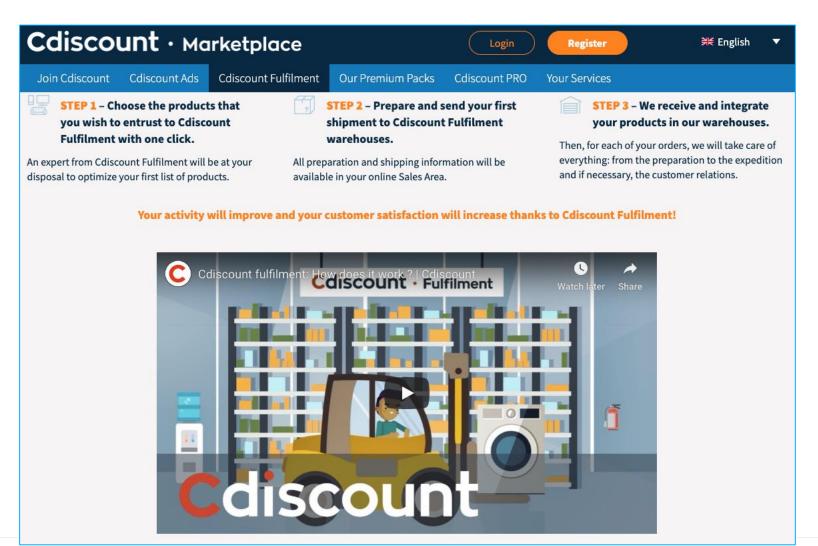
Cdiscount offers warehousing as part of their fulfilment service.

#### Fulfilment

Seller can use the Cdiscount fulfilment network, or they can dropship directly to the consumer.

#### Returns

Normal EU returns rules are to be followed.



# Marketplaces covered in this assessment























# eBay summary

Marketplace description	eBay Inc. is a US based e-commerce corporation that facilitates consumer-to-consumer and business-to-consumer sales through its marketplace. eBay has operations in about 30 countries. Its online auction and shopping website enables people and businesses to buy and sell a wide variety of goods and services worldwide. The website is free to use for buyers, but sellers are charged fees.
Relevance	
Geographical	eBay is relevant in the domains in which it operates: AUS, AT, BE, CA, CN, FR, DE, IE, IT, HK, MY, NL, PH, PL, SG, ES, CH, TW, TH, UK, US, VN.

There are category differences at a market level, but eBay's most relevant categories are: motors, fashion, books, movies & music, electronics, collectibles & art, home & garden, sporting goods, toys & hobbies, business & industrial, health & beauty.

Marketplace fundamentals

New vs. used products

Both new and used items can be sold on eBay.

Pricing model

eBay's primary pricing model is auction-based; however the fixed-priced option is also used.

Marketplace services

No warehousing available. Global shipping assistance is offered.

Listing fee, final value fee on sales, service fees, advertising fees.

The platform is self-serve for most sellers.

eBay has 110 million monthly users.



Userbase

Cost model

Seller service

### eBay: Basic information

# Main market: Global Monthly users

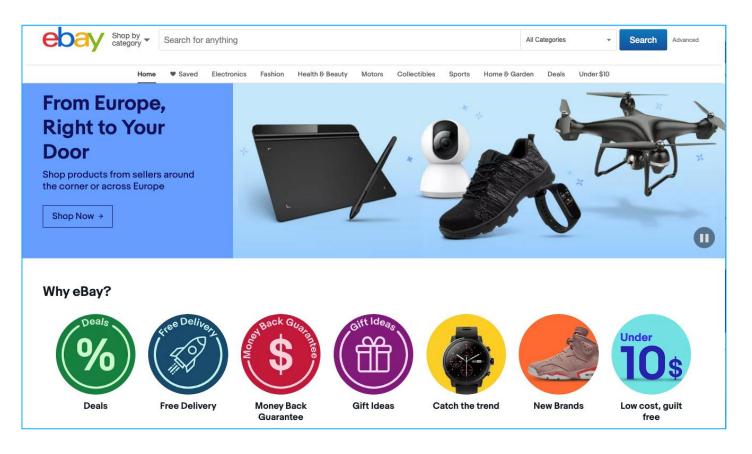
110 million globally

#### Description

eBay Inc. is a US-based ecommerce corporation that facilitates consumer-to-consumer and business-to-consumer sales through its marketplace. eBay has operations in about 30 countries. Its online auction and shopping website enables people and businesses to buy and sell a wide variety of goods and services worldwide.

#### Categories

There are category differences at a market level, but its most relevant categories are: motors, fashion, books, movies & music, electronics, collectibles & art, home & garden, sporting goods, toys & hobbies, business & industrial, health & beauty.



# eBay: Good to understand

#### Market differences

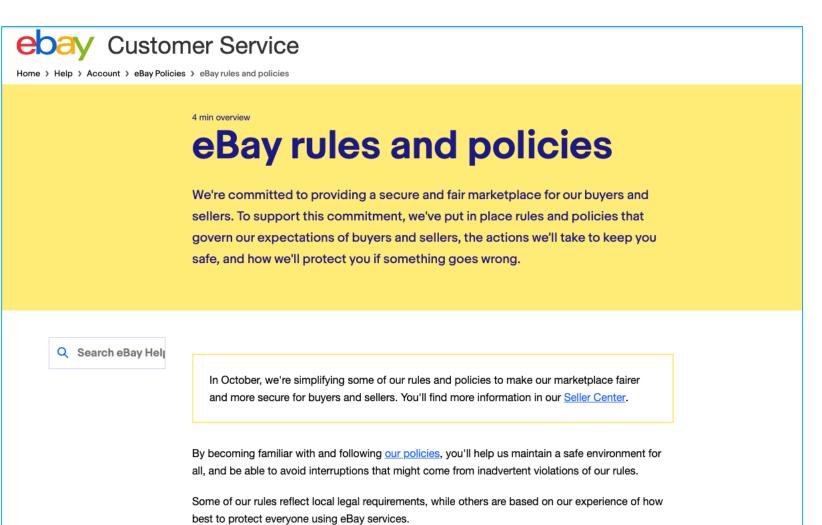
eBay's market positioning should be evaluated based on the desired market and selling method. Its position varies a lot by market and on whether the products sold are new vs. used.

#### High standards on seller performance

eBay's seller performance standards are: -Maximum transaction defect rate: 2%

- Maximum buyer protection cases closed without seller resolution: 0.3%
- Maximum late shipment rate: 7%
  Sellers who do not meet the first two
  performance standards or have a very high
  rate of "item not as described" returns are
  penalised.

eBay buyers have a reputation of being more demanding than Amazon buyers. They tend to ask more questions, both before and after sale, putting a much greater demand on sellers' time.



### eBay: Entering the platform

#### Set-up process

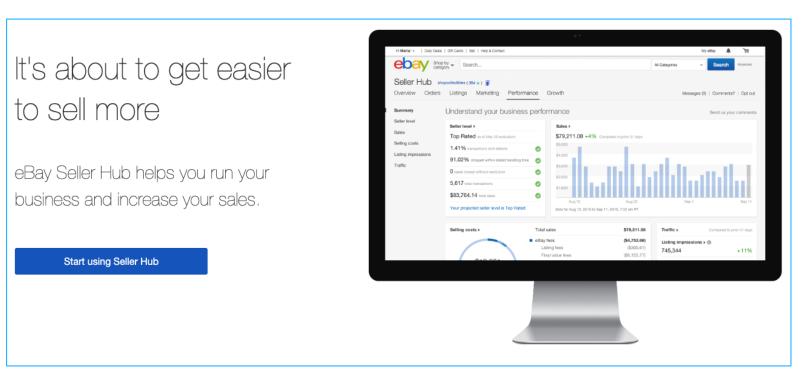
eBay's sign-up process is a very straightforward online process.

#### Associated costs

eBay charges two main types of selling fees: an insertion fee when you create a listing, and a final value fee when your item sells. In addition, there are PayPal processing fees.

#### Service

eBay is largely a self-serve platform.

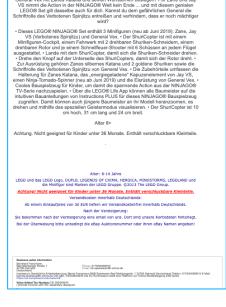


# eBay: Content

#### Content

On eBay each product from every seller is sold individually. A seller who wants to put a product up for sale on eBay is required to create a different card for that product. This card must contain all the information about the product, including the name, photos, description, technical information, price and seller details. In a situation where several sellers are offering the same products, each seller will provide a product card. When a buyer is searching for the particular product, there are several cards displayed, each from different sellers. This gives the buyer the opportunity to make comparisons easily and select the best.





LEGO® NINJAGO® 70673 ShuriCopter

Fliege in der eisigen Nimmer-Welt mit Zanes fantastischem ShuriCopter ins Duell mit General Vex. Dreh die Rotoren und feuere die Schneilfleuer-Shooter ab. Vollführe einen coolen Spinjitzu-Move mit dem Tornado-Spinner von Ninja-Krieger Jay, Kannst du

eneral Vex mit Zanes Katana und seinen Wurfsternen besiegen? Für Zane und Jav





+ EUR 29.50 Shipping



LEGO® NINJAGO® 70673 ShuriCopter



LEGO NINJAGO SHURI-COPTER 70673 BRAND NE..



LEGO® Ninjago: 70673 Shuri-Copter & 0.-€ Versand & NE...



LEGO Ninjago Shuricopter EUR 35.39

EUR 5.55 + EUR 11.99 Shipping

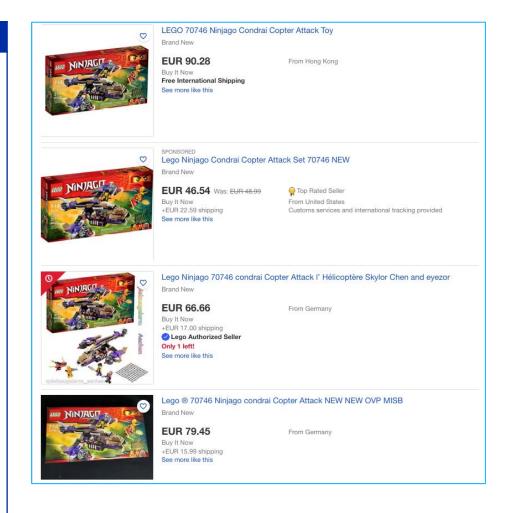
EUR 29.49 5 bids + EUR 18.88 Shipping EUR 28.45 + EUR 10.00 Shipping EUR 30.39 + EUR 7.72 Shipping

# eBay: Marketing and promotions

### Marketing and promotion options

eBay's main marketing product is eBay Promoted Listing. The seller chooses which items to promote, and what percentage of the sales price they are willing to pay (typically 5-10%) on top of the final value fee. eBay then boosts their listings higher in the search results. Exactly where a promoted listing appears will depend on how much competitors are paying to promote their own listings.

With Promoted Listings, the seller only pays when their item sells. This means that costs are known and can be planned for. On the downside, it is a fairly basic programme with no control over when listings are promoted, for example by specifying search terms. It's just down to the percentage the seller is willing to pay.



# eBay: Operational considerations

### Warehousing

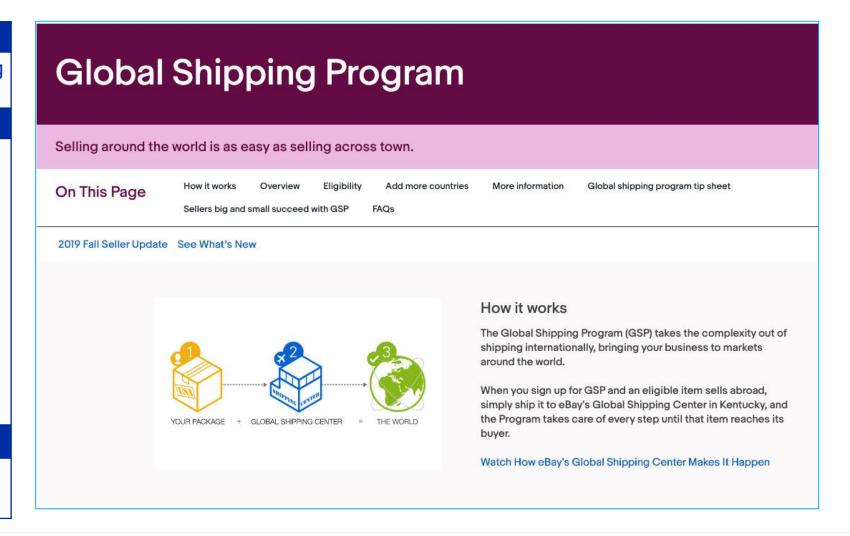
eBay does not offer a warehousing service to its clients.

#### **Fulfilment**

eBay doesn't currently offer any shipping or fulfilment services, apart from the Global Shipping Program (GSP), which allows sellers to ship an item for international delivery to a warehouse in their home country. The GSP handles international shipping, customs documentation, import fees and so on.

#### Returns

In most of the cases eBay does not support on returns.



# Marketplaces covered in this assessment



























# **Etsy summary**

Marketplace description	Etsy is for selling handmade, craft items: the best analogue analogy is an open market or fair. Etsy provides a marketplace specifically for crafters to sell their goods. Additionally, if you're selling downloadable items (e.g. printables), Etsy allows you to store the file on their platform, so buyers can download it immediately from within their Etsy account after the sale. Etsy allows each seller to set up a customised online 'shop' with full ecommerce capabilities.		
Relevance			
Geographical	Etsy is as global operator, but its core markets are: US, UK, CA, DE, FR, AUS.		
Userbase	Etsy has 56 million monthly users.		
Category	Etsy's relevant categories are: arts, crafts, jewellery, paper goods, homeware and, locally, artisan candies and baked goods.		
Marketplace fundamentals			
New vs. used products	On Etsy it is possible to sell both new and used items.		
Pricing model	Etsy's primary model is auction-based; however the fixed-priced option is also used.		
Marketplace services	No warehousing or shipping available.		
Cost model	del Listing fee, transaction fee on sales, payment processing fee, service fees, advertising programme fees.		
Seller service	The platform is a self-serve platform for most sellers.		



# **Etsy: Basic information**

#### Main market:

Etsy is a global operator, but its core markets are: US, UK, CA, DE, FR, AUS

### Monthly users

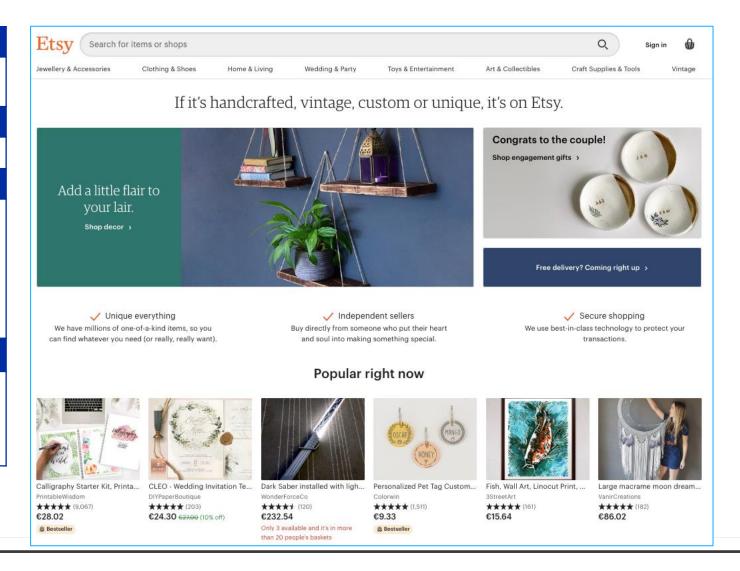
56 million globally

### Description

Etsy is for selling handmade, craft items: the best analogue analogy is an open market or fair. Etsy allows each seller to set up a customised online "shop" with full ecommerce capabilities.

### Categories

Etsy's relevant categories are: arts, crafts, jewellery, paper goods, homeware and, locally, artisan candies and baked goods.



# Etsy: Good to understand

### Sellers

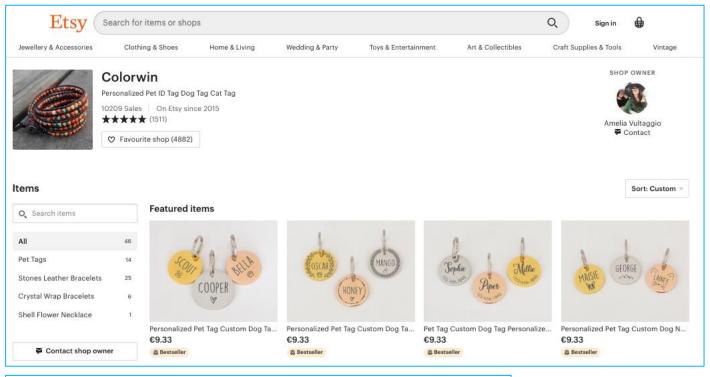
Etsy is focused on offering a platform for handcrafters' and other individuals. It feels much less 'commercial' than many other marketplaces.

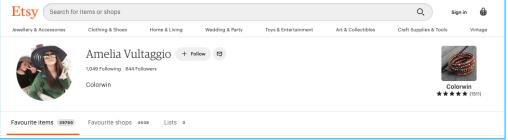
#### Structure

Etsy's structure is based on its 'shops', where buyers can meet and contact the shop owner. Shops have a flexible design to allow unique looks for individual stores.

### **Payments**

Etsy manages payment transactions for the seller.





# **Etsy:** Entering the platform

### Sign-up process

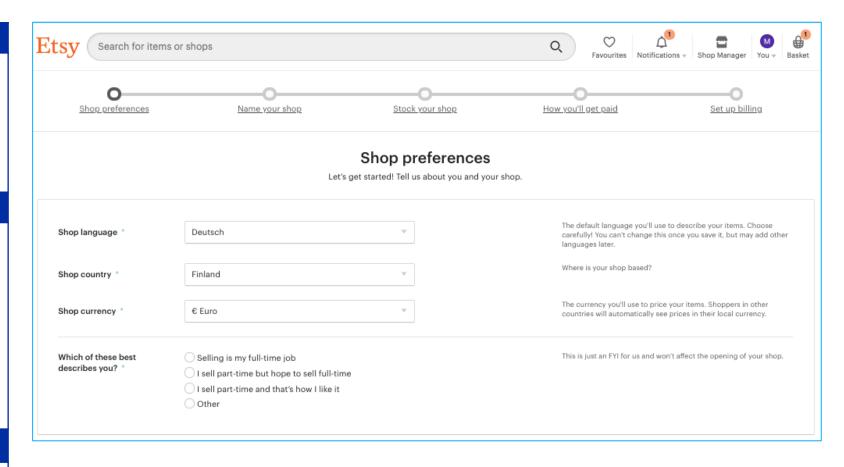
Etsy has a straightforward online setup process, which starts with selecting a username. Consider using a name that represents what you want to sell, while also keeping it open enough to expand your product line in the future.

#### **Associated costs**

Etsy offers a comprehensive ecommerce platform and payment system on which individuals can sell products. As of October 2019, there is no set-up fee to open an Etsy shop. Your only costs are a \$0.20 per item listing fee, along with a 5% transaction fee and a payment processing fee of 3% + \$0.25.

#### Service

Etsy is largely a self-serve platform.

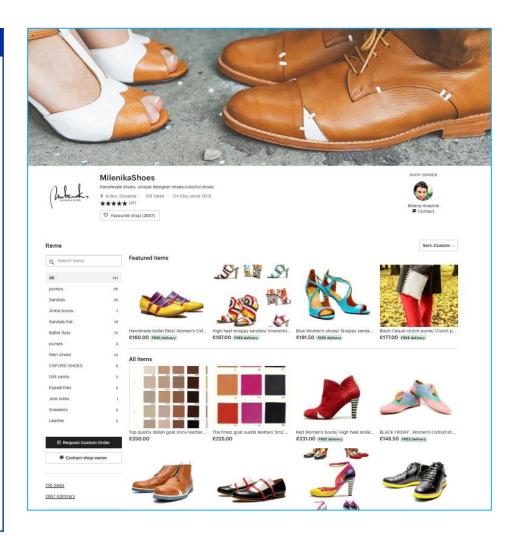


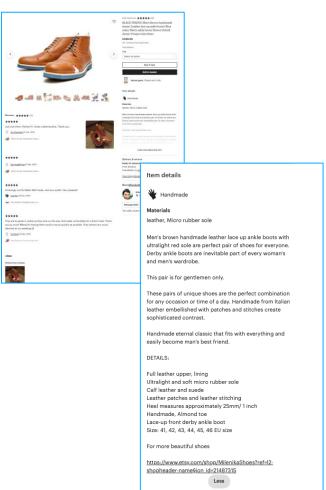
# **Etsy: Content**

#### Content

Etsy is based on 'shops'. Key shop elements to create and address are the banner and shop logo, and the 'about' section where you can upload videos and photos, share the story behind your products and your business, and your vision for your brand.

- Banner and shop logo
- About section where you can upload videos or photos and share the story behind your business and products, and what your vision is for your brand.
- Introduce members of your team or people you collaborate with Product content on Etsy is very much based on product images and customer reviews. However, the seller is also able to add a long text description of the product.



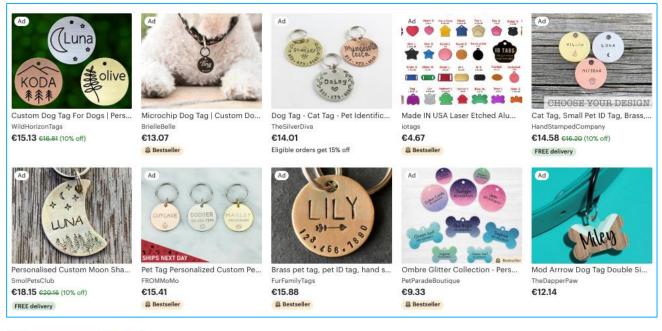


# **Etsy: Marketing and promotions**

### Marketing and promotions

Etsy has Etsy Ads and promotional listings available for sellers, but they are not as pushy as some other platforms.

Etsy encourages the use of external advertising and discount codes and coupons. They also offer a curated shopping search engine listing, with separate costs associated.





Air Force 1 Custom, Low air Force 1 ...
BlackCustNew

€49.96 €99.93 (50% off)

FREE delivery

# **Etsy: Operational considerations**

### Warehousing

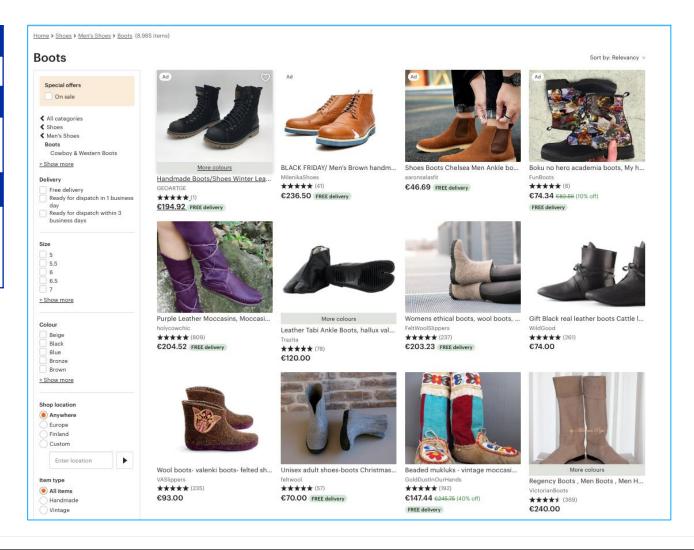
Etsy does not offer warehousing.

### **Fulfilment**

The seller is expected to take care of fulfilment.

#### Returns

Seller can offer free returns but, if not, the buyer is responsible for return costs.



# Marketplaces covered in this assessment



























# **Gmarket summary**

Marketplace description
Gmarket is the 'Korean Amazon'. It is the most popular online shopping platform in Korea.
The company was founded in 2000 and was acquired by eBay in 2009.

Relevance

Geographical

Userbase

Category

Marketplace fundamentals

New vs. used products

Pricing model

Marketplace services

Cost model

Seller service

Gmarket is relevant in South Korea.

Gmarket has 18 million monthly users.

Home appliances & electronics, apparel, home & car accessories, cosmetics, computers, mother & baby, dietary supplements, food & beverage.

On Gmarket it is possible to sell both new and used products.

Gmarket's pricing model is a combination of online auction and fixed-priced sales.

Gmarket does not offer warehousing, but it fulfils the shopper's orders with the seller's goods first shipped to them. (Cross Docking)

Registration fee, sales commission fee, service fees, advertising programme fees.

The platform is self-serve for most sellers.

# **Gmarket: Basic information**

#### Main market:

South Korea

### Monthly users

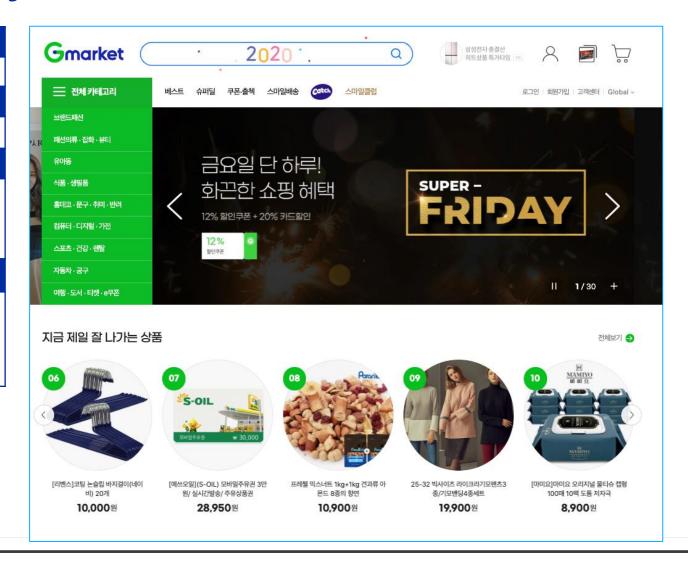
18 million

#### Description

Gmarket is the 'Korean Amazon'. It is the most popular online shopping platform in Korea.

#### Categories

Home appliances & electronics, apparel, home & car accessories, cosmetics, computers, mother & baby, dietary supplements, food & beverage.



### **Gmarket: Good to understand**

### Language requirements

Registration is in Korean only. While your global seller documentation can be provided in English, your Gmarket seller interface, product descriptions, customer service and terms must be in Korean. Make sure you have researched the local market to understand how your target audience will search and categorise your products, and what style of image, social campaigns, promotion and copy will appeal and convert visits into sales.

Gmarket differentiates itself with strong loyalty and discounting programmes based on different membership grades. For example, Gstamps and Smile Points allow a customer to get discounts as well as monthly promotional coupons for additional discounts.



# **Gmarket: Entering the platform**

### Sign-up process

The online sign-up process is in Korean. To sell on Gmarket, you need to register as an individual e-dealer. Registration requirements include:

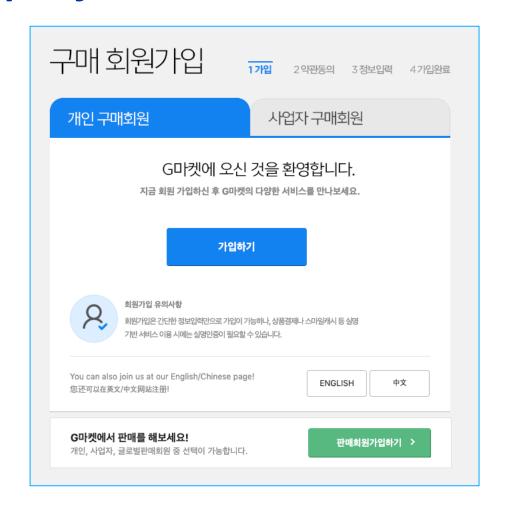
- Certificate of business registration in South Korea
- Bank statement
- Copy of passport belonging to representative shown on business registration
- Additional seller details.

#### **Associated costs**

Registration fee and sales commission from 8% to 20%, depending on the product category.

#### Service

Gmarket is largely a self-serve platform, but seller support is available in Korean.



### **Gmarket: Content**

### Content

Gmarket product descriptions are very content-rich and the brand or the seller should prepare to create and upload a lot more content than on Amazon.

Each seller creates their own product cards.



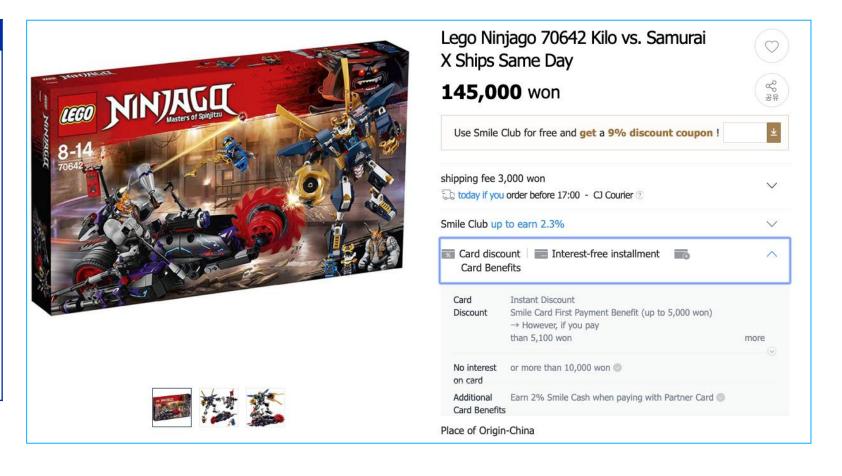


# **Gmarket: Marketing and promotions**

#### Marketing and promotion options

Ecommerce platforms in Korea use heavy discounting and rewards to gain market share. Gmarket also offers loyalty and discounting programmes, called Gstamp and Smile Points, to help retain existing customers. Gmarket has monthly coupons for additional discounts on top of already-discounted prices. Additionally, Gmarket offers a daily draw to let customers win more Gstamps and Smile Points.

To attract customers, sellers often greatly discount the product price to capture market share. Some even sell products at a loss for that reason. Ecommerce retailers considering selling in South Korea should first carefully assess if their product is unique enough compared to existing offerings.



# **Gmarket: Operational considerations**

### Warehousing

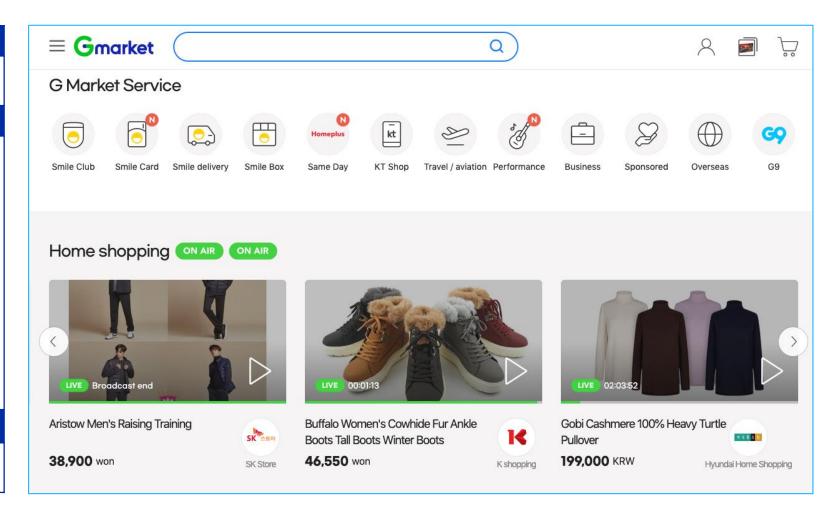
Gmarket does not offer warehousing to its sellers.

#### **Fulfilment**

Gmarket delivers quickly but, being a marketplace, it first gets the sellers to ship ordered products to Gmarket's warehouse. It then consolidates products from different sellers that are part of the same order into a single box and ships it to the customers. This process takes a couple of days, but the customers prefer it: instead of receiving multiple boxes that may not be packaged appropriately, customers receive just one box from Gmarket.

#### Returns

Seven-day returns, paid for by the buyer.



# Marketplaces covered in this assessment



























# **Otto summary**

Marketplace description

Otto is Germany's second-biggest online retailer. Having started out as a mail order company, it transformed itself into one of Europe's most successful ecommerce companies. Otto is Germany's biggest online retailer for furniture and home furnishing products and is now on track to become a selling platform.

Relevance

Otto is mainly relevant in Germany.

Geographical Otto is mainly relevant in Germany.

Userbase Otto has 9 million monthly users.

Category Fashion, home, sport, multimedia, toys, electronics, tools, furniture.

Marketplace fundamentals

New vs. used products Otto is mainly focused on new products.

Items sold on Otto are fixed-price.

No warehousing; direct seller shipments or cross-docking shipments via Otto fulfilment.

One-off registration fee, sales commission fee, advertising fees.

Otto appoints a category manager to the seller, and self-serve functionalities are also available.



Pricing model

Cost model

Seller service

Marketplace services

# **Otto:** Basic information

#### Main market:

Otto is mainly relevant in Germany

### Monthly users

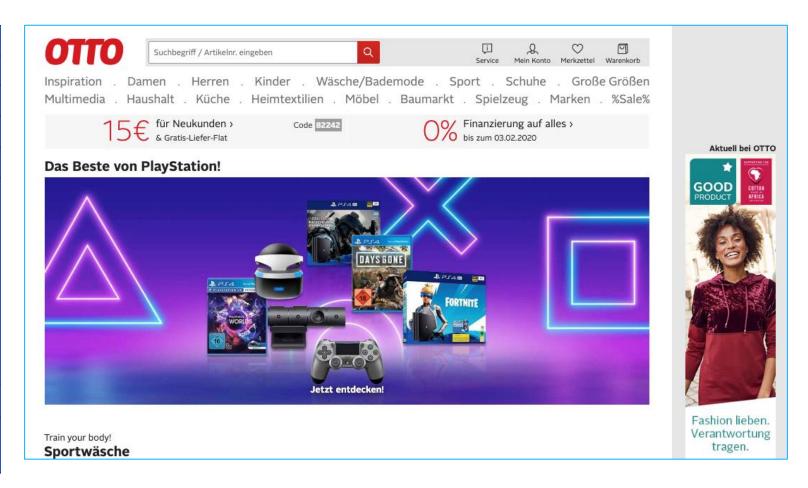
Total 9 million

### Description

Otto is Germany's second-biggest online retailer. Having started out as a mail order company, it transformed itself into one of Europe's most successful ecommerce companies. Otto is Germany's biggest online retailer for furniture and home furnishing products and is now on track to become a selling platform.

### Categories

Fashion, home, sport, multimedia, toys, electronics, tools, furniture

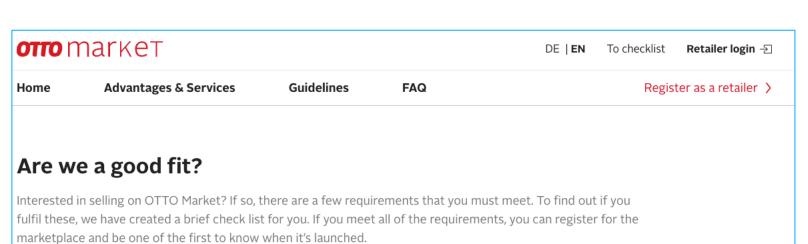


### Otto: Good to understand

#### Limitations

Otto has a one-off registration fee of €10k and the seller must already own an online store. Otto also has regulations for its fulfilment service, and the seller needs to have a German VAT registration.

Content on Otto needs to be in German, and the seller must be able to offer German customer service.



You meet these requirements:

- Your business has a German legal form and a German tax ID
- You present yourself as the merchant to end customers
- You offer customer service in German
- You dispatch from a German warehouse

# Otto: Entering the platform

### The sign-up process

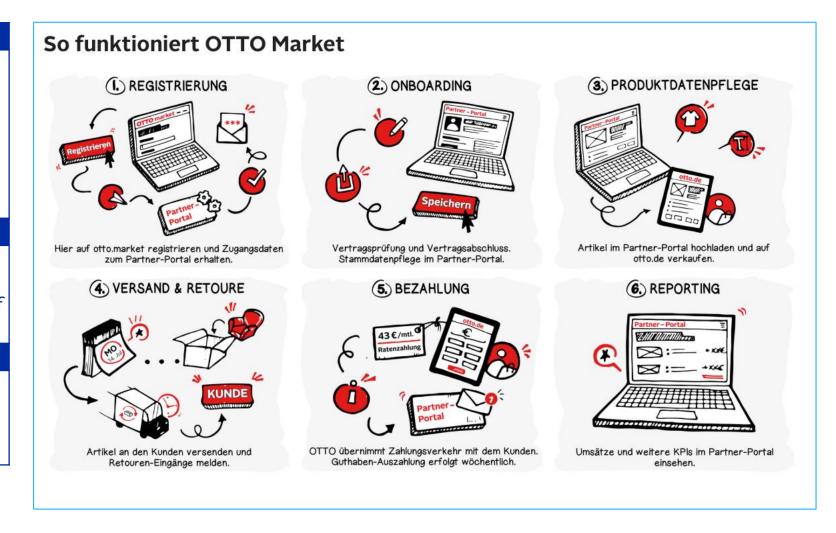
The first step in the Otto sign-up process is sending an application. A category manager will be assigned to look at your product assortment - they'll also discuss technical requirements for your product data and run over logistical arrangements.

#### **Associated costs**

One-off registration fee of €10k; commissions vary from 15% to 50% depending on the category. The one-off fee can be negotiated.

#### Service

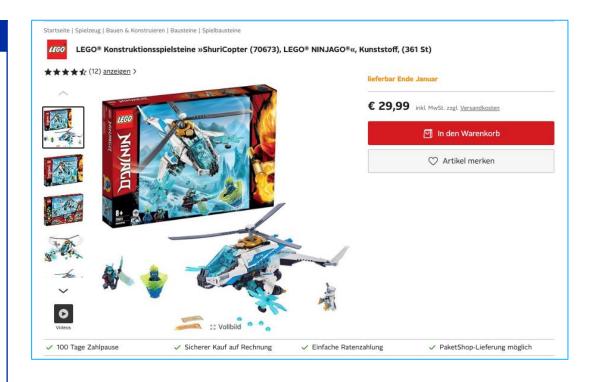
You work with the category manager through the sign-up process, but after that any updates are done through the self-serve platform.



### **Otto: Content**

### Content

Otto requires high-quality data from retailers including images, product descriptions and attributes, which will all need to be in German. For most retailers, there will be an integration path: Otto will work with you to get your product data into the format required. Content is generally updated through an API or XML connection.



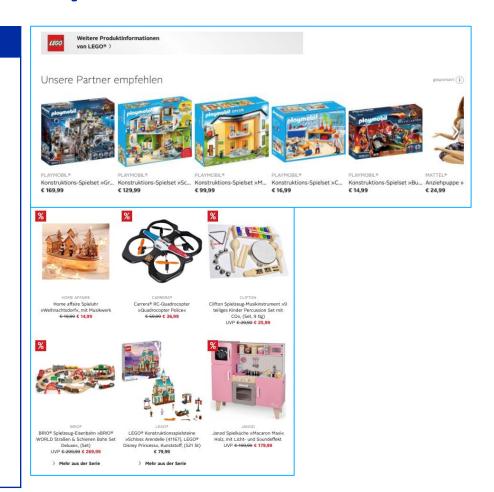


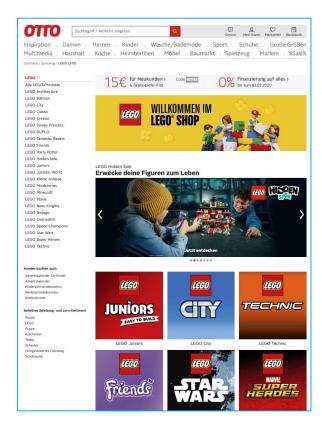
# Otto: Marketing and promotions

### Marketing and Promotions

Otto offers a wide array of advertising options:

- Sponsored Products are available for Otto sellers using the Criteo Sponsored Products system.
- Display advertising is offered for both desktop and mobile users.
   Targeting options for display advertising include: demographic targeting, context, keywords, geo, interest, technical, and user-level targeting. User-level targeting is based on the user's shopping behaviour.
- Branded shops are offered within the marketplace to manage your brand within Otto
- Price promotions are available for sellers.





# **Otto: Operational considerations**

### Warehousing

MyHermes is also part of the Otto Group: they offer warehousing and fulfilment options that can be easily integrated. A seller can also fulfil their sales themselves, but tracking is essential.

#### **Fulfilment**

Otto has two shipping models:

- Direktversand One Stop Shopping (DOSS) is like other channels: you send orders directly to the customer. Note you'll have to use either Hermes or DHL as a carrier.
- Integrationsmodell (INT) is the cross-docking model: you send the products to Otto and Otto will ship the orders.

#### Returns

Otto offers worry-free returns to its customers free of charge.

#### Rücksendung bei anderen Verkäufern: 14 Tage kostenlose Rücksendung



Bestellte Artikel anderer Verkäufer kannst du innerhalb von 14 Tagen ab Erhalt der Ware kostenlos zurücksenden.

#### Rücksendung online anmelden:

Wenn kein Rücksende-Etikett im Paket liegt, erfolgt die Anmeldung der Rücksendung einfach über Mein Konto:

- 1. Melde dich an und klicke auf "Meine Bestellungen".
- 2. Am Artikel klickst du auf "Zurücksenden".
- 3. Wähle einen Rücksendegrund aus und klicke auf "Rücksendung anmelden".
- 4. Über "Rücksende-Etikett anzeigen" rufst du nun einfach dein Rücksende-Etikett auf.

Bei Fragen sind wir rund um die Uhr gerne für dich da:

Telefon: 040 - 3603 3603

oder kostenloser Rückruf in den nächsten 5 Minuten

**Bitte beachte:** Die Ware muss **vollständig, originalverpackt** und in **ungebrauchtem** und **unbeschädigtem** Zustand an den jeweiligen Verkäufer zurückgesendet werden.

# Marketplaces covered in this assessment



























# Ozon.ru summary

Marketplace description	Ozon.ru is Russia's leading multi-category ecommerce platform, established in 1998. OZON.ru offers an assortment of more than 2 million SKUs across 24 product categories.		
Relevance			
Coographical	Onen wy is mainly valouant in Dussia		

Geographical	Ozon.ru is mainly relevant in Russia.		
Userbase	Ozon.ru has 50 million monthly users.		

Electronics, mobiles and accessories, computers and software, home appliances, sport,
apparel, beauty products, shoes and footwear, books and music CDs.

category	Etectionics, mobiles and accessories, compaters and software, nome appliances, sport,
	apparel, beauty products, shoes and footwear, books and music CDs.
Marketplace fundamentals	

New vs. used products Ozd	zon.ru is mostly focused on n	new products sold by authorised sellers.
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Pricing model	Items sold on Ozon.ru are fixed-pri	ce.
Tremg modet	premis sola on ozonira are rikea pri	CC.

No warehousing, but fulfilment is offered based on Ozon.ru's delive
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C-1		C	and the same of a first of	C
Sales	commission	тее,	advertising	rees.
		)		

Manual seller approval process; from then on Ozon.ru is mainly self-serve, with 24/7 support available.

Marketplace services

Category

# Ozon.ru: Basic information

#### Main market:

Russia

### Monthly users

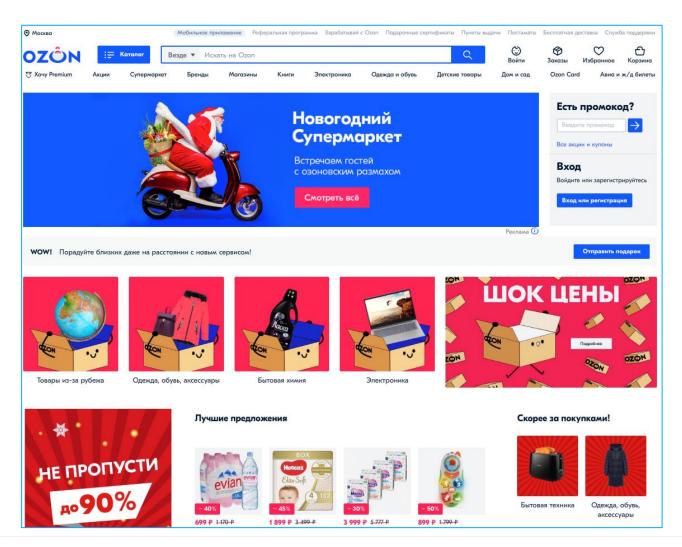
50 million

### Description

Ozon.ru is Russia's leading multicategory ecommerce platform, established in 1998. Ozon.ru offers a range of more than 2 million SKUs across 24 product categories.

### Categories

Electronics, mobiles & accessories, computers & software, home appliances, sport, apparel, beauty products, shoes & footwear, books & music CDs.



### Ozon.ru: Good to understand

#### Market limitations

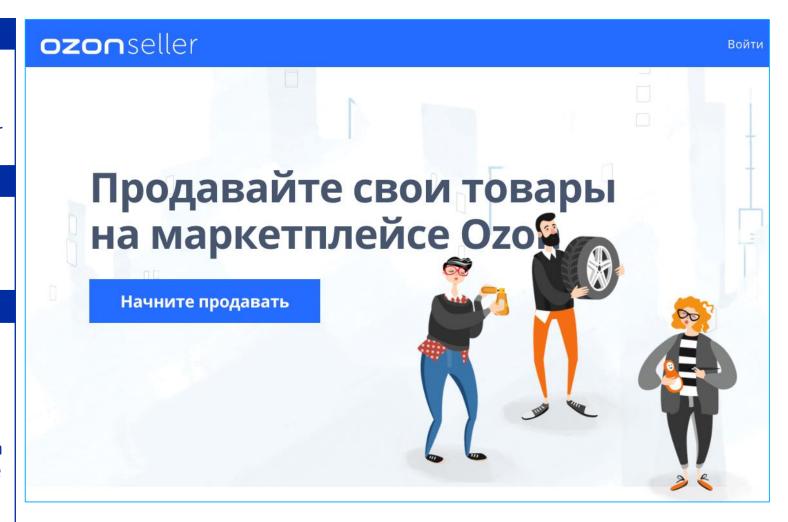
In order to start selling on Ozon.ru, you have to be an authorised seller. Foreign merchants need to provide several documents to Ozon in order to open a seller account

#### Cross-border sales

For products valued under €200 it is possible to sell and ship directly to consumers, without import tax or certificates.

### Consumer payments

Ozon.ru collects payments from Russian consumers in Russian roubles, giving consumers the convenience of paying for products with their regular payment methods. Ozon.ru transfers the funds to foreign merchants in euros, US dollars or in Russian roubles, based on the choice of the merchant. Ozon offers a cash-on-delivery option, but not for foreign sellers.



# Ozun.ru: Entering the platform

### Sign-up process

In order to start selling on Ozon.ru, you have to be an authorised seller. Foreign merchants need to provide the following to Ozon in order to open a seller account:

- Copy of the company's trade register certificate
- Copy of the company's article of association
- Copy of the CEO's passport
- Copy of company's tax certificate
- Bank account able to accept payments from Russia.

#### Associated costs

Sales commission varies by category from 5% to 15%. No fixed costs.

#### Service

Mostly a self-serve platform, but Ozun.ru has 24/7 seller support available.

# Starting to sell on Ozon is easy



### Sign up

registration will not take longer than one business day



#### **Download Products**

prepare beautiful photos of goods and their descriptions



#### Make a profit

make money with us

**Start selling** 

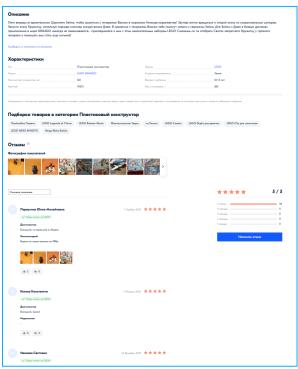
### Ozon.ru: Content

### Content

The content on Ozon.ru is slightly lighter than on other platforms and customer feedback plays an important role.

Content must be in Russian and is updated using the API connections, or manually directly onto the platform.



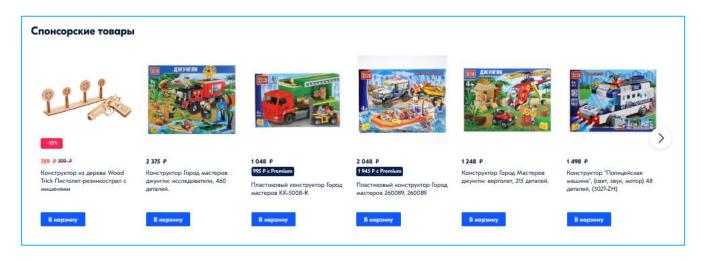


# Ozon.ru: Marketing and promotions

### Marketing and promotion options

Ozon.ru offers a variety of different marketing options to sellers, including sponsored items listing, display advertising and email promotions.

However, Ozon's marketing and promotional opportunities are still developing and are not yet as sophisticated as on Amazon or other platforms. For example, keyword bidding is not yet available.



# Ozon.ru: Operational considerations

#### Warehousing

Cross-border sales use the manufacturer's own warehousing outside of Russia. Ozon.ru offers warehousing for Russian sellers. Sellers are free to choose to use their own warehouse as well.

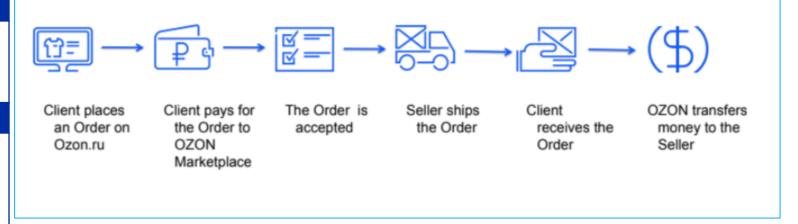
#### Fulfilment

Cross-border sellers should use their drop shipping partner to manage logistics.

For Russian sellers Ozon.ru offers a choice to either ship directly to the consumer or use Ozon's own fulfilment service. This is also available for products that ship from the seller's own warehouse.

#### Returns

Ozon.ru offers two week free returns, but for cross-border returns the customer must pay for the return first and is then refunded.



# Marketplaces covered in this assessment



























# **Rakuten summary**

Marketplace description	Rakuten is the world's fourth largest online marketplace and the leading platform in Japan. It helps companies develop their brand presence and offers them a choice of four store management plans, as well as the option to sell directly to Japanese consumers. Rakuten has multiple branches where it offers it services, while Rakuten Ichiba is their retail marketplace.			
Relevance				
Geographical	Rakuten is mainly relevant in Japan.			
Userbase	Rakuten has 105 million monthly users.			
Category	Music & video, home, toys, kids, jewellery, sports, health & wellness, beverages, computers, bags & accessories, fashion, gardening, pets, TV & audio, food, beauty, books, car supplies, sake, alcohol, healthcare & medical supplies, shoes, watches, kitchen, electronics, mobile phones.			
Marketplace fundamentals				
New vs. used products	Rakuten is mostly focused on new authentic products sold by authorised sellers.			
Pricing model	Items sold on Rakuten are fixed-price.			
Marketplace services	tplace services No warehousing or fulfilment as a service.			
Cost model	Rakuten has a three-step cost structure: monthly seller fee (39.00 USD); per-item fee (0.99 USD); and a product category selling fee (5%-14.5% of the overall product price).			
Seller service Manual seller approval process; from then on it is mainly self-serve, with a sales advisor availal				



## Rakuten.co.jp: Basic information



### Rakuten is the world's fourth largest online marketplace and the leading platform in Japan. Rakuten has multiple branches where it offers it services, while Rakuten Ichiba is

Categories

their retail marketplace.

Music & video, home, toys, kids, jewellery, sports, health & wellness, beverages, computers, bags & accessories, fashion, gardening, pets, TV & audio, food, beauty, books, car supplies, sake, alcohol, healthcare & medical supplies, shoes, watches, kitchen, electronics, mobile phones.



## Rakuten.co.jp: Good to understand

#### Partner requirements

As the marketplace is predominantly at Japanese sellers, Western companies need a Rakuten service partner in order to enter the platform.

#### Language requirements

The interface is in Japanese, so sellers will need assistance from someone proficient in the Japanese language to make sure their product page content is aligned with Rakuten's standards.

### Complex sign-up

Rakuten's sign-up process is complex compared to other platforms and can take up to several months to complete.

#### Unique structure

Every seller has to design and create an individual store page. It's a mini-website within the Rakuten marketplace that serves as the home of the seller's store on the site.



## Rakuten.co.jp: Entering the platform

#### The Rakuten service partner

Western companies need to have a contract with a Rakuten service partner before they can start the entry process.

#### Sign-up process

In order to obtain your seller account, you will need to entre your company's details and wait 3-10 business days for confirmation from Rakuten. You will then go through a brand-screening process, which takes around four weeks. All sellers must undergo the business varication and brand-screening processes.

#### Associated costs

The service partner will have their fees, but Rakuten has a three-step cost structure:

- Monthly seller fee (39.00 USD)
- Per-item fee (0.99 USD)
- Product category fee (5%-14.5% of the overall product price)

#### Service

Your Rakuten service partner will provide the service and collaborate with Rakuten.





## Rakuten.co.jp: Content

#### Content

At Rakuten each product from every company is sold individually. A seller that wants to put a product up for sale on Rakuten is required to create a different card for that product. This card must contain all the information about the product, including the name, photos, description, technical information, price, etc.

The Japanese content standard is much richer than what brands have become accustomed to on Western platforms. Scandinavian simplicity is not the way to approach the creation of content for Rakuten.





### Rakuten.co.jp: Marketing and promotions

#### Marketing options

The seller account allows brands to customise their own merchant store front. Rakuten offers multiple tools for advertising on the site, including email newsletters, sponsored products and display advertising.

#### **Promotions**

Rakuten offers many different variations of its popular loyalty programmes to its users. Rakuten Super Points can be used for future purchases or for Rakuten Cash Back. As a seller, you will pay Rakuten a commission every time a customer makes a purchase at your store.

Four times a year Rakuten has Super Sale, equivalent to Primeday. Sellers can participate if they are willing to reduce prices by 50%. Super sales are always supported with a loud advertising and PR campaign.









### Rakuten.co.jp: Operational considerations

### Warehousing

Foreign sellers are expected to ship goods from the overseas warehouse directly to the Japanese consumer.

#### **Fulfilment**

Sellers manage and operate their own deliveries. Logistics are very well organised in Japan, so overseas shipping is not a problem.

This allows sellers to have full control of their operations. There are also third-party shipping companies that offer their services on Rakuten's platform.

#### Returns

Rakuten offers 16-day free returns.



# Marketplaces covered in this assessment



























# **Tmall summary**

Marketplace description	Tmall.com, part of the Alibaba Group, is a Chinese-language B2C online retail marketplace. It is a platform for local Chinese and international businesses to sell brand name goods to consumers in China. It is the world's third most visited website. Tmall's business model is to rent online real estate to brand operators. It charges platform fees, advertising fees, commission fees and campaign fees.				
Relevance					
Geographical	Tmall is mainly relevant in mainland China, Hong Kong, Macau and Taiwan				
Userbase	Tmall has 500 million monthly users				
Category	Music & video, home, toys, kids, jewellery, sports, health & wellness, beverages, computers, bags & accessories, fashion, gardening, pets, TV & audio, food, beauty, books, car supplies, sake, alcohol, healthcare & medical supplies, shoes, watches, kitchen, electronics, mobile phones.				
Marketplace fundamentals					
New vs. used products Tmall is mostly focused on new authentic products sold by brand authorised sellers.					
Pricing model	Items sold on Tmall are fixed-price.				
Marketplace services Western sellers are expected to use a third-party service provider: their service includes wareho fulfilment.					
Cost model	Deposit 25k, yearly fee 5k-10k dependent on category, additional categories \$5k-10k yearly fee, sales commission 2%-4%, payment providers' commission 1%.				
Seller service	Tmall has strict governance around ensuring a seller is authorised by the brand to sell their product.				

## **Tmall: Basic information**

#### Main market:

Mainland China, Hong Kong, Macau and Taiwan

#### Monthly users

500 million

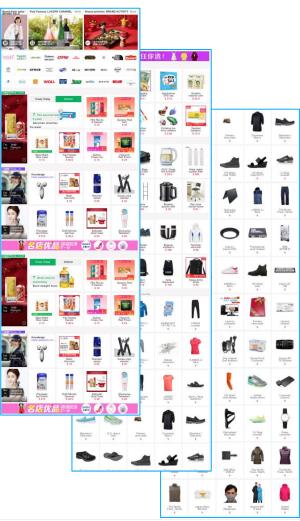
#### Description

Tmall.com, part of the Alibaba Group, is a Chinese-language B2C online retail marketplace. It is a platform for local Chinese and international businesses to sell brand name goods to consumers in China. It is the world's third most visited website. Tmall's business model is to rent online real estate to brand operators.

#### Categories

Music & video, home, toys, kids, jewellery, sports, health & wellness, beverages, computers, bags & accessories, fashion, gardening, pets, TV & audio, food, beauty, books, car supplies, sake, alcohol, healthcare & medical supplies, shoes, watches, kitchen, electronics, mobile phones.





### **Tmall: Good to understand**

#### Annual fees

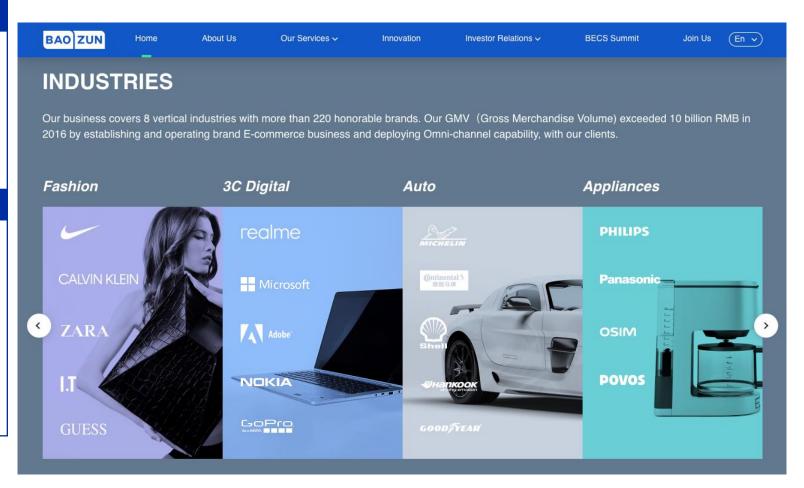
Tmall has strict governance around ensuring that the seller is authorised by the brand to sell the product. Tmall costs:

- Deposit: \$25k
- Yearly fee: \$5k-10k, depending on the category
- Yearly fee for additional categories: \$5k-10k.

#### TP requirements

Western sellers are required to do business through Third Parties (TPs) authorised by the platform. Third Parties typically look after fulfilment and marketing. Selecting a TP with good relations with the platform is recommended, as platform rules are different depending on the TP-platform relationship.

Choosing the right TP depends on the industry and region the brand is interested in, and the required services.



## Tmall: Entering the platform

#### Sign-up process

Western sellers are required to do business through Third Parties (TPs) authorised by the platform. Tmall accepts foreign merchants only if they work with a TP. TPs can assist with almost anything, from basic store set-up to logistics and warehousing.

#### Associated costs

#### Tmall costs:

- Deposit \$25k,
- Yearly fee \$5k-10k, depending on the category,
- Yearly fee for additional categories: \$5k-10k
- Sales commission: 2%-4%
- Payment providers' commission: 1%.

#### Service

TPs provide services to Western brands.

#### TMALL天猫 商家中心







#### 智库学习



- 2014年双十一天猫在线直播内容

商家规则

#### 活动中心



- 活动中心常见问题
- 活动中心年度优秀模板排行榜

#### 天猫服务



- 2014年双十一招商及服务保障
- 商家服务提升案例分享



- 品控千牛服务号、获取第一手品控信息

### **Tmall: Content**

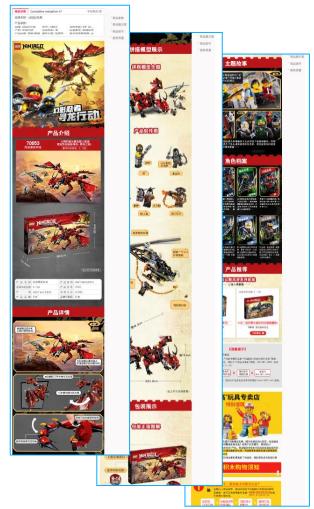
#### Content

The well designed product page has everything that the consumer needs to make the purchase decision and to end up as a satisfied buyer.

The content is very rich in text and especially images. Images are one of the most important marketing tools on the Tmall platform: high-quality pictures and videos help products to stand out and capture the consumer's attention.

Using multiple pictures helps to give the consumer a good understanding about the product.





## **Tmall: Marketing and promotions**

#### Marketing and promotion options

Tmall has an enormous number of marketing and promotional opportunities: as a part of the Alibaba group, all Alibaba-owned properties and services can be connected to Tmall advertising.

In a nutshell the following services are available:

- Keyword advertising
- Display advertising
- Promotional season specials
- Brand takeover
- Brand stores (multiple levels and versions)
- Outdoor and other ATL advertising









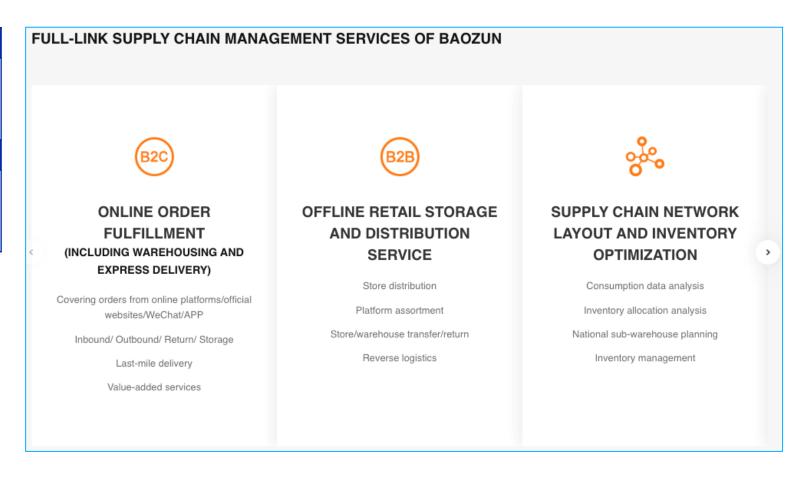
### **Tmall: Operational considerations**

#### TP role

As mentioned earlier, the TPs manage much of the brand's activity on the Tmall platform.

### Warehousing and fulfilment

A TP will take care of the brand's warehousing and fulfilment needs.



# Marketplaces covered in this assessment

























# **Zalando summary**

Marketplace description	Zalando is a European ecommerce company based in Berlin, Germany. The company follows a platform approach, offering fashion and lifestyle products to customers in 17 European markets. Zalando was founded in Germany in 2008.					
Relevance						
Geographical	DE, AU, CH, FR,BE, NL, IT, ES, POL, SE, DK, FI, NO, IRE, LUX, CZE, UK.					
Userbase	Zalando has 22 million monthly users.					
Category	Fashion, shoes, accessories.					
Marketplace fundamentals						
New vs. used products	Zalando is focused on selling new products.					
Pricing model	Items sold on Zalando are fixed-price.					
Marketplace services	No warehousing or fulfilment offered; fulfilment logistics by Hermes.					
Cost model	No sign-up or listing fees, although there is a sales fee. High expectations on customer service.					
Seller service Manual application to seller approval process; sales advisor available.						



### **Zalando: Basic information**

#### Main market:

DE, AU, CH, FR,BE, NL, IT, ES, POL, SE, DK, FI, NO, IRE, LUX, CZE, UK

### Monthly users

22 million globally

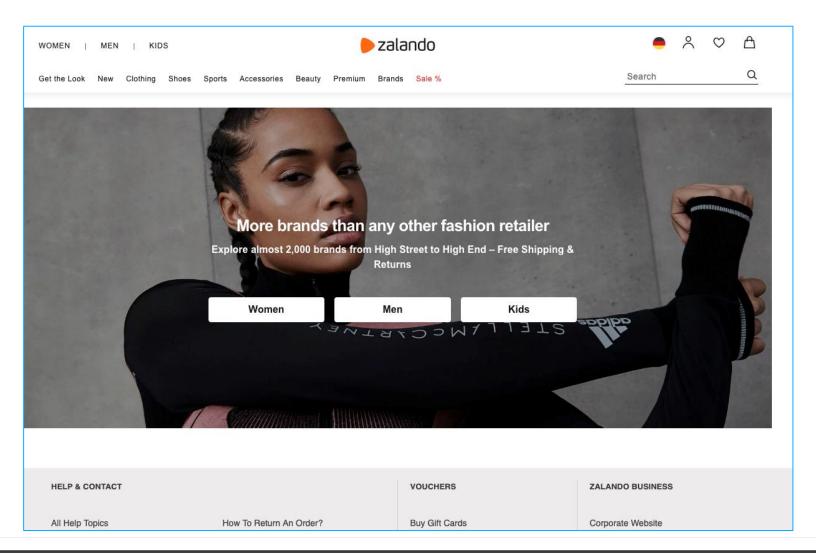
#### Description

Zalando is a

European ecommerce company based in Berlin, Germany. The company follows a platform approach, offering fashion and lifestyle products to customers in 17 European markets. Zalando was founded in Germany in 2008.

#### Categories

Fashion, shoes, accessories.



### Zalando: Good to understand

#### Strict requirements

To be considered as a seller on Zalando, you must have a registered office in Germany and your own online shop. If you don't have an online shop, ensure you get a website before you apply to avoid outright rejection. You should sell clothing, shoes, sportswear and equipment or accessories, offer free delivery and returns, be willing to give a 100-day returns policy, and offer shipping with Hermes. The set-up process is demanding and requires seamless cooperation with multiple departments. Zalando also has very high standards for product images: they must match requirements 100% or they will be denied.

### **Partner Program**

#### Your Gateway to the Zalando Platform

#### Connect directly to Zalando customers across 15 European markets

The Zalando Partner Program is the backbone of our platform strategy. Through Partner Program, brands have direct access to >28 million customers spanning 15 European markets. As a result, customers benefit from increased assortment choice, and the ability to shop multiple brands at a single destination with maximum convenience.

#### **Our Value Proposition**

The Partner Program is your gateway to the Zalando Platform, offering growth opportunities and advantages to all parties. Innovative technical solutions allow brands, retailers, and even offline players to sell their products via Zalando's Fashion Store.

As our partner, you retain full control over your assortment and pricing. Make use of our value added services, vast e-commerce knowledge, and data sharing to unlock new market potential.

We handle payment processing and customer service on our end, while continuously expanding our presence and impact in the market, improving our customers' experience, and working towards our vision of becoming the starting point for fashion.

Join many leading fashion brands already successfully pve on Partner Program, including Mango, Bestseller, Nike, Superdry, The North Face, Wrangler, Oysho, Esprit, and s.Oliver.

## Zalando: Entering the platform

#### Sign-up process

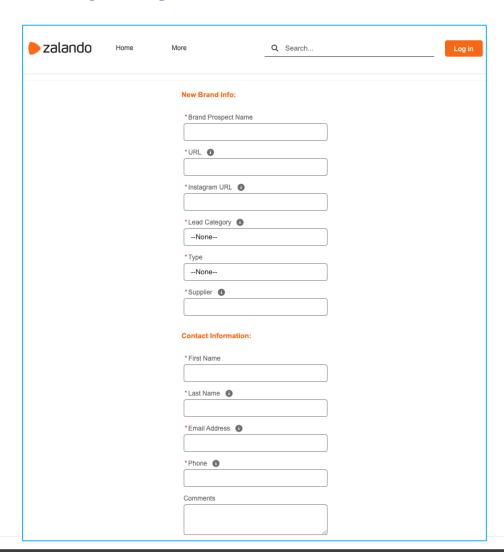
No direct online sign-up. Instead, the seller must apply for authorisation to sell products on Zalando's marketplace.

#### Associated costs

8% commission per sale; however, seller performance has an impact on the commission structure to reward top sellers.

#### Service

Largely a self-serve platform, but support service is available.



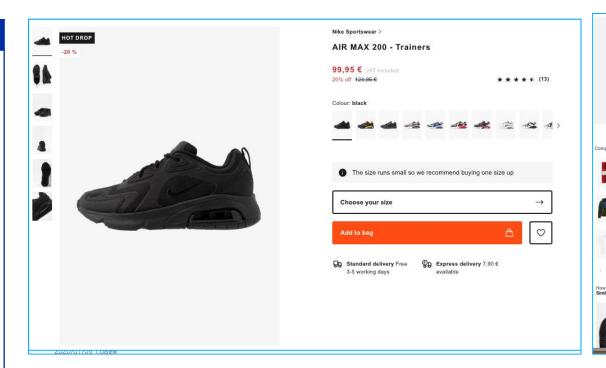
### **Zalando: Content**

#### Content

Zalando content is managed in the partner portal: Zalando is very specific and demands accurate data. The preferred method of updating content is an API connection to the seller's product information system.

The basic content does not include many branding opportunities; however, there are more branding opportunities available for extra cost.

The seller is able to freely decide pricing.



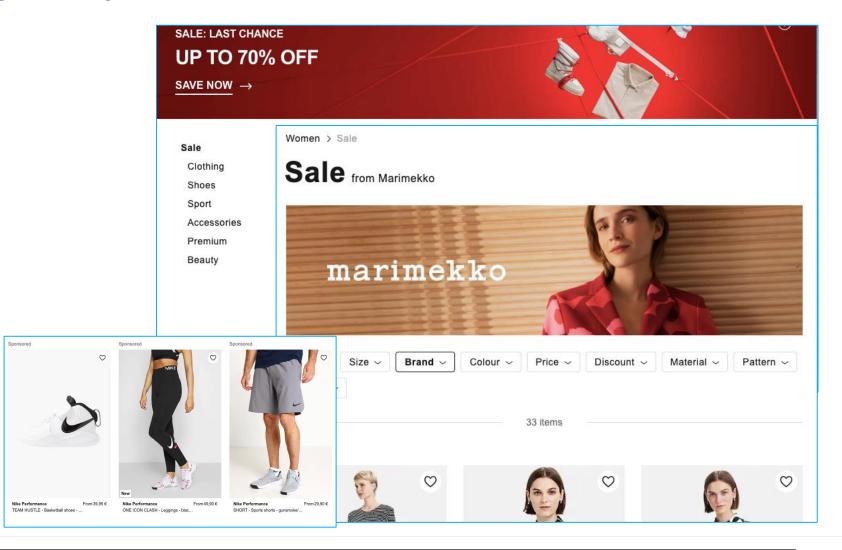
## **Zalando: Marketing and promotions**

### Marketing options

Zalando has multiple advertising products for advertising, and also does internal sales promotion, called 'organic advertising'.

#### **Promotions**

As the seller is responsible for the product pricing, it is up to them to join promotional activities. All products matching the required discount levels will be listed on Zalando's promotion pages, for example Black Friday, January Sale or Double 11.



### **Zalando: Operational considerations**

Delivery

Payments

My Account

Sizing

Vouchers

Zalando Partner

#### Warehousing

Zalando offers a warehousing service to sellers.

#### **Fulfilment**

Sellers can choose if they want to use Zalando fulfilment or manage and operate their own deliveries. This allows them to have full control of their operations. However, the seller must be able to meet the four-day delivery time (for German customers). Missing the delivery deadline leads to account suspension.

#### Returns

Zalando offers 100-day free returns.
Zalando shoppers are accustomed to ordering multiple sizes of the same product and returning those that don't fit. This leads to a high returns volume.

### Returns and Refunds Orders How do I return my order?

If you're not happy with your order, you have 100 days to send us back any items - FREE.

To make a return, just mark the items you are sending back on the return form that came with your parcel, pack what you are returning, and use the enclosed return label to send back your items. Make sure to cover up or remove the original delivery bar code on the box.

If you're missing a return label, register your return online below and you'll also be able to save and print a digital PDF label for your return.

Return items

- DHL shops and packing stations
- DPD shop
- Hermes PaketShop

You can return your items via

Don't forget to keep the return receipt from the courier until your refund has been processed. Your refund can take up to **14 days** after receipt of the return.

#### Returning items from multiple orders?

Not a problem. Just place all return slips for the respective orders/items inside one parcel. You can use the pre-printed return label from any of your orders.

#### Need to return items delivered by a Partner?

If you received the partner items in a separate parcel from the Zalando items, please also return them separately. Just use the enclosed return label to send back your items - this will guarantee your return reaches the correct address.



### **Content**

- Ecommerce in China in words and numbers
- Current popular Chinese platforms
- Third Party: the concept explained
- Conclusions



### **Ecommerce in China**

- China is the world leader in ecommerce and ecommerce innovation
- The world's largest ecommerce platforms are from China
- There are 610 million ecommerce shoppers in China
- For Western companies, the way into to China is through cross-border platforms

Gross Merchandise Value (GMV)* Worldwide of Select
Retailers with an Ecommerce Marketplace, 2018
billions

	GMV*	Country of origin
Taobao	\$515.0	China
Tmall	\$432.0	China
Amazon	\$344.0	US
JD.com	\$259.0	China
еВау	\$96.0	US
Walmart	\$36.0	US
Wish.com	\$8.0	US
Houzz	\$7.9	US

Note: \*GMV is the total value of goods sold on the marketplace and of the companies' own inventory

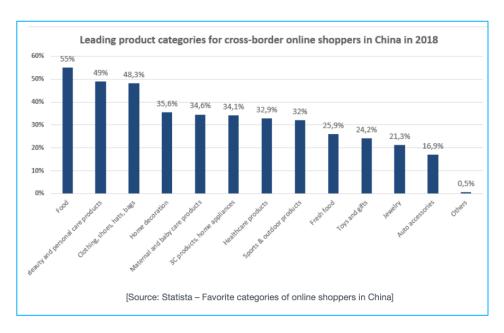
Source: Internet Retailer as cited in company blog, Feb 8, 2019

245448 www.**eMarketer**.com



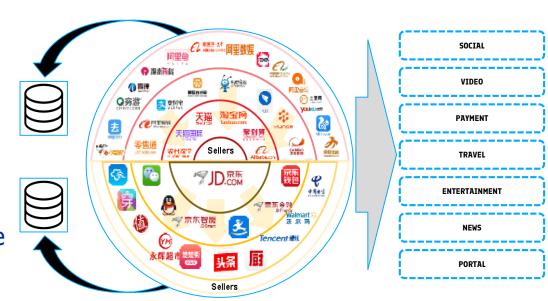
### **Ecommerce in China**

- Because of cultural differences, brands need to adjust their thinking and activities to manage their operation in China.
- Chinese consumers are willing to pay more for high-quality products and are not interested in counterfeits.
- Cross-border ecommerce is growing and has a huge audience.
- There is a multitude of marketplaces in China, but it helps to understand that Alibaba Group and Tencent are behind almost all of them.
- These two mega-companies and Chinese culture make the market even more interesting, and totally different to any other market.



### **Ecommerce in China**

- Alibaba and Tencent are rivals and their platforms compete against each other - there is very little connection across these two companies or their ecosystems.
- This means that there are two completely unique online ecosystems in China.
- Those ecosystems have all their services tightly connected to one another: this opens up a new world in advertising.
- For example, a Tmall seller can connect every single ad view anywhere on the Alibaba ecosystem to a conversion on the Tmall marketplace.
- At the same time, it is hard to even link to Tmall from the Tencent ecosystem.



## Chinese marketnlaces

Platform	Taobao	Tmall	JD.com	PinduodUo	Suning	Vip.com	Gome	Amazon
Description	The world's largest ecommerce platform. The C2C giant sells almost everything, literally, from notebooks to vehicles. Unlike its Western counterpart, eBay, Taobao owes its success as the market leader in this industry to offering free registration for its users.	The world's second largest ecommerce platform. It is a platform for local Chinese and international businesses to sell brand name goods to consumers in mainland China, Hong Kong, Macau and Taiwan.	JD.com is China's largest online retailer and its biggest overall retailer, as well as the country's biggest internet company by revenue. JD.com takes a strict zero-tolerance approach to counterfeits to ensure that only the highest quality, genuine products reach JD.com's customers.	Group shopping, which has attracted many Chinese customers online, is the main purpose of Pinduoduo. Customers can choose group orders for all kinds of goods, achieving a relatively low price. Based on group orders, the platform will make a large number of	This omnichannel retailer an extensive network of 11,000 physical stores. Most stores are based in	Vipshop is the biggest online flash sale platform with almost 10 years of history in China. The platform has pioneered the online discount retail model in China and had 57.8 million active users during the whole of 2017.	Gome operates 2,000 physical stores in over 30 provinces and specialises in consumer electronics. It also carries products in categories such as food & beverages, personal care & beauty, apparel & accessories, home furnishing, toys, and auto products & services.  Gome is currently struggling and has opened a store on Tmall	Amazon has been quietly developing in China, after it acquired Joyo.com, a Chinese online shopping website in 2004. Amazon China has been pivoting its focus from general ecommerce services to cross-border operations. Amazon closed its marketplace functionality in China in 2019.
Owner	Alibaba	Alibaba	Tencent	Listed in NASDAQ	Alibaba	Listed in NASDAQ	Private	Amazon
Platform	Jumei	Kaola	Xiaohongshu (Little Red Book)	Juanpi	Mia.com	Vancl	Yihaodian	Dangdang
Description	Jumei is one of the largest e-retailers in China for cosmetics. The platform mainly offers luxury foreign products such as Estee Lauder and Avon. Jumei is a pioneer of the "cosmetic group purchase" model. Every day, the platform recommends a dozen of popular cosmetics.	Kaola.com's business model is direct purchasing, either self-operated or operated by third-party merchants on the platform. According to research from iMedia, Kaola.com held the largest market share of China's cross-border ecommerce platforms. In 2016, the platform was ranked first in a survey of user satisfaction for China's cross-border self-operating ecommerce platforms.	For most users in China, Xiaohongshu is not only a shopping platform but also a social platform. On the platform, users can introduce any product with photos and communicate with other users through comments, thus sharing the purchase and user experience.	Juanpi.com is one of China's most popular online discount shopping platforms and has become one of the largest unlisted ecommerce platforms in China. Between 2016 and 2017, the platform's userbase exceeded 100 million, of whom 80% are female. On Juanpi.com, a lower price is the main point that attracts consumers: the average product price is around 100 CNY and 50% products come from small	platform selling imported maternity and baby products in China. According to data from Mia.com's official website, there are 1300 brands cooperating with Mia.com and the platform's userbase exceeds 30 million. 70% of products on the platform are imported from foreign	Vancl is a clothing e-tailer. It sells its own brand of clothing and makes them affordable for shoppers.	Yihaodian is  a B2C ecommerce website that provides people with a platform to shop for their groceries online. Yihaodian has 'virtual stores' that exhibit images of stocked grocery shelves on walls and other surfaces in urban public areas in China.	Dang Dang is one of the oldest ecommerce platforms launched in 1999. The platform starts as an online bookselling website and achieved 35.1% of China's online book retainmarket in 2017. Dangdang.com has expanded its business from books to all kinds of products; the main focus is on books, maternity & baby, beauty cosmetics and home textiles
				and medium brands.	countries.			

# The role of the Third Party in China

- So-called Third Parties (TPs) play a vital role for Western companies in Chinese ecommerce.
- To even get access to Tmall, Western companies must be directly invited by Tmall or apply through the lobbying of a TP.
- This has led to rapid proliferation of China's ecommerce market. Hundreds, if not thousands of TPs have emerged recently, aiming to capitalise on this lucrative business.
- TPs offer a vast array of different services and expertise, including marketing, logistics, IP protection and IT development.

#### Secondary services include:

- Anti-counterfeiting solutions
- App/Web development
- Business strategy development
- · Cold-chain logistic solutions
- CRM
- Cross-border payment solutions
- Data analysis
- Digital marketing
- Digital media support
- Industry market scans

- Legal solutions
- Multilingual customer service
- O2O integration
- Operations
- Order fulfilment solutions
- Platform integration
- Procurement solutions
- Sales promotion
- Store design
- WeChat integration



# **Examples of TPs**

Company	Website	Ownership	Description	Marketplace coverage	Client profile
Baozun	https://www.ba ozun.com/	Listed in NYSE	Baozun is the biggest ecommerce business partner in the industry and currently accounts for 25% of the market. The company was founded in 2006.	Includes all major marketplaces like JD, Tmall, Redbook and Amazon.	The company mainly handles clients in appliances, apparel, 3C, home furnishing, cosmetics, automotive, insurance and fast-moving consumer goods.
Azoya Group	https://www.a zoyagroup.co m/	Private	Azoya is one of Tmall's biggest partners in China and has offices in 12 different locations worldwide.	Includes major platforms like Tmall, JD (Jingdong), VIP, Kaola and RED.	Azoya has helped a number of large and medium sized companies, many operating in the pharmaceutical and healthcare industry. Their clients also sell food, clothes and more.
Web2Asia	https://www.w eb2asia.com/	Private	Web2Asia is one of the biggest and most reputable TPs in China. The company employs more than 200 people and has won a number of awards over the years.	Includes the major online platforms like Tmall Global, Tmall, JD worldwide, JD and Kaola.	Web2Asia mainly helps larger and medium-sized companies.
Export Now	https://www.exportnow.com	Private	Export Now is a well established ecommerce agency which was founded in 2010. Export Now offers an easy, turnkey solution to brands wanting to take advantage of the China market to accelerate their growth. The company currently has 70+ employees and has the highest rating from Tmall for its TP services.	You can get help to sell your products on Tmall Global, Tmall, JD, JD Worldwide.	Export Now mainly helps small and mediumsized clients.
TLG Commerce	https://www.t lgcommerce.c om/	Private	TLG was originally founded in Barcelona in 1999 and became a global company when it opened offices in Hong Kong, Beijing and Shanghai in 2008.	You can get help to sell your products on Tmall Global, Tmall, JD, JD Worldwide and other ecommerce platforms.	TLG mainly helps medium-sized and larger clients.



# **Examples of TPs and their specialisms**



### **Business Model**

- Share of sales revenue: 5% avg.
- Dealer discount.
- Fees depend on contract and variety of services provided.

### Service Offering

- eCommerce Marketing Planning & Operation
- UX/ Banner Design
- Logistic (Stock & Delivery)
- Promotion & Package Planning
- Service Call-center
- Customer Relationship Management
- Bigger TP's are able to manage both ecosystems. Smaller ones are usually specialized.

### The Chinese ecommerce market: conclusion

- China and its different regions create a very attractive ecommerce market for most brands.
- It is also a very demanding market: companies tend to underestimate the scale of investment needed.
- Mobile is the primary channel for ecommerce in China.
- Finding and choosing the right partners to help in the market is crucial.
- When selecting a TP, the following elements are critical:
  - The TP has experience in your industry
  - They have experience in the region that interests you
  - They are able to cover the services and platforms that are relevant for you
  - They have presence in a suitable area
  - Their pricing structure leaves margin for you as well.
- In any case, the entrance to the Chinese market requires careful planning and adequate dedicated resources from the brand team.

### **Checklist for Chinese ecommerce**

Entering the Chinese market is big decision and should be considered and prepared for very carefully.

With the below checklist the brands and sellers should avoid the most typical pitfalls:

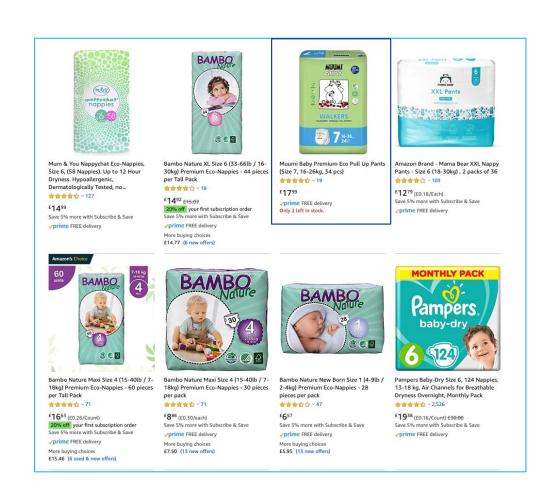
- Trademark application in China (including the local 'nickname'): Worth doing, even if you are not going to start selling immediately
- Landscape analysis: Which products, regions and marketplaces are most attractive?
- Identifying local partners
- Legal regulations, needed permits and other documents
- Launch plan
- Logistics plan
- Marketing plan
- Localisation
- Launch





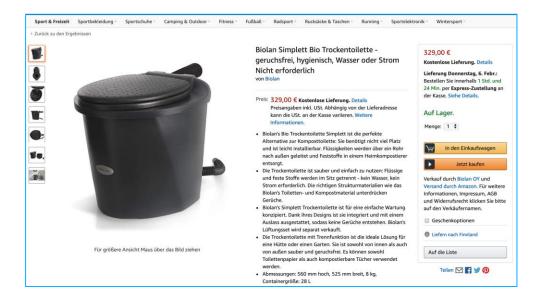
# Case study: Delipap on Amazon

- Delipap is a small family-owned Finnish company that develops, manufactures, markets and sells hygiene products geared to the needs of all family members.
- Delipap entered Amazon UK in the summer 2018 and has grown its sales on the platform incrementally.
- Today Delipap is one of the leaders in the eco diaper category and is expanding its product selection and the number of markets.
- Delipap's advice for brands with Amazon ambition is:
  - Do your homework
  - Practise with a limited catalogue
  - Prepare for the unexpected
  - For brands with limited resources, patience is needed when it comes to sales growth
  - Outsource challenging tasks to professionals, but make sure you control the project



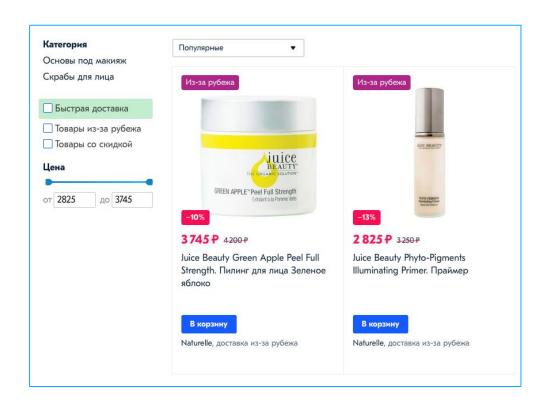
# Case study: Biolan On-boarding to Amazon

- Biolan manufactures and sells products for ecological gardening as well as environmental products since the 1970's.
- The Amazon export opportunity become interesting after Biolan identified that the efficient opening of new markets would be a relevant option for growth.
- The process in onboarding a selected catalogue to Amazon took 10 months and some changes were needed in the logistics process in order to match Amazon requirements.
- Biolan's advice for brands with Amazon ambition is:
  - Do your homework
  - Start with a small catalogue to manage the complications easier
  - Decide how much control you want to have
  - Aim for great value for money
  - Remember to budget enough for the sales promotion on the platform



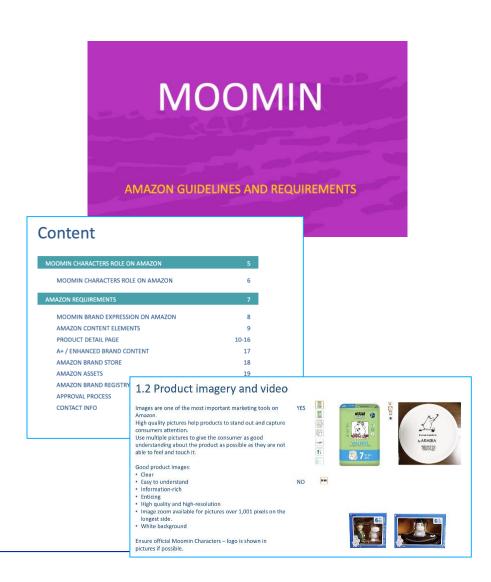
# Case study: Naturelle On-boarding to Ozon

- eCommerce in Russia is often considered complicated, with Cross Border shopping directly to the consumers most obstacles are removed.
- Ozon opened the Cross-Border opportunity for Western brands in the Fall 2019 and brands are only now discovering its opportunity.
- The process in onboarding to Ozon is quick and Streamlined and the products can be at sellable from within a week from starting.
- Naturelle's advice for brands with Ozon ambition is:
  - Do your homework
  - Select you catalogue carefully
  - Make sure your team has a native Russian speaker on-board
  - Make sure your price point is competitive and offers value for money
  - Outsource challenging one-time tasks to professionals but prepare to manage the day to day operation in-house



# Case study: Moomin on Amazon

- Moomin grants licences to companies to use its artwork on carefully selected products.
- Amazon carries a huge number of products with the Moomin license. Moomin wanted to ensure that the products match Moomin standards, including how they are presented on the platform. al
- In 2019 Moomin added an Amazon section to their brand guidelines, in order to unify the way the licenced products are presented.
- Moomin's advice for brands with Amazon ambition is:
  - Amazon is a retail and communications channel just like any other
  - On Amazon every product and brand has standard elements available; in order to provide a consistent brand experience it is worth having it in your brand guidelines.



## **About this Document**

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