

The Missing Link in Retail Omnichannel Strategy: A Marketplace

Leading retailers are reaping the benefits of a Marketplace strategy in their quest for omnichannel growth. Here's how.



"Marketplaces will be a global component of omnichannel commerce...with over 50% of eCommerce transactions happening through marketplaces today...and we expect that to climb to 60% in the next 5 years."

— Sucharita Mulpuru, VP, Principal Analyst at Forrester

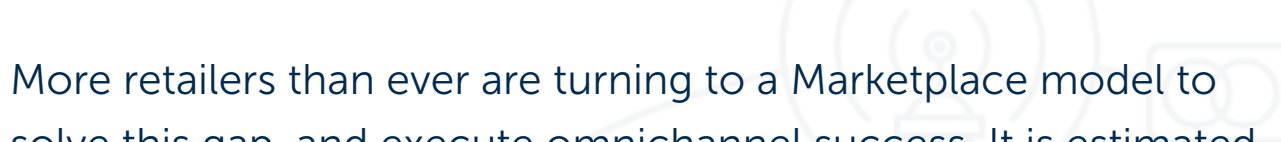
Every retailer is seeking the best way to bring an omnichannel strategy to life. It's a top strategic investment for digital business professionals at retail organizations.

Source: **FORRESTER**

There's no doubt why! Omnichannel retail ▶

- Attracts new audiences
- Creates loyalty among existing shoppers
- Provides a seamless customer experience

But, the path ahead isn't always clear, or easy. Forty-seven percent of digital business leaders don't have the right processes in place to implement omnichannel fulfillment.



Source: **FORRESTER**

More retailers than ever are turning to a Marketplace model to solve this gap, and execute omnichannel success. It is estimated that, by 2020, nearly 40% of all online retail will be transacted on a Marketplace.

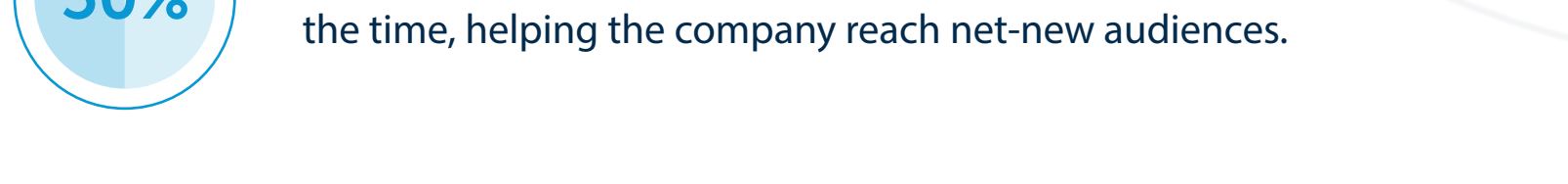
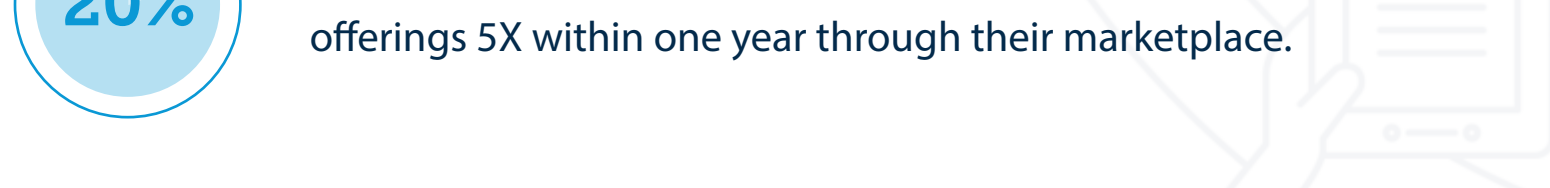


Source: **MIRAKL**

The Marketplace model has a major impact on omnichannel retail in a few ways:

1 Increasing site traffic and share of wallet

Today, eCommerce must be seen as your digital showcase to drive traffic in store. Marketplaces quickly expand a retailer's product catalog, creating a near-instant lift. It's a simple equation: The more products you offer, the more site traffic you'll earn.



Beyond site traffic, this is a quick way to boost sales of both third-party and owned-product sales online. In-store, a Marketplace allows you to offer an "endless aisle" to shoppers. Forrester found that 76% of online adults are likely to have the store place an online order and ship their product to them for free.

Source: **FORRESTER**

2 Converting online shoppers in-store

A marketplace increases assortment, driving more customer traffic in-store to pick up their goods in person. While there, these shoppers tend to spend more. Many retailers are taking advantage of "click and collect" today:

Leading retailers are seeing a boost ▶

<p>Customer's want to pick up in store</p>	<p>Auchan</p> <p>70% of online orders are picked up in store. Source: Auchan</p>
<p>Resulting in more in-store sales...</p>	<p>Home Depot</p> <p>40% of online orders leverage physical stores. Source: Home Depot</p>
<p>and Higher Average Order Values</p>	<p>ICSC</p> <p>69% of shoppers using click and collect purchased additional items while picking up in store. Source: ICSC</p>
<p>Click</p>	<p>KOHL'S</p> <p>20% of BOPIS orders resulted in additional in-store purchases. Source: Seeking Alpha</p>
<p>Drive to store</p>	<p>macy's</p> <p>125% of additional spend when picking up in store. Source: CNBC</p>
<p>Parking reserved for online pickup</p>	

Omnichannel consumers spend more. 64% of US online adults want retailers to offer the capability to buy online and pick up in-store (BOPIS).

Source: **FORRESTER**

3 Fine tune your assortment for low-risk merchandising

A Marketplace can also serve as a lab to test demand for new products and brands (without the risk of traditional merchandising). What sells best on your Marketplace can be sourced directly by your own buying team, and integrated into your product mix.

"The Marketplace allowed us to trial newer areas of products that we had previously never offered...to identify winning products, and bring them in-house."

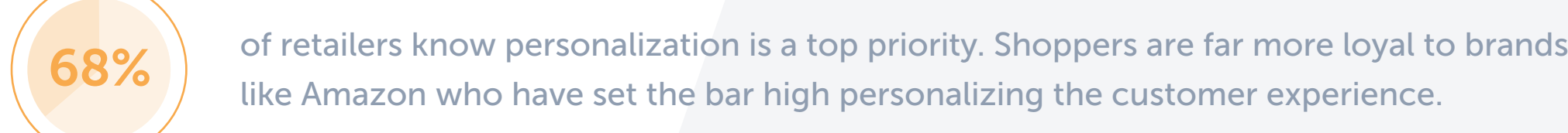
— Halfords

Source: **halfords**

Who is the top seller of baby products online in Canada?

Best Buy Canada! Yes, really. It's the electronics retailer's 5th performing overall category in owned and Marketplace inventory. Who knew?

4 Making personalization possible



Source:

One of Amazon's secret weapons? Its massive third-party marketplace, which helps to inform its highly personalized shopping journeys.

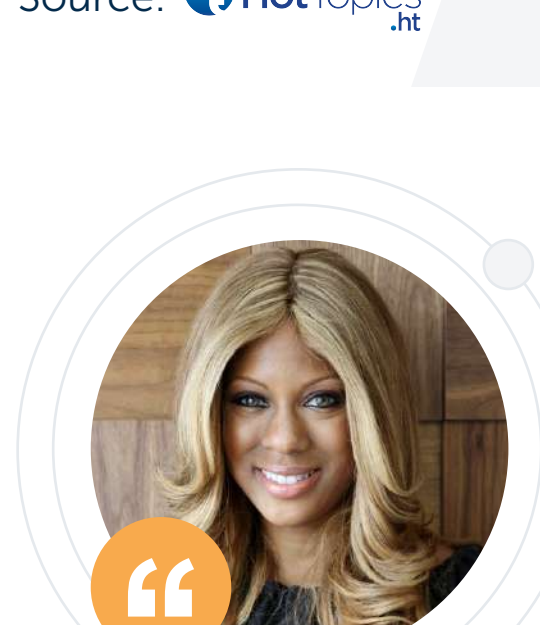
Amazon's third-party marketplace drives nearly 50% of Amazon's unit sales. Using data on its 300 million users (as of February 2017), the retail behemoth "deliver millions of unique shopping experiences every day."

Source: **amazon.jobs**

Another example: Farfetch, a digital fashion retail marketplace, collects massive amounts of trend data on its shoppers for improved personalization, including ▶

- What have they bought in the past
- How often they buy
- Who their favorite designers are

Source: **HotTopics.it**



"... we're becoming a lot more targeted, so that you're opening up your own page instead of shopping amongst a crowd."

— Stephanie Horton, CMO, Farfetch

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5 Defending category dominance

Retailers are under more pressure than ever from competition.

To defend dominance in a retail category, a Marketplace can fill product gaps in core categories.



"When iPhone 7 was released, our merchants could only secure 35 accessories...we were able to bring on another 363 SKUs through our marketplace sellers."

— Best Buy Canada

When the costs of carrying high-end telescopes were simply not profitable for Nature et Découvertes, a category leading retailer for nature-lovers, they turned to a Marketplace to source this expensive item.

A Marketplace model is the best option for omnichannel retailers.

It is the fastest, most cost-effective way to give customers the breadth of choice and level of convenience they require, with zero incremental cost and no management overhead.

For all retailers considering how best to increase their omnichannel results, it's time to consider the benefits of an online Marketplace. But, don't take our word for it. Read [why Forrester believes retailers must seize the Marketplace opportunity](#).