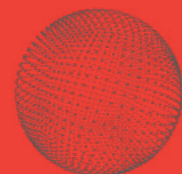


RTBHOUSE =



How to effectively promote online marketplaces through targeted advertising

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Welcome

Online marketplaces are at the heart of digital retail. More than half of all online purchases are made through multi-vendor platforms and the numbers are still rising. Marketplaces have helped us navigate through a global crisis and are setting the course for online commerce in the future.

And yet marketplace operators still face challenges... Competition is growing as new multi-vendor sites appear all the time. Building personal relationships with customers is more difficult than it is for individual brands. And, at some point in the future, customers will return to high street and the currently elevated level of online sales may drop off significantly.

We have put together this report to help marketplaces operators navigate the evolving relationship with online customers and get the most from marketing technology in order to drive conversions and revenue.

A grayscale photograph of a woman with dark hair pulled back, looking slightly to her left. She is holding a dark-colored shopping bag. The background is a blurred crowd of people, suggesting a busy retail or public space. The image is overlaid with a semi-transparent white box on the left and a red horizontal bar above the right text area.

The positive impacts of marketplaces in the modern world

While the global pandemic has seen a rapid acceleration in e-commerce in general, 2020 was a particularly significant year for the growth of online marketplaces of all types. In turn, they have empowered businesses and individuals in numerous ways. We're going to start by taking a look at how marketplaces have helped economies and communities during the global crisis, as well as how marketplaces can have a positive impact in their everyday operations.

How B2C marketplaces empower retailers

Community-based businesses have been hit especially hard by the pandemic. Small, local businesses usually rely upon walk-in customers and rarely have their own existing e-commerce sales channel. The closure of high streets led to a complete loss in trade for many shops. Although it is possible for small businesses to build their own e-store with plug-and-play solutions like WooCommerce, it still takes valuable time and a budget — as well as a degree of technical skill.

Marketplaces offer a fast way to get inventory online and allow companies to take their first steps in online retail for minimal outlay. Importantly, marketplaces also reach a much larger set of potential customers than a small retailer's own site... and, thus, to make more sales.

Brand Alley is a great example of this in the UK. It allows fashion retailers of all sizes to shift inventory fast and has seen steady and constant growth throughout the last year, peaking at 7.5 million site visitors in November 2020.

B2C marketplaces supporting local communities

While cities are served by retail centers and chain stores, 50% of the population lives in small towns or rural areas. The high street is the heart of such communities and we ultimately want to retain as many local retailers as possible in order to help communities endure the pandemic and return quickly to strength afterward. Marketplaces and e-commerce platforms are also doing what they can to keep their small business partners afloat throughout the crisis. They are often helping with logistics, fulfillment, and marketing, as well as reducing commission and listing fees wherever possible.

P2P marketplaces put the community into the economy

With unemployment soaring as a result of the pandemic, e-commerce has been one industry that has offered a lifeline to many looking for work. In the UK, in the run-up to Christmas, delivery firms DPD and Hermes added thousands of new drivers to their courier fleets to cover the surge in home deliveries.

P2P marketplaces allow individuals to sell goods and services to one another through a common interface. Notable examples include Etsy, Uber, and eBay. These and similar sites have also offered an opportunity for unemployed or furloughed individuals to create their own trading sites and generate temporary income or as a new small business.

In the UK, Gumtree has taken an active approach to highlighting the importance of local trade in its “The Neighbourhood’s Good” series. It highlights how trading within local communities can strengthen ties, promote sustainability and the reuse of goods, and cut down on pollution caused by production and long-distance transport. Each single trade may seem insignificant but marketplaces work at a scale which means the incremental impact adds up quickly. Gumtree also revisited the series with a positive message during national lockdowns.

Marketplaces and sustainability

Irrespective of the pandemic, all local communities and economies are also touched by the current and potential impacts of climate change. Marketplaces face numerous challenges in operating in a sustainable and ecologically friendly way. The sheer scale of business means that the cumulative effect of operations can be high. And marketplaces also work with third-parties—having only partial insight into their business operations. vidaXL—a Dutch furniture marketplace which is rapidly expanding and now operates on a global scale—is a good example of how marketplaces can take ownership of their impact. The company openly shares its sustainability approach on its website and provides so solid insight into how other marketplaces can operate. For example, vidaXL requires all suppliers to disclose where their wood is sourced and claims an outbound vehicle fill rate of 95%, compared to the industry average of 45%.

In numbers

The incredible growth of marketplaces

2.5x

Amazon's net income was over **2.5 times higher** in Q3 2020 than the previous year.

133K €

The average annual value of sales for vendors on Amazon in 2020. That's **60% more than the year before!**

57%

57% of UK shoppers are buying from marketplaces in 2020, compared to **13% on retailer websites.**

2x

Zalando sold 100% more items YoY over the 2020 Easter period compared to 2019.

4.2 trillion

Global e-commerce sales will reach nearly 4.2 T EUR in 2021, representing YoY growth of 14.3%.



Expert comment

Why marketplaces thrive in Europe

Adrian Rybicki,
Vice President of Sales, RTB House

“It’s tempting to look at Amazon as the only show in town. There’s no doubt that it has thrived in the pandemic: between March and August 2020 traffic shot up by 9% in Germany, 17% in the UK, and as much as 28% in Spain. However, there are so many other robust marketplaces across the whole of Europe—both continental and regional, for general goods or specific categories.

“In fact, local marketplaces lead the way in many countries, such as Wehkamp in the Netherlands, Bol.com in both the Netherlands and Belgium, and Ozon in Russia. Polish P2P marketplace Allegro generates 96% of its traffic in its home country and leads the local market. Amazon is making a large play in the country—adding a much-welcomed 1,000 jobs in a new fulfillment center and officially launching Amazon.pl—but there is no guarantee that it will take the lion’s share of the market. Local marketplaces continue to thrive as they are built with local languages, buying habits, and cultural elements hardwired into them.

“Europeans are so familiar with some marketplaces that we don’t even realize that they are not known elsewhere. We think of Zalando as a global leader but 94% of the site’s traffic comes from highly developed European countries. Similarly, the ride-sharing app BlaBlaCar has over 70 million users across 22 European countries but is not present on the US market. Although Lyft has a carpooling option, there is no like-for-like American alternative to the BlaBlaCar, which raises the debate about whether the app could be successful in America, or if cultural differences mean it is only destined to work in Europe.

“Local marketplaces thrive in Europe because each nation is essentially a niche market but with millions of potential customers—which is more than enough to sustain numerous large, multi-vendor sites for general goods and services and others for more specific categories. When we also consider that the population is comparatively affluent and tech-savvy—and that relatively short distances and well-developed transport links make it easier to fulfill orders at speed—it is, in many ways, an ideal environment for marketplace success.”

Marketplaces and retargeting

More than half of all online transactions take place through marketplaces. The global pandemic has accelerated the growth of multi-vendor sites as sole traders and small businesses have rushed to find online channels that allow them to activate quick sales. It's a hot streak right now but it is worth considering when and how it may end—as well as how MarTech solutions can help to strengthen market position now and in the case of any burst of the bubble.

Competition is king

The global giants of the e-commerce industry, such as eBay, Amazon, and Alibaba, are vital catalysts for progress and innovation... but competition is king. It's a positive sign to see new alternatives opening up all the time. In fact, marketplaces are such an attractive proposition right now that they are springing up everywhere in various forms:

- › Industry- or location-specific marketplaces are opening to try and exploit niches in the market
- › Large retailers are adding smaller partners to their traditional e-commerce sites and becoming marketplaces
- › App companies are building mobile-only marketplaces for younger users
- › Social commerce is booming on Facebook, Instagram and other channels.

However, if you are a new or established marketplace, more competition potentially means less market share and, eventually, over-saturation. The survivors in a more competitive market will be the ones with the most well-defined identities, clear value or customers, and smoother user experiences.

You can't stand still

eMarketer states that “digital ad spending grew 2.4% worldwide in 2020. The 277 billion EUR total for 2020 represents 30 billion EUR less spending than the pre-pandemic forecast. However, it is believed that digital ad spending worldwide will grow to 437 B EUR by 2024.”

In a nutshell, with more people shopping online—and with more stores, marketplaces, and social commerce platforms serving their needs—companies are focusing on ad spending. Those who do not invest (and who do not choose solutions with serious ROAS!) are likely to be at a serious disadvantage.

This too shall pass

There is no denying the massive change that the pandemic has caused in online retail. According to [McKinsey](#), online shopping rose by 74% in the first half of 2020 while high street sales slumped to zero during national lockdowns. Some say that e-commerce moved forward ten years in the space of a few months; others suggest that we have entered a new retail reality altogether.

The global crisis has been a boon for marketplaces but, at some point, the high streets will open again and many people will be drawn back to the hustle and bustle of the mall. Can online sales maintain their current level when brick-and-mortar stores are fully back in business? Will marketplaces that opened up or experienced huge boosts in response to the pandemic be able to sustain the same level of success once the world returns to some sort of normalcy?

Digital advertising for growth and sustainability

There are too many factors at play in the world right now to definitely say how the mid- and long-term future will look for online marketplaces. Whatever version of the future we actually end up facing, marketplaces that utilize retargeting campaigns are going to be at a huge advantage. Here are the stats for retargeting campaigns run by RTB House for online marketplaces in the final quarter of 2020. Marketplace sites that invest in retargeting now are making hay while the sun shines, and are getting a Return on Ad Spend that can be reinvested in the future in the face of tougher competition or market conditions.

1.6%

Click-through Rate

3.6%

Conversion Rate

2.2%

% of Site Sales

Source: RTB House campaign data for 44 selected European marketplaces, 4Q2020

In numbers

Retargeting ad campaigns for marketplaces

Multi-vendor sites are more aware than ever of the value of digital marketing solutions. In Europe, as well as globally, we have seen more new campaigns than ever before.

26

In Q4 2020, we launched new campaigns with marketplace clients in **26 different countries worldwide.**

7x more

RTB House has 7 times more campaigns for marketplaces now than 5 years ago. And they work... **87% of our pre-2017 campaigns are still running!**

47%

In Q1 2021, nearly half of our campaigns for marketplaces are app campaigns.

+31%

In December 2020, RTB House was running **31% more** retargeting campaigns for online marketplaces than in January of the same year.

Source: RTB House data for all marketplace campaigns active in 2020

How marketplaces can reconcile branding and performance

It's a contested figure but we supposedly see and hear over 4000 ads per day. If we are awake for 16 hours each day, that is around 4 ads each minute! It's likely that our brains have learned to be selective and block out as much information as possible that does not seem relevant.

It takes something exceptional to cut through the clutter.

The value of performance ads is clear for businesses

This is where retargeting works both for brands and for the recipients of messages. Targeting is the most effective way to find users who are most likely to make a purchase but relevance is also important to web users who are overloaded with ad content. Only well-placed ads for products that they may actually want to buy will stand out among all the visual clutter on the average web page.

When times are good for e-commerce, many companies focus on the revenue from targeted performance campaigns. But ultra-precise targeting is equally, or even more, important when the sales peak passes and companies need to focus on costs rather than revenue. The more effective the targeting, the better the results... and that makes for a more effective use of budget.

Considering the whole funnel

We tend to forget that the sales funnel is not a one-way process. Everyone within the funnel has some potential to purchase a product or service, but people can move from strong intent to lack of immediate interest. Retargeting is a great way to reach all types of customers. However, there are ways in which customers might be lost through gaps in the algorithm:

- › The retargeting system does not correctly assess a user as having intent and never sends them messages, meaning they eventually buy elsewhere
- › The user is incorrectly considered as being ready to make a purchase and is targeted too soon, causing them to have a negative impression of the brand

This is where branding comes into play. Being able to more effectively assess where customers are in the sales funnel means that e-commerce sites and marketplaces can show the right ads at the right time. In the awareness phase, that may mean general video content that makes an impression (no pun intended) and keeps the brand front of mind. When the customer is in the consideration phase, it may be more about categories or product features but without a strong push towards an immediate sale.

Finding the right metrics for branding and performance ads

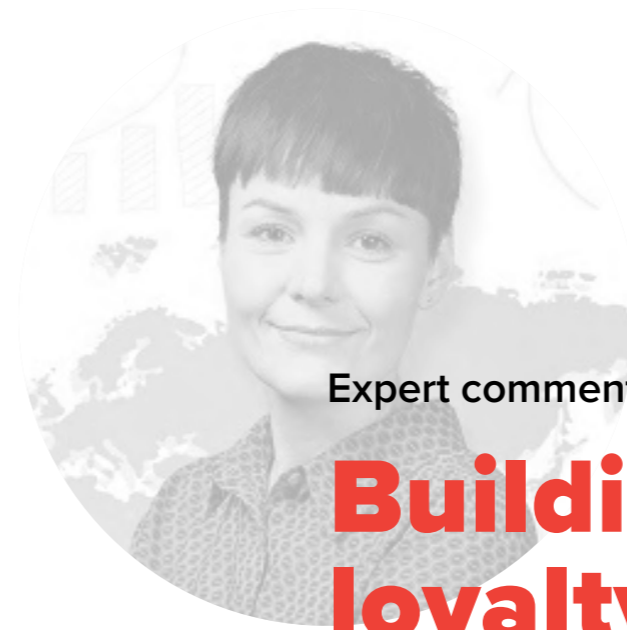
Marketers are aware that both branding and performance marketing are valuable and bring positive results. However, performance marketing is seen as the one resulting in a company's growth, while brand marketing is more of a long-term position building. Branding was considered for a long time to be the key for marketing but has been challenged by performance tools because the main focus for marketers has changed from reach to ROI.

We are observing a significant pivot towards measurable, short-term performance. However, the issue is not really with performance ads; it is with presenting clear and unambiguous value from branding campaigns. Rather than looking at the short-term value of getting customers to convert interest into sales, MarTech companies need to show how branding can increase uplift and contribute significantly to the metric that retailers should focus on but often overlook in favor of the here and now: Customer Lifetime Value.

How to get the right mix of performance and branding activities

Nowadays, when media mix is becoming more and more driven by data, both performance and brand marketers should learn about each other's goals and work together to deliver the right message to the right person at the right time.

It is crucial to jointly plan the strategy and tools. Breaking down the silos structure is the first and often most difficult step for brands. However, having your entire marketing team present when making planning decisions is critical to aligning behind common KPIs and ensuring there is an integrated strategy in place for success. An open-minded approach will enable teams to make good use of each tool's advantages. Mixed tactics will drive better results for both sales and brand recognition.



Expert comment

Building customer loyalty towards marketplaces

Agnieszka Gilewska,
Business Development Director, RTB House Poland

“As consumers, we place a lot of importance on experiences. We imagine that we are loyal to brands and products because of the way they make us feel and because they match our moral expectations (which, indeed, is truer for millennials than for any previous generation), our lifestyle choices, or our image of ourselves.

“This is true to some extent but, in reality, loyalty still depends on three fundamental things:

- › Giving people what they want at a good price
- › Eliminating any reasons for people to have a negative impression of the brand, both during the purchase process and in the after-sales care
- › Giving people incentives to regularly return

“Marketplaces have never struggled with the first point. A multitude of vendors means that they have all the products and plenty of competition around pricing.

“The second area has always been the biggest concern. On marketplaces, customers sometimes don’t even remember (or care about) the vendor from whom they are buying. However, they know the intermediary—i.e. the marketplace. So, when things went wrong in the past, buyers didn’t say, ‘I had a bad experience with Acme Store,’ they said ‘I got ripped off on [insert name of marketplace here]!’

“The great shift for marketplaces in recent years has been taking ownership of the customer service. If vendors don’t do the right thing by customers with respect to returns or replacements, buyers need to know that they can go to the marketplace and get an instant resolution.

“Once that trust is won, the third step is to get buyers coming back for more... and more often. Premium accounts (like Amazon Prime, Allegro Smart, eBay Plus, and Zalando Plus) are great differentiators. If people have paid for a premium membership that offers genuine benefits like free shipping, next-day delivery, and free returns, they will make use of it.

“That is good for business in numerous ways. For example, not only do Allegro Smart subscribers spend more on average than regular platform users, the strong growth in Gross Merchandise Value (GMV) in Q3 2020 was largely boosted by a rise in Smart subscriptions.

“As a marketplace owner, attracting more loyalty-tier members is a great way to bring proven value to the business. Rather than focusing only on performance ads that stimulate single sales, you can tell people about your customer service, satisfaction rates, returns policies, and shipping costs. These things all matter because trust drives loyalty and loyalty eventually dictates the bottom line.”

In numbers

The COVID effect on retargeting campaigns

We saw a significant uplift in performance of retargeting campaigns for European online marketplaces during continent-wide lockdowns. As the high streets were largely closed for business between April and July, the effectiveness of retargeting ads shot up. To illustrate this trend, we've taken data from regional campaigns for each quarter of 2020 then measured only Q2 against the average for the year.

Click-through rate (CTR) **All 2020:** **1.47%** **Q2** **1.50%**

Conversion rate (CR) **All 2020:** **3.74%** **Q2** **3.93%**

Percentage of site sales **All 2020:** **3.27%** **Q2** **4.30%**

Q2 2020 was the moment that e-commerce surged into a new era.

While RTB House campaigns performed strongly throughout the year, it is interesting to note that campaigns performed above average in all key metrics in Q2. During the most critical time for online sales—and in a moment of dynamic and dramatic change—performance actually got stronger.

Data source: RTB House internal statistics for 33 to 44 campaigns run for European marketplaces in 2020



Expert comment

Campaign performance before and after COVID

Volodymyr Opanasenko,
Head of Account Management Strategy, RTB House

“Why the strong results in Q2? Lockdowns in many countries became a catalyst for online retail: closure of brick and mortar stores left no choice for retailers but to speed up their online transition. Due to the uncertainty on financial markets, retailers had to be prudent and mostly invested in channels with quick returns on investment in marketing. Therefore, money floated from online to offline but also from non-measurable branding activities to programmatic ones.

“What’s more, we’ve observed a significant shift in demand. Firstly, people weren’t able to work in offices and had to organize suitable work-from-home environments, which boosted furniture sales. Secondly, travel bans urged people to change their leisure activities and helped boost sales for some apparel brands, especially sports brands. As people searched for goods or infrequently purchased items, personalized ads helped them locate these products and make choices.

“Regarding the results in general, the idea that all marketplaces have universally thrived in 2020 and into 2021 is not entirely accurate. Online retail has grown but we are still in a period of global uncertainty and restricted budgets. However, even under those limitations, we’ve seen that marketplaces are aware of the value of performance and branding campaigns. In fact, at RTB House, we had 33% more active campaigns at the end of the year than at the beginning. Retailers are carefully considering what is the most effective use of budget and are sure that retargeting campaigns offer the right return on spend.

“Going forwards, it is also important to acknowledge that the world is not the same place now as it was 12 months ago. Marketplaces need to consider the type of advertising that works most effectively now and how it might change in the future. With more digital-savvy customers in this new world, retailers need to look at ads that:

- › Meet people where they are browsing, on hand-held devices and in mobile apps
- › Cut through the noise and speak to users directly about things they care about
- › Help customers convert directly in their preferred channel or in as few clicks as possible

“It’s also important to understand the new customer behaviors and have ads tailored to completely different audiences. On the one hand, we have digital-first millennials who will be drawn in by engagement and gamification, like interactive Social and Chat Banners. On the other hand, we have more conservative users who are perhaps less adept online and whose purchase decisions might be driven by delivery options, safety, and simplicity. Speaking directly and effectively to different audiences is possible, it just requires advance planning and the right technology.”

A step-by-step guide to building a marketing campaign



Marketing campaigns powered by Deep Learning technology

Predicting the future is easy... getting it right is the hard part.

All of our technology has been powered by Deep Learning algorithms since 2017. We're the first such solution on the market to be 100% DL-driven. The benefits are at both the front and back end of the process. Deep Learning does not require as much human input at the start to define the calculations and set up the environment. Because it is trained to learn from interacting with data, Deep Learning is a self-improving solution and the coverage and results in comparison to conventional Machine Learning speak for themselves.



80
calculations*

Machine Learning
Conventional

200 000
calculations*

Deep Learning
Super precise

What does 100% Deep Learning mean for your results?

up to

29%

overall performance
increase

up to

41%

higher product
recommendation
efficiency

up to

2.5k

times more operations
leading to the purchase
decision

up to

16%

CTR boost within
the same budget
limitations

up to

50%

more efficient
personalized
retargeting

This last statistic is incredibly important for online marketplaces. It can be difficult to communicate specific brand identity and value to individual clients as marketplaces can often seem like sprawling, expansive superstores. There are thousands of merchants, millions of products, and an ever-growing number of online users. It's easy for users to get a little lost and for advertising messages to also get misdirected from among the fast-moving and wide-ranging flow of offers.

The amount of data created by online marketplaces is massive. It comes in structured and unstructured formats, as well as from a range of sources. We believe that Deep Learning algorithms are the only ones capable of analyzing and interpreting the sheer volume of data, making sense of it, and then defining the right action to take. Because... getting it right is the hard part.

Success stories

At RTB House, we celebrate online commerce and are continually looking for ways to help individual brands and marketplaces supercharge conversion rates and revenues. We run dozens of campaigns—all powered by Deep Learning technology—with marketplaces around the world, in both sole and multiple retargeting scenarios. Here are some of our marketplace partnerships from both the European market and around the world.

Gumtree

A leading classifieds site in the UK with over **13 M monthly visitors.**

+33%

Deploying multiple retargeting strategies with Gumtree's campaigns doubled conversion efficiency and improved traffic efficiency by 1/3.

[Read more](#)

Trendyol

The biggest e-commerce site in Turkey, serving over **200 vendors and 18 M buyers.**

2.5x

Compared to benchmark campaigns, RTB House in-app retargeting campaigns bring 2.5 times higher volume with a higher return on investment.

[View the video](#)

BidOrBuy

A leading online marketplace, based in South Africa, with over **3 M listings at any time.**

+24%

An initial registration campaign and further sub-campaigns led to a 24% increase in sessions on the site and 15% higher revenue.

[Watch our mini case study](#)



About RTB House

RTB House is a global company that provides state-of-the-art marketing technologies for top brands and agencies worldwide. Its proprietary ad buying engine is the first in the world to be powered entirely by Deep Learning algorithms, enabling advertisers to generate outstanding results and reach their goals at every stage of the funnel.

Founded in 2012, the RTB House team comprises 750+ specialists in over 30 locations around the globe. It serves more than 2,000 campaigns for clients across the EMEA, APAC, and Americas regions.

After successfully deploying Deep Learning into 100 percent of its algorithms in 2018, RTB House has continued its research in the field of AI. The AI Marketing Lab and Creative Lab were set up as new divisions of the company focused on inventing and advancing MarTech products. As a result of their work, in 2020 the company introduced AI Full-Funnel Marketing Solutions and awareness video ads, lifting brand communication to the next level.

Speak to us about:

- › Campaigns for online marketplaces
- › The advantages of Deep Learning
- › Improving performance campaigns
- › Multiple retargeting strategies
- › Full-funnel Marketing solutions
- › Social Banners and chat banners
- › Adapting to the cookieless future

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