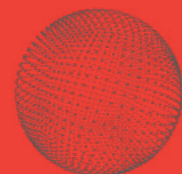


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How to effectively promote online marketplaces through targeted advertising

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5. About RTB House

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 containing text.

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%.

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