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Making marketplaces work for your business

Glen Richardson | Director

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Presentation Outline

1. Why Marketplaces
2. The right marketplace
3. Overstock and returns
4. Concessions
5. Key Considerations
6. International
7. Summary



Why Marketplaces

- Reach
- No marketing costs
- International simplified
- Logistics
- Trust



The Right Marketplace

- Target audience
- Product type
- Fees and costs
- Brand positioning



Hypothetical Examples

| Retailer | Marketplace | Target Audience & Product Type | Brand Positioning | Marketplace Fit |
|-------------------|--------------------|--|--|---|
| Joules | Zalando | Stylish, high-quality clothing and accessories | Unique designs, British heritage style | Fashion-focused, caters to Joules' target audience |
| Hotel Chocolat | Not On The High St | Premium chocolates, gift boxes, hampers | Upscale, innovative, ethical sourcing | Curated selection, focus on unique, high-quality items |
| The White Company | Trouva | Luxury homeware, clothing, minimalist aesthetic | Timeless, high-quality, clean designs | Boutique shops, emphasis on quality and design |
| Lush | Etsy | Handmade cosmetics, bath, and body products | Ethical, fresh, cruelty-free | Platform for handmade, unique, and artisanal products |
| Emma Bridgewater | eBay | Hand-painted ceramics, kitchenware, home accessories | British, artisanal, charming designs | Wide audience reach, supports collectibles and antiques |

Overstock and Returned Goods

- **Inventory management**
- **Reduce losses**
- **Increase cash flow**
- **Sustainability**
- **Dynamic pricing learning**



Online Concessions / Retailer Marketplaces

Cons

- Less profit
- Less control
- Reliance
- Channel conflicts

Pros

- Exposure
- Credibility
- Free marketing
- Test new markets



Debenhams



Key Considerations

- Fees
- Software
- Shipping
- Customer service



The true cost of marketplace products

*Based on Amazon costs



Associated costs of selling three different electrical kitchen products

*Guide prices only, figures can vary depending on business model



| | | | |
|-----------------------|--------|-------|--------|
| Cost price of goods | £11.00 | £6.16 | £52.58 |
| Fulfilment (optional) | £6.59 | £2.91 | £8.30 |
| Storage | £0.62 | £0.21 | £4.97 |
| Returns & Chargebacks | £1.75 | £0.98 | £8.37 |
| Adverts & promos | £8.00 | £4.48 | £16.73 |
| Staff & software | £3.50 | £1.96 | £17.06 |
| Amazon selling fees | £7.65 | £4.28 | £39.33 |
| Vat | £8.33 | £4.66 | |



Fees

| Marketplace | Commission | Additional |
|------------------------|------------|---|
| Amazon | 6-45% | £25/month (excl. VAT) or per item fee |
| eBay | 6% - 12% | 30p per order |
| Etsy | 5% | 16p per listing |
| Folksy | 6% | 15p per listing |
| Not On The High Street | 25% | £199 joining fee |
| Wish | 12-18% | 30p per transaction |
| Fruugo | 15% | 2.35% funds processing fee |
| OnBuy | 5-9% | Standard: £19/month (excl. VAT), Partner: £39/month (excl. VAT) |
| Newegg | 8-12% | N/A |



Inventory Management Software for Marketplaces

| Platforms | Features |
|----------------|---|
| Linnworks | Centralised inventory, order, and shipping management |
| Brightpearl | Complete retail management solution, includes CRM and accounting |
| Veeqo | Multi-channel inventory and order management, integrates with major carriers |
| Cin7 | Inventory management, POS, EDI, and 3PL integration |
| Orderhive | Centralised inventory and order management, automation tools |
| SkuVault | Warehouse and inventory management, real-time data syncing |
| DEAR Inventory | Comprehensive inventory management, integrates with major accounting software |



International Market Expansion

Benefits

- Access new customers
- Increase revenue
- Diversify channels
- Brand exposure
- Test new markets

Considerations

- Research
- Adapt to suit the locale
- Understand taxes
- Factor in currency
- Assess shipping



Summary

- **Consider the Benefits**
Increased visibility, access to new customers, testing new markets, selling overstocks and returned goods
- **Find the right marketplace fit**
Consider target audience, product type, brand positioning
- **Key considerations**
Inventory management, software solutions, international expansion, and fees/charges
- **Continuously optimise**





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Questions

Glen Richardson
glen@exceedity.com