

A JITTERBIT REPORT

eCommerce Marketplace Strategy: The Power of Hyperautomation

How Online Retailers are Using Integration to Maximise Marketplace Revenue and Efficiency



Introduction

The Future of Marketplace eCommerce

At the forefront of embracing new technology and processes, eCommerce has established itself as a global early adopter. With the move to cloud services, mobile-first, programmatic advertising, direct-to-consumer enabled by social integration, and marketplaces – eCommerce is often first to break new ground. As a trusted integration partner for retailers, eCommerce players and marketplaces, here at Jitterbit, we've seen the industry evolve as it adopts new technologies – and in recent years, deliver breakneck innovation to serve its customers in times of crisis and change.

In this report, we wanted to shine a light on the evolution of marketplaces. According to the Centre for Economic and Business Research, revenue from marketplace sales grew 9.4% year-on-year, outstripping the 7.4% growth of companies without a marketplace presence. Behind the scenes, enabling this marketplace growth – and the transformation of the way consumers like to shop – is integration technology. Connections between vendors and marketplaces, connections between logistics and payment services, and many more besides that go into delivering the customer experience.

But as the marketplace market expands, managing and maintaining the multitude of connectors between solutions becomes challenging. Manual data processes creep into operations. Fulfilling peaks in demand is difficult. Supply chain issues emerge, logistics break down, and customers leave poor reviews. Gartner's **trend of hyperautomation** speaks to this challenge – and outlines the only solution for businesses wishing to stay competitive and scale – removing all manual data processes from within the organisation by fully automating integration.

Manual data processes are a toxic debt. Not only do they introduce human error and data silos – they can't easily scale. And as AI increasingly bleeds into business operations, its natural efficiencies are diminished without automated integration. Despite this, our survey of retailers reveals a persistent reliance on manual data processes. But it also shows a keen awareness of the critical importance of embracing hyperautomation. While retailers are struggling to remove data processes from their marketplace presence, a majority are considering launching their own marketplaces – a strategy that, while prescient, metastasises the risks inherent in any remaining manual data processes.

Looking forward, what might we see next in marketplaces? I anticipate that marketplace momentum will continue and that competition between the marketplace brands will intensify. Quality, speed and efficiency in marketplace operations will become even more crucial in vendors' battle to maintain and grow market share. Certainly, we have a long way to go before we reach "peak marketplace", and there's significant opportunity ahead for those retailers that fully embrace hyperautomation. I hope you find this data-led report illuminating and that it provides actionable insights that help accelerate your continued marketplace success.



Joost De Bot

VP & GENERAL MANAGER, EMEA



Methodology

For this report on evolving marketplace strategies, we commissioned third-party independent research company **Vitreous World** to survey 200 eCommerce and retail leaders in the UK, Spain, Germany and the Netherlands to explore the opportunities and challenges they face in executing and expanding their marketplace presence.



SECTION 1

Navigating the Online Marketplace Evolution

GRAPH 1

The majority of surveyed European retailers trade on marketplaces



Yes, we are currently trading on marketplaces



No, but we're considering trading on marketplaces in the future



No, and we're not considering trading on marketplaces in the future

Retailers and Marketplaces: A Two-Way Street

In today's eCommerce landscape, retailers and marketplaces have a symbiotic relationship. Both retailers and marketplaces rely on each other to maintain their brand reputation and ensure customer satisfaction. With an increasing emphasis on consumer ratings, fulfilment efficiency and product pricing, this relationship has become more complex and dynamic than ever before.

Retailers depend on marketplaces to reach a wider audience and streamline their sales process. However, if retailers experience poor service from the marketplace or low traffic, they may seek alternative marketplaces to showcase their products. On the other hand, marketplaces must ensure that their retailers deliver on time and maintain high customer satisfaction – the marketplace brand may suffer if a retailer's fulfilment falters or the product sold doesn't meet the customer's expectations.

As marketplaces evolve, an increasing number are measuring the performance of their vendors, using data to downrate or uprate them in search – and potentially even terminate the relationship altogether. To thrive in this increasingly competitive environment, retailers must carefully manage their marketplace relationships, often adopting a multi-marketplace strategy while at the same time ensuring consistent customer experience across all platforms.

As the number of software, solutions and technologies increases, the challenge of integrating, managing and maintaining connectors increases. This complexity exposes the business risk of any manual data processes in the organisation. To thrive in the expanding marketplace sector, retailers are rapidly realising they must embrace “hyperautomation”.

The term ‘hyperautomation’ was coined by [market analysts Gartner](#), who describe it as the “business-driven, disciplined approach that organisations use to rapidly identify, vet and automate as many business and IT processes as possible.” In a hyperautomated world, manual data processes have nowhere to hide. Every one of the tens – sometimes hundreds – of software, platforms and applications that go into serving your customers and running your business are fully integrated and automated.

The Rise of the Online Marketplace

Your customers prefer shopping on marketplaces. Ease of use, almost infinite choice, simple price comparison, helpful customer reviews, one-click checkout and often high-speed delivery mean marketplaces quickly changed how we all shop.

A study by Digital Commerce found that sales on the top 100 marketplaces represented 62.7 cents out of every dollar spent online in 2020 – up 2.6% from the previous year. It **has been predicted** that by 2025, marketplaces will account for 65% of all cross-border online sales in Europe. Fuelled by the habits of the modern online shopper, the **Centre for Economic and Business Research** (Cebr) reports that in 2022, marketplace sales grew by 9.4%—outstripping the 7.4% growth by companies without marketplace presence.

Indeed, few retailers today believe they can thrive without access to online marketplaces. Our research shows that **all of our respondents were either already trading on at least one marketplace (95%) or anticipated to be within the next five years (5%).** (Graph 1)

GRAPH 2

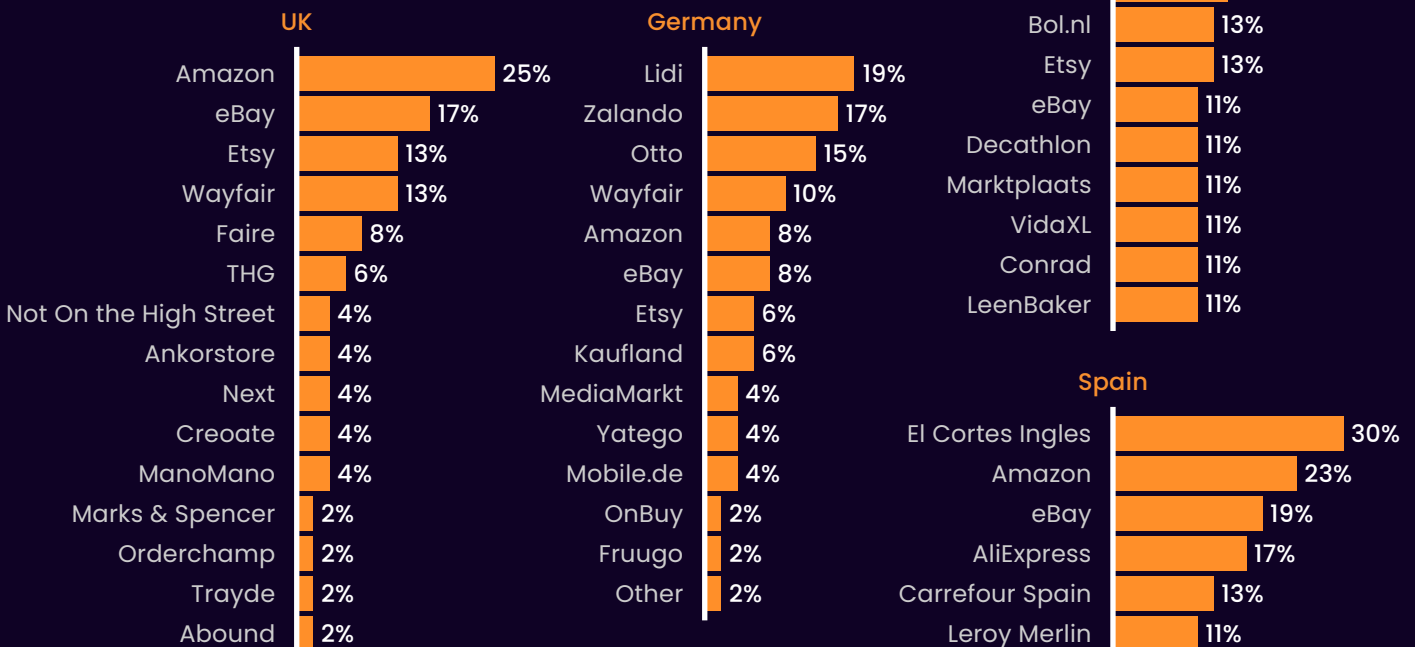
Which marketplaces are the most popular across Europe?



While Amazon, eBay and Etsy remain popular choices overall (Graph 2), smaller marketplaces vary in popularity by country, with regional marketplace platforms holding their own in their respective regional markets (Graph 3). Retailers may wish to consider selling through regional marketplace brands in order to expand their business.

GRAPH 3

Regional marketplace choices



Why Marketplaces, Why Now?

Online marketplaces can give retailers a convenient and cost-effective way to expand their customer reach and boost their sales.

By tapping into an existing audience, retailers get access to a large and diverse pool of new customers, leading to increased visibility and higher sales potential. (Graph 4)

Ultimately, marketplaces and retailers depend on each other for success. Retailers rely on marketplaces for wider audience reach and may migrate to other marketplaces if they encounter poor service or low traffic. Marketplaces, in turn, monitor retailer performance, using data to rate retailers on the platform – and could even terminate partnerships if there are significant issues with fulfilment and customer satisfaction.

By delivering high-volume traffic, handling payment processing, and sometimes even order fulfilment, marketplaces can reduce the burden on retailers, allowing them to focus on other aspects of growing their business.

GRAPH 4

What are the main benefits of trading on marketplaces?



Another advantage is the streamlined consideration of the purchase funnel. Marketplaces are able to invest heavily in perfecting the UX, something many retailers find challenging on their own websites. Indeed, **37% of our respondents named faster buying processes as a benefit of trading on marketplaces.** (Graph 4)

SECTION 2

Common Marketplace Challenges

GRAPH 5

What are the most common challenges with trading on marketplaces?



Too many disparate systems are being used to sell on marketplaces



Staying on top of returns, refunds, and fulfilment via a marketplace is/will be challenging



Keeping data accrued on marketplaces secure



Marketplaces cause stockouts and inventory overload



Our marketplace presence creates data silos in the business



Difficult to get a complete picture of the company from a data point of view

Security issues, monitoring logistics and fulfilment, keeping stock up to date and refunding marketplace customers become more complicated when working with a marketplace separate from your bricks and mortar shop or eCommerce platform. Although our respondents overwhelmingly recognise the benefits of using marketplaces as part of their sales strategy, the majority agree that there are still some challenges to overcome.

78% of our respondents say they find trading on marketplaces challenging. Despite this, 61% say that although it is challenging, it is also manageable. All respondents report they expect to continue trading on marketplaces for the next five years.

The number one challenge identified by respondents (88%) is that they have too many disparate systems currently being used to sell on marketplaces, causing confusion and slowing processes down. Keeping ahead on stock and inventory management (75%), managing fulfilment (86%) and the existence of data silos (73%) and data security (76%) are also mentioned as significant challenges in the business. Issues such as these mean a disconnected and partial view of the company, as reported by 70% of our respondents. (Graph 5)

Manual Processes Make Retailers Less Competitive

Although our respondents in the main feel they are managing the current challenges, they are aware that their old processes and legacy technology mean they are not making the most of the opportunities opened up by marketplaces. Moreover, they suspect others are better at it.

77% of retailers believe they are less competitive in the marketplace than other vendors due to lack of integration.

Despite the majority of our respondents reporting challenges managing their existing presence on marketplaces, **88% of our respondents say they are considering building their own marketplace.**

This shows that marketplaces are so dominant in online retail that retailers are considering a “can’t beat them, join them” approach in order to secure their relationships with customers and protect their brand value. While marketplaces are serving retailers well, they are also presenting the risk of brand dilution, more global competition and significant downward pressure on margins.

While launching a successful marketplace has many benefits, the importance of integrated and automated systems increases with scale and ambition. From our survey, the strategy of retailers vending on multiple marketplaces while also managing their own marketplace may be an increasingly common occurrence.



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The Role of Automation/Integration in the Marketplace

GRAPH 6

How many manual data processes does your company have in their marketplace tech stack?



To make the most of their marketplace strategy, retailers need a system that allows for a seamless flow of stock and refund information, eliminates data silos, and provides management with a comprehensive view of business activities from a data-centric perspective.

Despite this, 83% of retailers admitted to still having more than 10 manual data processes in their marketplace tech stack, with 31% having 31 or more. (Graph 6)

With the majority of challenges reported by retailers connected to the number of disparate systems they are juggling, the good news is that proper integration and a low-code/no-code platform can eliminate the majority of pain points and challenges reported.

By embracing hyperautomation, retailers can unlock the potential to trade on multiple platforms, an opportunity that our data indicates is currently underutilised by most.

Low-code first stop on route to hyperautomation

99% said they are currently using one automation tool as part of their integration marketplace strategy. But even with this in place, 78% of retailers reported finding trading on marketplaces challenging.

Looking ahead, 53% will be looking to incorporate an integration solution in their marketplace strategy within the next five years.

“Using a platform to create and manage simple “point-to-point” connectors is a reasonable way for a small retailer to get started on marketplaces, prove their business model etc. However, as their presence on marketplaces grows, or their business scales, it quickly becomes apparent that managing their single-point connectors becomes its own arduous manual process and source of business risk. Really, to scale successfully through marketplaces, retailers need an integration platform to manage and maintain the myriad integration points – and that’s where Jitterbit comes in.”

– Keith Rigg

VP PRE-SALES & TECHNOLOGY AT JITTERBIT

Integration is the Key to Unlocking Marketplace Opportunity

Multi-vendor marketplaces promise to keep evolving, and retailers need to rapidly adapt and innovate their marketplace strategy if they wish to stay ahead. Technology remains a determinant of their ability to adapt and innovate.


Despite experiencing some challenges, retailers know they must have a marketplace presence to stay competitive.

However, most retailers we surveyed are reluctant to use more than one platform, despite risking missing out on potential revenue, and say that disparate and cumbersome systems are a significant challenge for marketplace trading. The majority of respondents have also considered creating their own marketplace rather than using existing ones.

Most suspect that a lack of integration makes them less competitive than other businesses in the same marketplace. But while the majority have an essential awareness of integration software, most have only incorporated one such solution thus far. The majority of these are using, or considering, a popular ready-to-use low-code/no-code solution, which indicates that applying more powerful integration capabilities could eliminate many of the current pain points and challenges.

Our research indicates that incorporating automated integration makes sound business sense for retailers as part of their marketplace journey. A robust integration strategy ensures that the enterprise operates as a cohesive, productive, agile, and efficient entity. And in this dynamic ecosystem, many retailers will need to expand and diversify their marketplace presence or build their own multi-vendor marketplace in order to remain relevant and competitive.

In today's competitive landscape, it's clear that retailers must act swiftly to adopt or optimise their marketplace strategy to stay ahead. Integration enabling hyperautomation is the new battleground where tomorrow's eCommerce winners will be decided.



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5 Quick Takeaways to Scale and Secure your Marketplace Success in 2023:

01 Embrace integration

Retailers must streamline and integrate their systems to stay competitive. Integration eliminates pain points, reduces manual processes, and creates a more efficient system, allowing businesses to capitalise on multiple marketplaces and even launch their own marketplace offer. As your business scales, abandon simple point-to-point integration solutions – these can quickly become unmanageable. Find an integration partner who provides an Integration Platform as a Service (IPaaS). A good partner will not only make managing your integrations straightforward – they'll also provide the support, solutions and strategies you need to grow as standard.

02 Adopt hyperautomation or AI efficiencies will remain a pipe dream

Automating processes can dramatically improve efficiency and enhance service quality. Retailers must consider hyperautomation to stay ahead in a rapidly evolving eCommerce landscape. As AI solutions are increasingly deployed, automating their integration becomes key to realising efficiencies. With this new wave of hyperspeed AI innovation breaking on the eCommerce shore, retailers without fully-automated integration management are likely to find themselves even more exposed when the tide goes out.

03 Diversify marketplace presence

Don't put all your eggs in one basket – diversify your marketplace presence to maximise revenue. Retailers should explore opportunities in multiple marketplaces to reach a wider audience and capitalise on various consumer preferences. Again, multi-marketplace activation is only feasible with automated integration. Challenges around manual data processes escalate when more marketplaces are added to your mix.

04 Keep an eye on the competition and be ready to pivot

There's only one thing certain in eCommerce – and that is change. It's essential you are on top of emerging trends and opportunities, such as the potential for eCommerce platforms to create multi-brand marketplaces or competitors launching their own marketplaces. Be prepared to adapt your strategy accordingly to stay ahead of the competition. Ensure your systems and processes are automated and can be quickly adapted to accommodate a pivot. Relying on manual processes to update your integrations is too slow and too burdensome to keep up with your competitors and the fast-moving market.

05 Focus on quality, speed, and efficiency

The relationship between the marketplace and the retailer is symbiotic. In an increasingly competitive market, retailers must prioritise not just quality products but excellent customer service and fast delivery. If you can't provide the seamless service that marketplace customers expect, you may find poor reviews become a vicious cycle, impacting sales and leading to more negative ratings. In this spiralling scenario, marketplaces may even terminate your access as a vendor as a result. Staying ahead in the game requires constant attention to these crucial factors and will only succeed with good collaboration and seamless, integrated processes.



jitterbit.com • +1.877.852.3500

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