



European Marketplaces 2022

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Introduction



The European marketplace sector has seen extraordinary growth in the past few years, doubling in revenue to €200bn since 2020 and set for continued growth in the years to come.

This growth has been driven by one simple factor: convenience.

Pre-pandemic, marketplaces were already offering consumers an easy way to search out what they wanted to buy, usually at a competitive price and with excellent delivery and returns options. For many consumers, marketplaces became their first experience of online shopping.

The pandemic naturally extended this. The ‘big bang’ ecommerce expansion it ushered in saw many newbies online shoppers turning to marketplaces to make their first foray into digital retail. The convenience, price competitiveness and ease of use merely cemented this love affair and now marketplaces make up around half of all online sales across the continent.

This explosion in marketplace use has been well documented in previous RetailX reports, but what does the European marketplace landscape look like today and

where is it heading? In this European Marketplaces 2022 report, we have taken the Top 15 marketplaces by traffic in Europe and drilled down into their structure, operation and how they service both consumers and merchants. We reveal just how the sector has evolved from ‘Amazon versus eBay’ to one that features a range of generalist and specialised marketplaces, those owned and operated by retailers and those that have come to dominate their own regions in very short order.

This report looks across four key vectors – Top 500 brand profile, the ability to offer branded storefronts, the range of goods offered by Top 500 brands and the protection marketplaces offer sellers. It then delves into what factors are key to a successful marketplace, what attributes brands need from leading marketplaces and how they are all working to try to protect both brands and customers from fraud, counterfeits and piracy.

The report takes this data to assess current performance of the sector. It looks at how the marketplaces sector is fragmenting to become much more granular and localised, with a very long tail of players. It also looks at the technology that will continue to drive this sector and some of the key trends that both marketplace operators and merchants need to consider as they plan how to reach the consumers of tomorrow.

Ian Jindal, CEO, RetailX

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The global marketplace

Third-party marketplaces are booming globally, with Europe seeing their use surge post-lockdown

In the next five years, third-party online marketplaces are set to be the largest and fastest-growing retail channel globally, accounting for nearly two-thirds of total online sales by 2027. In China, the figure already stands at 80%.

The number of third-party marketplaces operating globally has grown more than 500% since 2007. That growth is expected to continue – albeit at a slowing pace – for the foreseeable future. While grocery, household and pet care are set to be the sectors showing the most rapid growth, all retail sectors are expected to increase their sales across third-party marketplaces.

Together, these rises will see the entire global third-party marketplace economy worth in excess of \$5tn by 2027, up from around \$2.9tn in 2021. Much of this growth is likely to come from just four sites: Amazon, Alibaba, Pinduoduo and JD.com. US retailer Walmart, which also runs a third-party marketplace, is going to be another major player and

between them, these five companies are likely to generate around \$4.3tn of the total sales from marketplaces by 2027. That will be 59% of all ecommerce^[1].

While these companies are nominally US and/or China-based, their reach extends far beyond and these sites are already playing a significant role in reshaping the marketplace markets of all regions, not least in Europe.

THE EUROPEAN LANDSCAPE

The European marketplace market currently takes around half of all ecommerce sales across the region, a figure approaching \$200bn in 2022, up from an estimated \$150bn in 2021 and double 2020's level^[2].

However, the European marketplace landscape is not an even one. In the UK, for example, marketplaces sales account for around 64% of ecommerce sales. In Spain, Italy and Poland, it is closer to 50%. Yet in Greece, marketplaces sales account for less than 1% of ecommerce.

Despite this dichotomy in usage, uptake of third-party marketplaces among European consumers is accelerating in all regions. This is being propelled by both the cost and convenience advantages delivered by the marketplace model. By offering a range of sellers for each product or category being shopped, marketplaces are inherently competitive. For shoppers, this delivers both keen prices as well as other convenience factors such as free and/

or rapid delivery. The marketplace model also offers the convenience of having all sellers in one place, making them a veritable search engine of shopping.

MARKETPLACE MODELS

While marketplaces may be growing to be the dominant force in ecommerce at the expense of more traditional direct-to-consumer brand sites, the distinction between what is a marketplace and what isn't is, around the edges at least, beginning to blur.

There are essentially three different kinds of marketplaces – and a host of hybrids thereof – each operating and adding value to both consumer and brand/merchant in slightly different ways. While the rest of this report will drill into this in detail, by way of an introduction, these three types can be broadly categorised as: pure, mixed and retailer-operated.

Pure marketplaces are platforms that, as the name suggests, purely act as a place to link buyers and sellers. Those sellers can be individuals, brands, merchants, resellers or retail brands and the site is there to handle the marketing, sale, payment processing and, in some cases, fulfilment and delivery of their goods. The best known example of this is eBay.

Mixed marketplaces, on the other hand, do all of this as well as selling their own-label products, often in direct competition with the brands, retailers and sellers using their site. This is the model popularised by Amazon.

The final grouping are retailer-operated marketplaces. These are marketplace sites run by retailers alongside their own online presence. They act as a platform to extend their reach into selling third-party products that typically are an addendum to their core range. An example of this is French supermarket giant Carrefour, which runs a marketplace selling organic and niche foods separately from, but complementary to, the core ranges found on its main site.

Around this three groups is a host of hybrids that take elements of each approach to create novel new ways to sell. One prime example is UK fashion retailer Next, which has created a chimera of all three, turning its own website into its own online store front as well as a marketplace that sells items from other, complementary, brands. Its thinking is that it creates customer value and improves the ROI on creating its online platform in the first place.

MODELS ACROSS EUROPE

Broadly, these different marketplace models are attractive to different degrees in different European markets. Germany and the UK see a relatively high proportion of sales coming through marketplaces. In the UK, perhaps the most developed ecommerce market in Europe, the split between pure marketplaces, mixed marketplaces and non-marketplace retailers is roughly a third each. In Germany, it is more evenly split at around 40% for both mixed marketplaces and non-retailer sales.

These two markets are outliers to the evolution of online retail everywhere else. The pure marketplace is perhaps too generic and unfocused for both of these sophisticated markets, with shoppers instead looking for more specialised offerings from both marketplaces and non-marketplace retailers.

At the other end of the scale, Czechia, Denmark, Finland, Greece, Norway, Sweden and Slovenia are all very light on marketplaces, instead seeing the vast majority of online sales coming from non-marketplace sites.

The Nordics have seen ecommerce grow organically from each country's own domestic retailers, so to date, marketplaces have not thrived. The region is, however, ripe for the growth of retailer-operated marketplaces, with existing retail brands adding marketplace choice and convenience alongside their current offerings.

In the middle, Spain, Italy, Poland and, to some extent, France and Portugal, have an almost 50:50 split between marketplaces and non-marketplace retailers, with almost all marketplace traffic going to mixed marketplaces.

These markets are interesting because they have developed a sub-culture around ecommerce and marketplaces that has very heavily embraced the idea of retailers running their own marketplaces. France's Carrefour and Spain's El Corte Inglés, for example, have

taken the department store/superstore model from the 'real world' and translated it to online.

In the case of Carrefour, it essentially runs two integrated sites – its own and its marketplace – so that in France and, to a lesser extent, Spain, it is collecting traffic from both the non-marketplace and mixed marketplace data.

This level of market dominance indicates that these retailers – along with many others in these regions – have already seen the consumer interest in marketplaces and embraced to, making it their own^[2].

The stand-out in Europe is Poland. Here, both the ecommerce market as a whole and the marketplace space are dominated by Allegro, a home-grown mixed marketplace that has seen stellar growth since its launch in 1999. Allegro now sees some 22m unique customers each month and turned over around €1.14bn in 2021^[3].

[1] www.ascentialedge.com

[2] <https://retailx.net/product/european-marketplaces-report-2021/>

[3] <https://about.allegro.eu/who-we-are/at-a-glance>

Expert insight

Barry Flaherty



Making marketplaces happen: the view from Jitterbit's EMEA business development, UK & DACH

Some of the world's most successful retailers are marketplaces: Amazon, eBay, Alibaba, or Etsy – take your pick. All have enjoyed enormous growth thanks to their incorporation of convenient, all-in-one, personalised platforms that satisfy the modern customer's needs.

It's no surprise then that merchants, brands, and retailers are increasingly adopting the marketplace into the core of their strategy, rather than treating it as a standalone satellite project on the edges of their business.

The (market)place to be

As with every technological boom, there are actors behind the scenes whose work enables the success of others. Technology companies like Jitterbit, The Hut Group and Mirakl are the 'pick and shovel' enablers of the marketplace era. We've understood that B2B, B2C, and D2C marketplace models can't function without the right

solutions – and we know reward doesn't just come from owning whatever the precious product is itself.

Marketplaces are almost living, breathing things – always on, always moving, always open. They can ill afford too many disparate, disconnected systems in play, leading to data silos and preventing leadership from having a complete view of the organisation.

iPaaS companies are therefore crucial to the continued prevalence of marketplaces. Marketplaces need an entity to be the connective tissue that pulls a busy organisation's entire digital and ecommerce infrastructure together.

Giving back control

It's a complex picture, especially with manual legacy processes being replaced by a new generation of technology solutions, increasing the depth and breadth of connectivity and connectors, microservices, analytics, and API. At Jitterbit, we're able to take this responsibility away from merchants, suppliers and brands, and give them back greater control and a better-managed inventory.

Integration ultimately allows them to meet growing omnichannel needs, master supply chain logistics and supplier management, inform real-time purchasing decisions with accurate real-time data, and provide the insights the modern ecommerce and marketplace business needs to run an effective operating model.

Looking to the future

While marketplace goliaths like Amazon, eBay and Alibaba grab the headlines, I believe the next few years will be all about an explosion of single product and brand-owned marketplaces. These will be driven by younger consumers who will demand more choice, transparent pricing, evidence of sustainability efforts and a feeling of authentic community from the brands they purchase from – all while competing transactions at the speed of light.

As these kinds of marketplaces grow and accelerate, the forward-thinking and futuristic retailers of tomorrow need to keep pace in an increasingly competitive world. As they do, Jitterbit and the marketplace 'enablers' will be on hand to provide the digital picks and shovels of tomorrow.



Jitterbit, the API transformation company, makes it quicker and easier for businesses to exploit data from any source, empowering them to rapidly innovate and make faster, more effective decisions. The Jitterbit Harmony API integration platform and API360 solutions enable companies to quickly connect SaaS, on-premises, and cloud applications and instantly infuse intelligence into any business process.
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Marketplaces don't have to be hard

At Jitterbit, we help some of the world's leading retail marketplaces innovate, automate and scale.

We have the solutions and the experience to accelerate innovation, drive scale and improve your vendor and end-customer experience.

For more information on how we can accelerate your marketplace, visit: www.jitterbit.com/solutions/e-commerce-integration/



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Marketplace structures

How are Europe's Top 15 marketplaces structured and what do they offer?

Figure 1: How the Top 15 marketplaces operating in Europe are structured

MARKETPLACE PROFILE:	ALIEXPRESS	ALLEGRO	AMAZON	BOL.COM	CDISCOUNT	DECATHLON	EBAY	EMAG	ETSY	FNAC	LEROY MERLIN	LIDL/KAUFLAND	MEDIA MARKT	OTTO	ZALANDO
HEADQUARTERS	CHINA	POLAND	UNITED STATES	NETHERLANDS	FRANCE	FRANCE	UNITED STATES	ROMANIA	UNITED STATES	FRANCE	FRANCE	GERMANY	GERMANY	GERMANY	GERMANY
Annual web traffic from Europe	272,417,844	2,760,000,000	6,427,667,794	225,121,457	192,241,268	193,606,882	2,509,205,471	188,686,341	159,859,301	147,613,831	235,141,345	163,065,350	141,154,443	186,249,988	308,237,119
Revenue 2021 (mUSD)	717,289	1,385.10	469,822	554.3	2,580.10	4,331.80	10,420.00	2,070	2,329.10	8,042.60	7,550.60	1,209.60	1,594.60	15,459.70	10,386.80
Number of sellers	10,000	>135,000	9,700,000	50,000	13,000	1,300	19,000,000	30,000	4,360,000	2,000	-	-	-	7,000,000	7,000
Number of RetailX Top500 Brands with a seller profile	0	9	172	257	6	12	355	143	9	7	8	146	32	210	236
Most trafficked domain in Europe	aliexpress.com	allegro.pl	amazon.de	bol.com	cdiscount.com	deathlon.fr	ebay.co.uk	emag.ro	etsy.com	fnac.com	leroymerlin.fr	lidl.de	mediamarkt.de	otto.de	zalando.de
Languages offered in Europe	Arabic (ARA) German (DEU) English (ENG) French (FRA) Hebrew (HEB) Italian (ITA) Japanese (JPN) Polish (POL) Portuguese (POR) Russian (RUS) Spanish (SPA) Turkish (TUR) Dutch (NLD)	English (ENG) Polish (POL) Ukrainian (UKR) Czech (CZ)	Czech (CES) English (ENG) Dutch (NLD) Polish (POL) Turkish (TUR) Spanish (SPA) Italian (ITA) German (DEU) French (FRA) Portuguese (POR)	French (FRA) Dutch (NLD)	French (FRA)	English (ENG) French (FRA) Dutch (NLD) Spanish (SPA) Italian (ITA) German (DEU) Greek (GRE) Turkish (TUR) Polish (POL) Portuguese (POR)	English (ENG) French (FRA) Dutch (NLD) Spanish (SPA) Italian (ITA) German (DEU) Russian (RUS)	Romanian (RON)	Danish (DAN) German (DEU) English (ENG) French (FRA) Italian (ITA) Polish (POL) Portuguese (POR) Russian (RUS) Spanish (SPA) Chinese (ZHO)	French (FRA) Dutch (NLD) Spanish (SPA) Greek (GRE) Italian (ITA) Portuguese (POR)	French (FRA) Greek (GRE) Italian (ITA) Polish (POL) Portuguese (POR) Romanian (RON) Russian (RUS) Spanish (SPA) Ukrainian (UKR)	German (DEU) Polish (POL) Ukrainian (UKR) Czech (CZ) Bulgarian (BUL) Croatian (HRV) Romanian (RON) Slovak (SLO)	German (DEU) Italian (ITA) Spanish (SPA) French (FRA) Dutch (NLD) Greek (GRE) Turkish (TUR) Polish (POL) Hungarian (HUN) Swedish (SWE)	German (DEU)	English (ENG) German (DEU) French (FRA) Dutch (NLD) Italian (ITA) Spanish (SPA) Polish (POL) Swedish (SWE) Danish (DAN) Norwegian (NOR) Finnish (FIN) Slovak (SLO) Slovenian (SLV) Czech (CZ) Croatian (HRV) Lithuanian (LIT) Latvian (LAV) Estonian (EST) Hungarian (HUN) Romanian (RON)
Marketplace structure (products sold by)	Third-party sellers	Third-party sellers	Host / Third-party sellers	Host / Third-party sellers	Host / Third-party sellers	Host / Third-party sellers	Third-party sellers	Host / Third-party sellers	Third-party sellers	Host / Third-party sellers	Host / Third-party sellers	Host	Host / Third-party sellers	Host / Third-party sellers	Host / Third-party sellers
Pricing	Fixed price listings	Fixed price listings / Auctions	Fixed price listings	Fixed price listings	Fixed price listings	Fixed price listings	Fixed price listings / Auctions / Bargain	Fixed price listings	Fixed price listings	Fixed price listings	Fixed price listings	Fixed price listings	Fixed price listings	Fixed price listings	Fixed price listings
Payment processing	Payments are accepted and processed by the host	Payments are accepted and processed by the host	Payments are accepted and processed by the host	Both of the above	Both of the above	Both of the above	Payment can be processed by either the host or the marketplace	Both of the above	Both of the above	Payments are accepted and processed by the host	Payments are accepted and processed by the host	Payments are accepted and processed by the host	Both of the above	Payments are accepted and processed by the host	Payments are accepted and processed by the host

Source: RetailX

While the European ecommerce landscape is awash with marketplaces, it is also one marked out by a very long tail of players, spread across niche and specialist markets, dedicated to verticals or servicing local and geographical markets on a very granular level.

To gain a view of the overall performance of such a disparate market, RetailX is looking at the Top 15 marketplaces in Europe by traffic to garner a view of how brands, retailers and merchants use these platforms. The research also looks at how the vast number of consumers across the continent interact with these services, how easy they are to use and what they offer.

Figure 1 looks at who those Top 15 are, giving a view on how large they are, what they offer and how they service merchants and brands. It paints an interesting picture.

GLOBAL VERSES LOCAL

The first thing to note is that half of the marketplaces on the list are globally recognised brands that already dominate the discussion around ecommerce and marketplaces. The other half of the list, however, is made up of regionally specific marketplaces that service much more localised country-based markets or specific geographic groupings within parts of Europe.

A look at the languages offered by each marketplace gives a strong indication of the markets in which they primarily

operate and, when correlated with their country of HQ, reveals that many of the international players are, in fact, located outside of Europe, yet operate across multiple European markets. The rest are often focused on just one country or one country and its near neighbours.

At one end of this split are the likes of AliExpress, Amazon, eBay, Etsy and Zalando, all of which are international players and well-established brands in their own right. Such big players command annual European traffic levels in the billions and, for Amazon and eBay, seller numbers well into the low millions.

These international players offer a wide audience to their sellers, offer the customers a correspondingly wide choice of goods and are geared up to sell in the languages of their target markets.

Conversely, a wide range of Top 15 marketplaces are headquartered in the only market that they serve. Being more locally focused, these often offer customers just one language. However, these players have very strong numbers and can be dominant in the markets they serve.

Germany's OTTO, for example, has 7m sellers – not that far behind the 9.7m found on Amazon and way ahead of the 4.4m on Etsy. These numbers show that this site, which operates almost exclusively in Germany – and only in German – commands a strong presence in just that market.

Similarly, Holland's Bol.com only services Dutch and French-speaking Walloon markets but still features 50,000 sellers and generates almost 200m hits a year. On the surface, these are small numbers but they are impressive given the size of the market it targets.

The data also allows us to infer that many of these geographically specific marketplaces are dominant in their markets. Looking across languages offered, most of those that occur in long lists for the large international players, don't include these market-specific ones. In many markets, the likes of Amazon, eBay, AliExpress and Etsy operate some sort of sales, yet there are already much more dominant local marketplaces already present.

In many markets, for instance, Amazon has a presence but isn't the dominant seller – that position having been taken by a local incumbent. Poland is a good example. While Polish is served up by, say, Amazon, the Polish market is dominated by Allegro – a site that has more than 135,000 sellers and nearly 3bn annual hits.

MIXED VERSES PURE

The second thing of note is the mixture of mixed verses pure marketplaces in Europe. Pure marketplaces – those that only sell products from third-party sellers – are outnumbered by three to two by marketplaces that sell both third-party items and their own 'host' brands. There are ten mixed marketplaces in the top 15 and four pure.

Lidl, which sells only its own Lidl-branded goods, is a standout to which we shall return in due course.

There is no direct geographical link between where these differently structured marketplace models are found, nor by what they sell. According to the data, AliExpress, Allegro, eBay and Etsy are all third-party only sellers and the one thing they do all have in common is that they are very successful – each with high traffic numbers from Europe aimed at a vast array of sellers.

The mixed marketplaces that make up the majority of the Top 15 similarly don't have any direct sectoral or geographical link. Instead, the data points towards how these companies have evolved. Well-established players such as Amazon, Bol, Zalando and Leroy Merlin, have all grown from a third-party model – either as marketplaces or as retailers – then added branded goods over time.

Lidl and Decathlon are anomalous. Both are well-known retailers that have morphed into marketplace selling and, in many regards, have converged on the marketplace model from opposite ends of the retail spectrum.

Decathlon was a retailer selling its own good, which has added other brands to what it sells, alongside allowing third-party sellers to sell through its site. Lidl, meanwhile, was more of a classic supermarket model selling other brands, but now sells only its own brands, made and

supplied by third-parties but sold under the Lidl brand name. These two retailers are examples of how the marketplace model continues to evolve around how consumers, retailers and brands all use ecommerce.

PAYMENTS

The final element of marketplace structure seen across the Top 15 marketplaces in Europe is how they are priced and how they accept and process payments. All 15 sites run fixed price listings – selling goods at a predetermined and immutable price. Some, however, also offer auctions and bids, as well as discount pricing.

eBay, one of the pioneers of the pure marketplace model, started life as an auction site, with sellers putting up items for sale and allowing buyers to bid for them over a set period of time. While this process is still in place on eBay, the retailer opted to start offering fixed price listings on goods back in 2014 in order to keep pace with its largest rival, Amazon, which has always used fixed price listings.

Today, it is only eBay and Allegro that offer auction offerings as well as fixed price listings, an indication of how the market for online shopping has moved towards buying new and used goods at a set price.

It is worthy of note that, while fixed pricing dominates the Top 15 marketplaces, auctions and offers are slowly creeping back into the longer tail of niche marketplaces

that are proliferating, not least around pre-loved and re-use sites that are starting to gain traction among consumers looking to live and shop more sustainably.

When it comes to processing payments, all of the Top 15 accept and process the payments on behalf of the sellers. This comes as little surprise, since handling the complexities and risk of payments for goods is one of the USPs for marketplaces.

For merchants, taking the strain and cost of handling payments is a boon to growth. More tellingly, having the marketplace taking the payment and, once received, passing it on (minus its commission) to the merchant – is an added advantage, especially for smaller sellers.

Some of the sites also allow the merchant to handle their own payments, which is something that can be advantageous to those larger sellers that already have a sophisticated payments processing system and range of acquirers in place. Increasingly, though, all sellers are coming to expect payments processing as being a key part of what makes a marketplace a marketplace.

Marketplace operation

Figure 2: How the Top 15 marketplaces operating in Europe service merchants

MARKETPLACE PROFILE:	ALIEXPRESS	ALLEGRO	AMAZON	BOL.COM	CDISCOUNT	DECATHLON	EBAY	EMAG	ETSY	FNAC	LEROY MERLIN	LIDL/KAUFLAND	MEDIA MARKT	OTTO	ZALANDO
HEADQUARTERS	CHINA	POLAND	UNITED STATES	NETHERLANDS	FRANCE	FRANCE	UNITED STATES	ROMANIA	UNITED STATES	FRANCE	FRANCE	GERMANY	GERMANY	GERMANY	GERMANY
Marketplace structure (products sold by)	Third-party sellers	Third-party sellers	Host / Third-party sellers	Host / Third-party sellers	Host / Third-party sellers	Host / Third-party sellers	Third-party sellers	Host / Third-party sellers	Third-party sellers	Host / Third-party sellers	Host / Third-party sellers	Host	Host / Third-party sellers	Host / Third-party sellers	Host / Third-party sellers
Listings	Each seller operates its own listings	Sellers offering identical products are combined in a single listing	Each seller operates its own listings	Each seller operates its own listings	Sellers offering identical products are combined in a single listing	Each seller operates its own listings	Each seller operates its own listings	Sellers offering identical products are combined in a single listing	Each seller operates its own listings	Each seller operates its own listings	Each seller operates its own listings	Each seller operates its own listings	Each seller operates its own listings	Each seller operates its own listings	Each seller operates its own listings
Product promotion / advertising available	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	No	No	No	Yes	No	Yes
Marketplace open to seller types	Own-label companies / Small and medium-sized enterprises	Own-label companies / Retailers	Own-label companies / Retailers	Own-label companies / Retailers	Own-label companies / Retailers	Own-label companies	Own-label companies / Retailers / Individuals	Own-label companies / Retailers	Own-label companies / Individuals / Small and medium-sized enterprises	Own-label companies / Retailers	Own-label companies / Retailers	Retailers	Retailers	Own-label companies / Retailers	Own-label companies / Retailers
Requirements for a seller to register on the marketplace	Must be a registered company, registered / residential address required, ID number of company representative / company contact number / eligibility limited to HQ country	Must be a registered company, ID from company representatives / all documents must be submitted with a certified English translation	Must be a registered company, individuals must submit ID, bank card must be added, registered / residential address required	Must be a registered company, registered / residential address required, contact details	Must be a registered company, individuals must submit ID, bank account must be added	Must be a registered company	Must be a registered company, bank account must be added, registered / residential address required, landline phone number	Must be a registered company, bank account must be added, company representative ID	Must be a registered company, bank account must be added	None	Must be a registered company with an address and contact details	Must be a registered company	Must be a registered company, bank account must be added	Must be a registered company	Must be a registered company with an address and contact details
Monthly subscription fees to sell through the marketplace	No	No	*Yes (Non-basic plan only, small sellers are exempt)	No	Yes	No	Yes	No	Yes	Yes	Yes	No	Yes	Yes	Information not available
Special account or options for brands available	No	Yes	Yes	No	No	No	No	No	No	No	No	No	No	No	Yes
Policing of fake branded goods available	Yes	Yes	Yes	No	No	-	Yes	No	Yes	No	No	No	-	No	-
Possible for brands to limit others from selling its goods	Not applicable	Yes	-	Yes	-	Yes	-	-	-	No	No	No	-	-	-

Source: RetailX

As Figure 2 shows, RetailX has looked at a range of operational functions offered by the Top 15 marketplaces in Europe to assess what different business models exist in the sector and what they offer brands and sellers.

SELLER TYPES AND REQUIREMENTS

The kinds of sellers operating on Europe's Top 15 marketplaces combine to paint an interesting picture of the state of ecommerce in Europe. Only 13% of the sample – AliExpress and Etsy – are open to sellers from across the gamut of brands, retailers and SMEs. The vast majority (87%) are predominantly used by marketplace own-label goods and retailers – both, in their way, brands – to sell.

This exemplifies how the European ecommerce market is keenly embracing the use of marketplaces as part of their wider operations. Retailers increasingly see the benefits of using marketplaces alongside their own direct-to-consumer ecommerce sites, both to augment their sales by reaching consumers who are increasingly using marketplaces as a convenient way to shop, as well as using them to expand into new geographical markets.

All but one marketplace requires that each seller be a registered company and must submit ID of a company representative with address and contact details, as well as bank details. Where marketplaces also allow individuals to sell, these sellers must submit ID and bank details. Many of them require this in English.

Only Fnac requires no registrant requirements to sell through the site, although the company does insist that any seller has an average rating of 4.5 out of 5 to sell, along with a claim rate below 5% and an order acceptance rate above 95%.

For Zalando, sellers must have a webstore online and be a registered business, they must sell clothing or shoes and must have a 100 day free returns policy already in place.

LISTINGS AND OPERATIONS

Across the Top 15 marketplaces, 80% allow each seller to operate and manage its own listings on the marketplace, allowing the site's algorithms to display merchants based on price, delivery options and availability of whichever tropes that particular marketplace chooses.

This flexibility extends to how the merchant or brand categorises what it sells and so can, to some extent, control what searches made by consumers will display its items as well as where in the list they will appear. While consumer searches by price will control the listing order around the pricing, the seller has more control over how and where it appears in searches based on broader factors – such as delivery times and availability – and so has more control.

This means that pricing – and therefore margin – is directly in the hands of the seller, rather than the marketplace, allowing for the seller to be able to create the offers that it

wants to portray through the marketplace, manage what it sells and use the marketplace as effectively as possible as part of its own selling operation.

This level of control is increasingly important as more sellers, brands and retailers use marketplaces to augment their own online sales, expand to new markets, or sell off stock. Brands and retailers in particular want to be able to control their brand even when using a branded marketplace site. Having control over listings helps this.

The 20% of marketplaces that don't offer this – Allegro, Cdiscount and eMag – instead list sellers of identical products in a single listing. This is simpler to operate but it does see sellers directly competing against other brands and, in the case of eMag and Cdiscount, against the marketplace's own brands too. This, to some degree, democratises the process for the consumer, allowing the shopper to see all identical products pitched against each other so they can make a purchase based on their own needs. For example, a shopper may simply want the cheapest or they may choose one that can be delivered more quickly or one that can be bought from a particular, favoured seller.

From a brand point of view, this can mean that their items, unless 'top of the buy box', run the risk of not being discovered at all in a very competitive category. It also tends to force brands to look at how to be the cheapest,

which can rapidly erode margins when faced with stiff competition. However, there are advantages to selling this way. It can be easier for the consumer to make a decision based on factors that matter to them, so it can be a successful model if the brand or retailer's business model can 'run lean' and accommodate competitive pricing. Such a model can also prove an ideal way for offloading B-stock and end-of-line items, where to sell it in any other way would require heavy discounting.

SUBSCRIPTIONS, ACCOUNTS AND PROTECTION

How sellers pay to sell on the Top 15 marketplace also varies. Half charge a monthly subscription fee to sellers, while the other half don't. Amazon sits in the middle, not charging small sellers and those using its most basic plan but charging a sliding scale to all others. Only three out of the 15 offer a special account for brands, none of them as part of a paid subscription.

Part of what brands and sellers expect to get, whether they pay a subscription or not, is protection from fakes, as well as some degree of protection from unfair competition from other brands and sellers on the same site.

According to the research, of the 12 marketplaces for which it was possible to determine if they offer brands any form of protection against fakes, only five do (42%). The remaining seven don't.

Protection from fakes is increasingly important to sellers, especially brands, since those selling such fakes not only do the brands themselves enormous damage in terms of image and customer satisfaction, but are also in a position to undercut the real brands, cutting vital sales from the real brands and real retailers.

As far back as 2018, it was estimated that counterfeit bags, clothing, smartphones and drugs cost the European economy €60bn, a trend that was rising^[1]. Research in 2020 by The European Union Intellectual Property Office (EUIPO) found that as many as one in ten EU online shoppers believe that they have been misled into buying counterfeits, while a third of Europeans (33%) are unsure as to whether a product they have purchased is original^[2].

As a result, uncertainty regarding counterfeit products has become a growing concern for consumers, with many reporting themselves unable to distinguish between genuine and fake goods.

This is particularly the case on online marketplaces, where counterfeit goods are made to appear 'real' through unauthorised use of the brand owner's own marketing product photographs and/or descriptions.

A separate study in 2021 by the International Trademark Association (INTA) identified marketplaces as being the best placed to tackle the problem since they have the most

direct relationship with the sellers. It recommended that marketplaces should take more responsibility for verifying the identities and addresses of sellers and improve disclosure policies to facilitate access by brand owners and law enforcement authorities to seller identities^[3]. RetailX data suggest that while some players have taken this on board, there is still a lot of work to be done by the sector.

Several of the marketplaces in the Top 15 also allow brands to prevent other sellers from selling their goods. Of the seven sites where data was available, three (43%) offer this choice – Allegro, Bol.com and Decathlon. The rest either have no policy or actively don't allow brands to police who, legitimately, resells their goods.

This is good for consumers because it can bring price and service competitiveness to bear. However, it can be problematic for brands, since it means that they have reduced control over what is sold where and by whom, further diluting their brand on marketplaces. It can also be a complication for marketplaces looking to police and prevent fraud.

[1] www.euractiv.com/section/economy-jobs/news/eu-loses-e60-billion-annually-to-counterfeits/

[2] https://euiipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/Awareness_campaigns/spring_campaign_2021/2021_Spring_Campaign_en.pdf

[3] www.inta.org/wp-content/uploads/public-files/advocacy/committee-reports/Addressing_the_Sale_of_Counterfeits_on_the_Internet_June_2021_edit.pdf

Consumer friendliness

Figure 3: Table of what the Top 15 marketplaces operating in Europe offer to consumers

MARKETPLACE PROFILE:	ALIEXPRESS	ALLEGRO	AMAZON	BOL.COM	CDISCOUNT	DECATHLON	EBAY	EMAG	ETSY	FNAC	LEROY MERLIN	LIDL/KAUFLAND	MEDIA MARKT	OTTO	ZALANDO
HEADQUARTERS	CHINA	POLAND	UNITED STATES	NETHERLANDS	FRANCE	FRANCE	UNITED STATES	ROMANIA	UNITED STATES	FRANCE	FRANCE	GERMANY	GERMANY	GERMANY	GERMANY
Headquarters	China	Poland	United States	Netherlands	France	France	United States	Romania	United States	France	France	Germany	Germany	Germany	Germany
Offers buyer / shopper protection	Yes	Yes	Yes	No	No	No	Yes	No	No	No	No	Yes	No	No	No
Offers a subscription service to buyers	No	Yes	Yes	Yes	Yes	No	No	Yes	No	Yes	No	No	No	Yes	Yes
Included in the subscription	-	Standing order of products, free shipping, product discounts, shopping festivals, early access to products, instant delivery, free returns, more payment options, preferential BNPL conditions via Allegro Pay	Free shipping, discounted shipping, early access to products, points that can be redeemed, video, music and book streaming and download	Free shipping, product discounts, points that can be redeemed, free pickup and return	Free shipping, product discounts, points that can be redeemed	-	-	Free shipping, product discounts	-	Maintenance and repair of devices	-	-	-	Points that can be redeemed, delivery flat rate	Early access to products, premium delivery, free pickup for returns, personal style advice
Yearly cost for the subscription	-	€10	€107.88	€9.99	€29	-	-	€20.26	-	€7.50	-	-	-	€9.90	€15
Unlogged, clicks required to finish the purchase	5	7	8	7	9	12	6	8	6	11	11	9	10	10	8
Unlogged, mandatory text boxes to finish the purchase	14	11	12	12	11	15	8	6	9	15	11	12	11	15	11
Compulsory to create an account to checkout	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes	No	No	Yes	Yes
Offers to create an account during checkout	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Logged in, clicks required to finish the purchase	5	3	4	5	6	6	3	6	5	6	7	3	7	6	5
Logged in, mandatory text boxes to finish the purchase	14	0	0	0	2	4	0	0	3	0	0	2	0	3	4
Option to save payment details	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes	No	No
Option to save address	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Source: RetailX

The rise of the marketplace has been driven by the convenience that they offer consumers. Shoppers turn to these sites because they can easily find what they are looking for, from a variety of sellers, usually at a keen price and with a range of delivery options.

By looking at how the Top 15 in Europe perform against a range of consumer-facing factors, as seen in Figure 3, it is possible to assess not only the basic usability of these sites, but also tease out some of the trends that are set to shape marketplace design in the coming years.

The data gathered by RetailX on the performance of the customer-facing aspects of Europe's Top 15 marketplaces can be roughly split in three intertwined strands: the steps needed to make a purchase; the ability to subscribe to, or join, the marketplaces to enhance both this and the overall experience level of using the marketplace; and the need to protect buyers.

BASIC SHOPPER JOURNEY

Looking at the steps to purchase first, RetailX has assessed how easy it is to make a purchase on each site, both as a 'guest' and as a logged-in user. The picture is clear: for most marketplaces sampled, there is a marked difference in the logged-in and unlogged-in shopping experiences.

Aside from AliExpress, all the marketplaces require more clicks to get from selection to purchase, with the average

for the sample being 8.5 clicks required to finish a buy when not logged-in against just five for those that are logged-in. The maximum number of unlogged-in clicks is 12 for Decathlon, while the minimum number of clicks for those that are logged-in can be found at Allegro, eBay and Lidl, each with three.

A similar pattern is seen with mandatory text boxes that need to be filled in to complete a purchase, with the average for unlogged-in customers standing at a relatively high 11.5, compared to just 2.3 for logged-in customers. This average is skewed up by AliExpress taking a huge 14 mandatory text boxes. With AliExpress excluded, the average for the remaining 14 marketplaces becomes a tiny 1.3 text boxes.

The picture is clear: marketplaces want consumers to log in and they do so by making it much easier to shop and checkout if they do.

The marketplaces all also push shoppers to create an account during checkout, with 100% of the sample offering this at least once during the checkout process and with 87% of them making it as good as compulsory.

Marketplaces, as with any other ecommerce entity, want customer data. Getting shoppers to log-in and hand over their address, email, phone number and even payment details makes the shopping experience much better for

the shopper, but really it gives the marketplace a deeper understanding of what each shopper likes and does, where they are located and a means to directly market to them. This data is valuable to the running of the marketplace by helping it attract more customers and turn over more revenue. In turn, this acts as a way to attract more brands and retailers to the marketplace, creating a virtuous circle.

However, it also creates a conundrum for brands and retailers: who owns the customer? The inherent value of brands and retailers is their customer base. While marketplace selling can grow that customer base, it can come at the price of ceding the very same to the marketplace. Balancing the need to grow, the reach of marketplaces and the desire to maintain a primary link with the customers without handing them over on a plate to the marketplace is something that both brands and marketplaces work hard to achieve.

SUBSCRIPTIONS

One mechanism for achieving this has been for marketplaces to offer subscriptions to customers, tying them in to that marketplace by perks, which then frees the marketplace to show greater largesse around sharing its customer and sales data with the brands that sell through the site.

According to RetailX's data, slightly more than half (53%) of the Top 15 offer consumers a subscription service, showing

that the model, popularised by Amazon with its Amazon Prime offering launched in 2007, is starting to gain some credence with both consumers and the marketplaces.

However, what that subscription yields the consumer still varies wildly between the different marketplaces. Allegro, for instance, offers the most from a subscription, listing standing order of products, free shipping, discounts, shopping festivals with early access to products, instant deliver, free returns and a greater range of payment options, including preferential BNPL conditions via Allegro Pay. By contrast, Fnac offers just the maintenance and repair of devices.

The other eight marketplaces with subscriptions offer a selection of features found in Allegro's subscription bundle, with free shipping being the most common among five of the eight. Discounts are seen among half of them.

The ability to save payment details and delivery address is also common, with only Decathlon, Etsy and Zalando not making that process universally available. All sites allow the shopper to save their address.

BUYER PROTECTION

Also worthy of a mention is just how marketplaces protect consumers from bad sellers. We have seen that a growing number of these platforms are making moves to help protect brands and retailers from the rise in sales of fakes, with 42% doing something to help.

But what are they doing to protect consumers? The research points to a slightly worse level of protection for shoppers, with 67% of the Top 15 not offering any form of consumer protection.

Only AliExpress, Allegro, Amazon, eBay and Lidl do so. These marketplaces, all dominant players in many of the European markets in which they operate, set the standard for how consumers need to be protected not just from fakes but all manner of cybercrime – as well as protecting and, indeed enhancing, their own brand's reputation.

These players are winning 'hearts and minds' as a result and have among the largest customer bases of the sample.

The bulk of the Top 15, however, are still operating in the mindset that the marketplace is self-regulating and that, while it offers a platform to connect buyers with sellers, handles payments and perhaps shipping, there the value-adding ends.

This is set to change in the coming years as, with price and delivery now pretty standard across the market, customer service and other 'soft' enhancements are set to become key differentiators within the ever more competitive marketplace landscape in Europe.

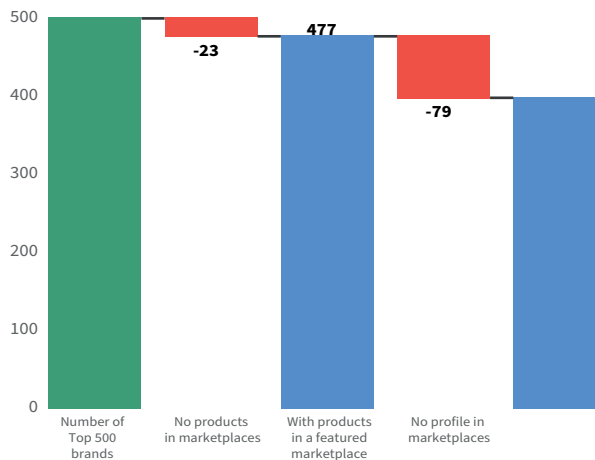
Marketplace use among Top 500 brands

How do Europe’s Top 500 brands and retailers use the Top 15 marketplaces shows the power these platforms now have in the wider retail environment

Brands and retailers are increasingly using marketplaces, often as part of a wider omnichannel approach to sales. Statistically, marketplaces are becoming the first port of call for many shoppers, so despite misgivings about ceding some brand identity and perhaps handing over their hard-won customer base to these up-start new entrants, for many retailers and brands, there is a real impetus to swallow these worries and go where the customers are. If they don’t, the customers will go to the marketplaces anyway.

Marketplaces also offer retailers and brands a range of other incentives to sweeten the pill. For many, they offer a low-cost, low-risk means of entering new markets, trialling new ranges and selling old stock. They can also help aid delivery and payments, as well as taking some of the marketing burden from brands and retailers.

Figure 4: Top500 brands engagement with European marketplaces



Source: RetailX

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BRAND AND RETAILER SAMPLE

For this sector report, RetailX has assessed how its bespoke list of Top500 retailers and brands use the Top 15 marketplaces outlined in the previous sections (see pages 8, 10 and 12) . This extensive list covers the top players in online retail in Europe and features, among many, Elite retailers Marks and Spencer, H&M, L’Occitane, Claire’s and Tripp. It also features a wide range of well-known retailers from across the region, from Apple to Ikea to Ubisoft^[1].

Of these Top 500, 477 of them have a presence on at least one of the Top 15 European marketplaces, with at the very least their products being available either as a branded store or being resold by merchants and third-parties. Of these, 421 have an actual dedicated profile on at least one of the marketplaces.

This shows how important marketplaces increasingly are to brands and retailers selling in the European market, with just 5% not having a presence on any of the Top 15 marketplaces studied. The data also indicates that the vast majority of those that are using marketplaces are doing so with their own dedicated presence. Some 84% of Top 500 retailers and brands in Europe have a profile within at least one marketplace, showing that not only do many see their products sold by third-parties, but are also leveraging marketplaces to create their own branded spaces and storefronts. This points to brands and retailers proactively tackling fears that using marketplaces erodes brand identity and can risk handing over hard-won and valuable customers to the marketplace. Instead, the retailers and brands are using these platforms to create and extend their reach.

This demonstrates not only how important marketplaces now are in the sales mix for Top 500 retailers, but also shows that Elite and Leading brands, which typically sought to tightly control their brand image, are prepared to work with marketplaces to reach a wider audience.

For both brand and marketplace there are advantages, with each basking in the halo of the other: a union of brand and marketplace brand being seen as a powerful consumer marketing strategy.

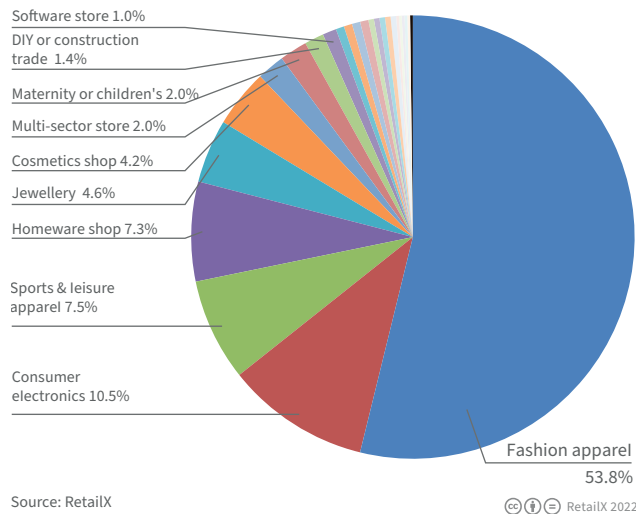
WHAT DO THEY SELL?

These companies cover a very broad range of sectors, from fashion to garden furniture. As shown in Figure 5, the majority (53.8%) are fashion brands and retailers. The next 25% is made up of consumer electronics sellers (10.5%), sports and leisure apparel and equipment (7.5%) and homewares (7.3%). The remainder of the group consists of a long tail of sellers that cover pretty much everything else. Notable sectors in this tail are Jewellery (4.6%) and cosmetics (4.2%). All other sectors account individually for no more than 1-2% of the total.

This skew towards fashion is driven by it being one of the biggest growth sectors in ecommerce. As outlined in RetailX's Fashion Sector Report^[2], the global fashion ecommerce market is worth some \$970bn in 2022, with growth averaging 10% per annum since 2020 and predicted to continue to rise at this rate through to 2026.

This ecommerce growth for fashion is reflected in how fashion brands use marketplaces. For example, Amazon's share of US online fashion retail was 35% in 2020. That means gross merchandise volume of apparel and footwear has grown to \$41bn – including sales from third-party retailers through the marketplace^[3].

Figure 5: Top 500 brands by sector using Top 15 marketplaces in Europe



In EMEA there are many other fashion marketplaces that offer strong competition to Amazon. Zalando and Asos are the best known, selling most leading brands and, in the case of Asos, selling its own label items also.

These fashion marketplaces have been disruptive to the fashion industry, offering both a new channel to the market for many brands, as well as creating rampant competition – with marketplaces often seeking to undercut mainstream pricing.

Across Europe, retailers and brands selling on Amazon's Clothing category – such as Puma, Tommy Hilfiger, Under Armour, Adidas, Calvin Klein – also sold their products the most on European marketplaces: Cdiscount (42.9%), Spartoo (38.1%), eBay (37.4%), La Redoute (25.9%), Zalando (13.7%) and Privalia (9.3%).

France is an example of the fragmented European online fashion market. A poll of 20 representative retailers in the fashion sector was analysed regarding turnover on various fashion marketplaces in France. The findings show that Amazon comes in fourth place by average sales per month, just behind Spartoo, La Redoute, and Vente Privée^[4].

Marketplaces are also increasingly making inroads into the luxury fashion end of the market, with the likes of Lyst, FarFetch and Secret Sales seeking to carve out niches in broadening the reach of luxury fashion brands. Secret Sales specialises in giving a platform to known brands to sell their end of line and last season goods and has, as a result, tapped into a growing middle market for affordable luxury fashion. FarFetch, meanwhile, specialises in giving an online platform to smaller boutiques alongside big brands, to extend their reach into new markets.

Together, marketplaces have shifted how fashion brands sell and are also tending to push prices down for consumers globally.

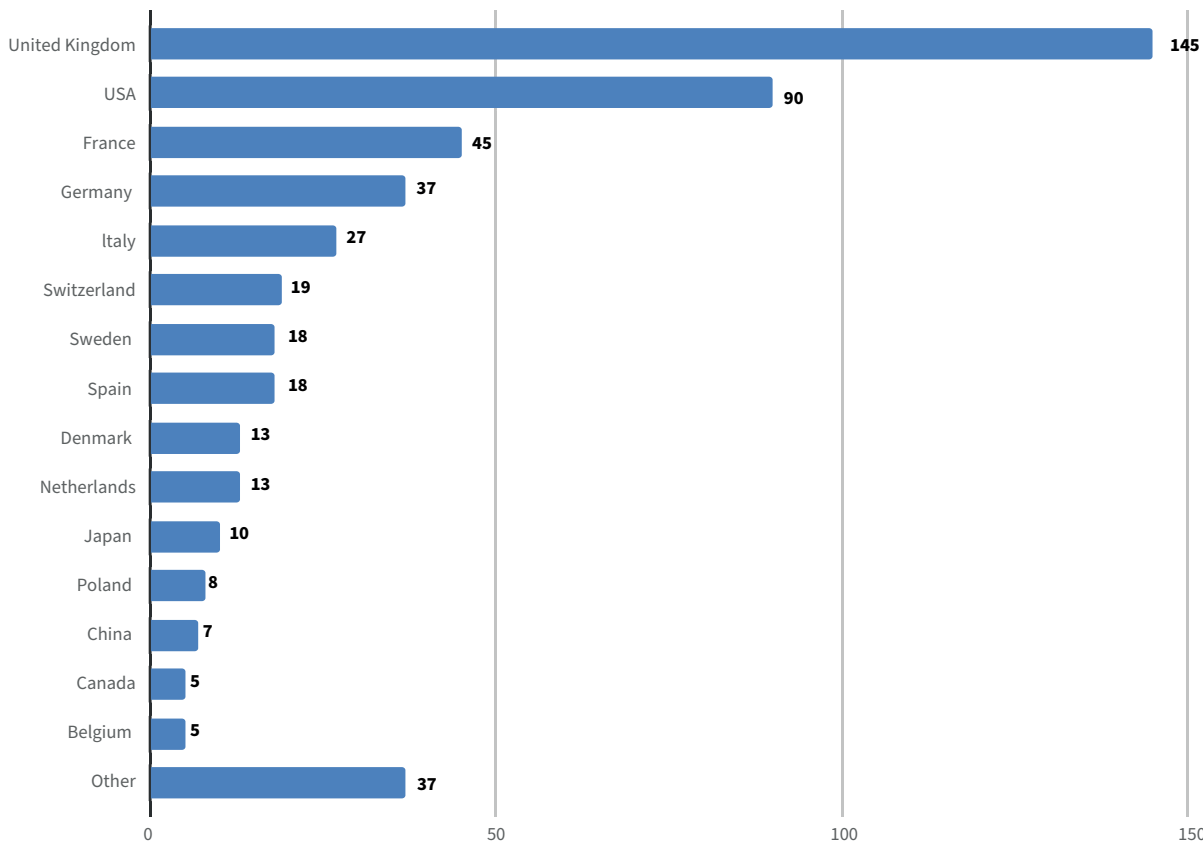
WHERE ARE THEY BASED?

The brands in the RetailX Top 500 that are using Europe’s Top 15 marketplaces have a surprising geographical spread (see Figure 6). The vast majority are UK and US-based brands and retailers (29% and 18% respectively).

Once again, there is a long tail of locations for the companies in the list, stand outs are Chinese and Canadian retailers and brands (7% and 5%), and even sellers from South Korea, Singapore, Taiwan (all 1.3%) and Chile (0.7%) being represented.

This highlights how marketplaces have a distinct role to play in allowing retailers and brands from all markets to reach a European audience.

Figure 6: HQ country of Top 500 brands using Top 15 marketplaces in Europe



Source: RetailX

Measuring marketplace use

Using four key metrics, we analysed how marketplaces work with retailers and with brands

The importance of marketplaces to brands

Marketplaces are increasingly important to brands and retailers across Europe, with a map of the Top 15 platforms showing that six of the 15 play a significant role for sellers, offering both the ability to create a brand profile, while selling significant numbers of products. As seen in Figure 7, those marketplaces to the right feature larger numbers of brands and retailers with profiles and those towards the top, sell the most products.

eBay is by far and away the most prodigious marketplace, offering the largest proportion of profiled brands and retailers (70%-plus) and selling almost 100% of Top 500 brand goods. This translates into making eBay the second largest marketplace in the region by traffic – as denoted by the size of its bubble in the figure. This is second only to Amazon, which while having the largest number of shoppers, does sell fewer Top 500 products and features significantly fewer profiled brands.

Figure 7: European Top 15 marketplaces relative importance to Top 500 brands

Higher marketplaces sell more of the brands' products and those further to the right host more brand profiles



This difference between Amazon and eBay reflects the fundamentally different business models of the two marketplaces. eBay is a pure marketplace, selling only third-party goods supplied by brands, retailers and third-party merchants. Amazon, by contrast, is a mixed marketplace, selling its own-branded goods alongside those of third parties.

This difference necessitates eBay being much more focused on attracting brands to use its site – as that is its only life blood – and it does this by offering those brands and retailers relative freedom to create their own profiles. Amazon, on the other hand, can be more selective about the brands it allows to use its platform and can also maintain a tighter grip on how free those brands are to publicise themselves.

eBay's prominence in the top right quadrant of Figure 7 shows just how successful it is at both attracting brands from the Top 500 and the success it has in letting them have their own profiles and storefronts within the site.

That isn't to say that Amazon isn't successful: it also attracts a substantial number of Top 500 brands to its platform and allows a generous proportion of them to have their own storefronts.

Bol.com, Zalando, OTTO and to some extent eMag also manage this balance between allowing brand profiles and own-brand goods well, all seeing significant sales.

The remaining marketplaces each shy away from allowing brands to have their own profiles on their platforms and, with the exception of Allegro, Etsy and Cdiscount, generate neither the level of sales nor traffic for their sites that the others do.

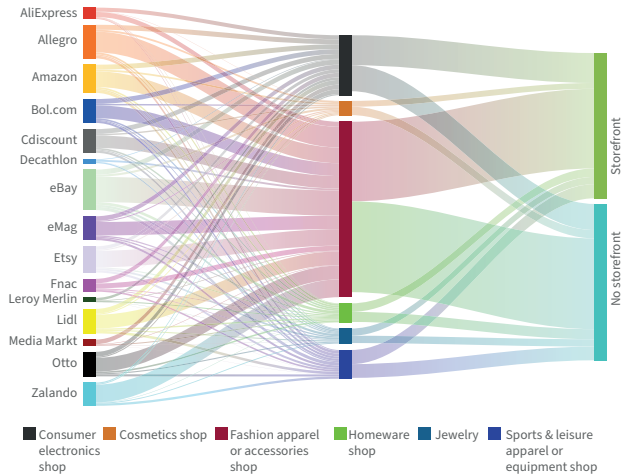
Again, however, this is not a reflection on these sites success, more an insight into their business model. Decathlon, sitting in the bottom left quadrant appears to be the least effective marketplace, however it is characterised by selling only a very limited number of third-party items compared to its own core ranges. AliExpress, meanwhile, only sells third-party items, but doesn't allow any profiles or storefronts and, relatively speaking, has a limited footprint currently in Europe, as denoted by the smallness of its bubble.

Etsy and Cdiscount do allow profiles from the brands that sell on them, but they are both more niche, specialist marketplaces servicing very specific verticals and so have also see limited reach.

Storefronts by sector

Interestingly, how the split between allowing profiles and storefronts on sites selling third-party items from Top 500 brands and not is very different in different sectors. As Figure 8 shows, the main sector, fashion and accessories,

Figure 8: Brand product and storefront presence on marketplaces by sector



Source: RetailX

© RetailX 2022

is split almost entirely evenly between those that do offer brands and retailers a store front and those that don't. Similarly, sports and apparel and consumer electronics both also show a similar 50:50 split between how brands are using storefronts and those that aren't when averaged across the whole marketplace sample.

This is the result of only a relatively few marketplaces in the Top 15 having a significant proportion of brand profiles. As seen with Figure 7, just six have more than 20% of brands having a storefront. The remaining nine platforms have limited or no storefront capabilities and so the average is pulled down.

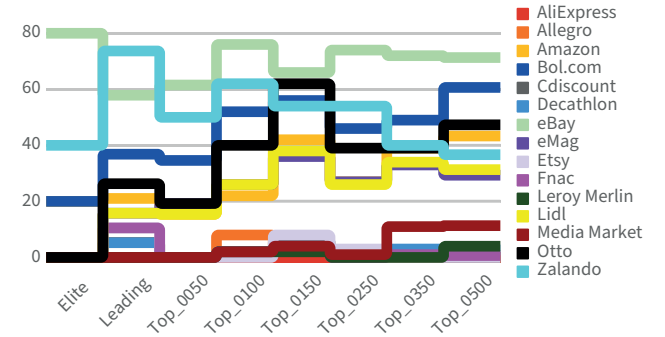
This should, however, be looked at the other way round: these six sites that have a relatively high proportion of company profiles contribute a disproportionate level of sales for Top 500 brands, suggesting that regardless of sector, having a brand profile results in a better performance for brands on marketplaces.

Store front and brand performance

This enhanced performance among brands using store fronts can be seen more clearly in Figure 9. Of those six sites that more fully leverage the use of brand storefronts, uptake among retailers across the Top 500 is impressive.

eBay, which dominates in terms of sales and profiles for these brands, sees nearly 80% of the five Elite retailers

Figure 9: Brand storefront presence in marketplaces, by Top 500 group



Source: RetailX

© RetailX 2022

in the Top 500 having a branded store front – the largest proportion of any of the segments of the brand list. Top 100 and Top 250 to Top 500 brands also have a significant showing, running between 65% and 70% of brands.

Zalando has strong storefront offerings among Leading and Top 100 brands, largely as several of the Elite brands are fashion retailers in their own right. Bol.com, which sits at the heart of Figure 8, with 50% profiles and 50% sales, is used much more by retailers and brands outside the Top 100, with the level of brand storefronts rising with each grouping along the Top 500 list.

Brand protection and control

The final metric used to assess how Top 500 brands perform on the Top 15 European marketplaces comes down to assessing the relative levels of control brands have over competitors' goods appearing near or with their own do on these platforms, against what level of protection they receive from the marketplace around fake branded goods.

Protection from fakes and counterfeits has become increasingly important for brands selling anywhere online, but such fraud is seen as one of the biggest challenges with marketplace selling. Fake brands take away vital revenues from brands and retailers, as well as imparting significant

brand damage. Marketplaces are increasingly under pressure to help stop fakes appearing.

Control of what and how other brands sell is also growing in priority as larger brands increase their use of marketplaces to sell. One of the biggest drawbacks for brands selling on marketplaces is that of direct competition. Most sites work by the consumer searching for an item and being served up the results. This means that any given brand is going to be served up alongside all of its competitors, forcing the consumer to make a decision often not based on the brand identity, but more on price and/or delivery options.

Controlling this has become something that larger brands – typically within the upper echelons of the Top 500 – are demanding that they have control over when selling on marketplaces.

This presents marketplaces themselves with a dilemma: allow that control and risk one (major) brand forcing multiple others from selling, or see larger brands not want to use that marketplace because it has no say over whom it competes with.

Amongst the Top 15, only Allegro affords brands the best of both worlds, offering the best protection for brands using the site, while allowing them the most control over what their competitors can do (see Figure 10).

Amazon, AliExpress, eBay and Etsy all offer very good protection for sellers in their sites, however, the issue of brand control is less well serviced. This could be down to these sites being very large players – Amazon, for example, turned over \$470bn in 2021, AliExpress \$6bn, eBay \$10bn and Etsy around \$2.3bn – and so perhaps don't feel that they need to offer control over other brands as an incentive for Top 500 players to sell.

Similarly, Bol.com, Decathlon and Lidl all offer very generous control, albeit the latter two offer only a limited range of third-party brands on their site, while not offering the level of protection from fraud that is seen on some of the bigger marketplaces.

The remaining sites – Cdiscount, eMag, Fnac, Leroy Merlin, MediaMarkt, OTTO and Zalando – relatively speaking fall short on both control and protection, although all do offer some degree of both, they lag behind the rest of the sample – something they are all likely to be forced to address as the European marketplace sector heats up and competition and new entrants force their hand.

In the next section, we delve into how each of the marketplaces in the Top 15 perform against these three metrics and what that means for their businesses, as well as how brands and retailers perform therein.

Figure 10: Protection versus control for Top 15 European marketplaces



Source: RetailX

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Company: AliExpress

Founded: 2010

HQ: Hangzhou, China

Marketplace type: Pure

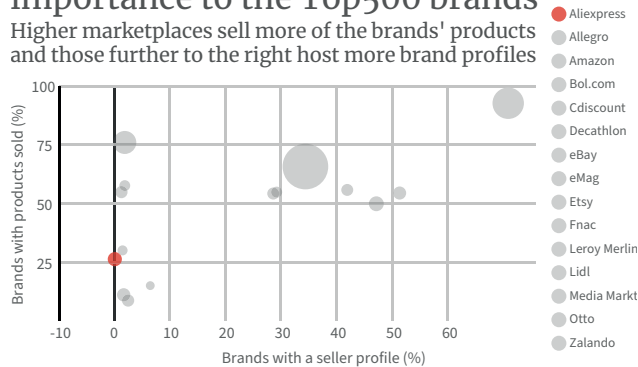
Countries served: 190 worldwide, including Finland, France, Germany, Hungary, Italy, Lithuania, Netherlands, Norway, Spain, Portugal in the EEA. It also sells in the UK, Russia and Turkey

Sectors covered: Clothing, cosmetics, fashion, footwear, electricals, homeware, sports and outdoor, crafts and DIY

Shipping: AliExpress operates shipping services for sellers which can take between one and 45 days

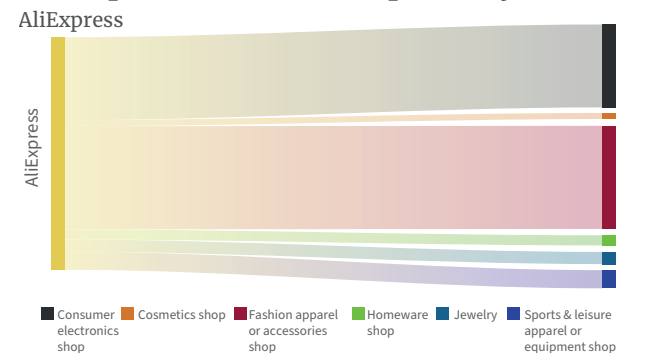
Warehousing: AliExpress offers localised warehousing in China, the US and the EU

Figure 11: Aliexpress' relative importance to the Top500 brands
Higher marketplaces sell more of the brands' products and those further to the right host more brand profiles



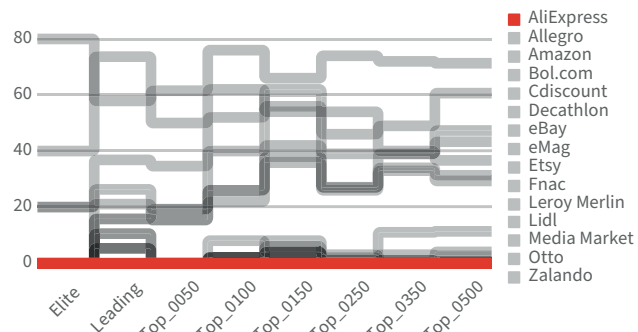
RetailX, drawing on data from SimilarWeb RetailX 2022

Figure 12: Brand product and store front presence on AliExpress by sector



Source: RetailX RetailX 2022

Figure 13: Brand storefront presence on AliExpress by Top 500 group



Source: RetailX RetailX 2022

Figure 14: AliExpress' brand protection and control policy for Top 500 brands



Source: RetailX RetailX 2022

Part of China's giant Alibaba Group of companies, AliExpress started life as a business-to-business offshoot from the main Alibaba marketplace in China.

In recent years, however, it has morphed into also serving the business-to-consumer and consumer-to-consumer sectors, focusing on small businesses, small retailers and individual sellers.

Alibaba Group, overall, generated revenues of €138bn for the year ended March 2022, up 19% on the previous year. In the same time frame, the group's international commerce retail businesses – made up of AliExpress, Lazada, Trendyol and Daraz platforms – saw combined order growth of 34% year-on-year.

However, this is largely the result of robust sales at Lazada, which surged 60%, and at Trendyol, where growth of 68% was generated.

Order growth for AliExpress, meanwhile, was flat. Alibaba Group claims this is as a result of the European Union's removal of the value-added tax (VAT) exemption for cross-border parcels below €22, which took effect in July 2021, as well as supply chain and logistics disruptions due to Russia's invasion of Ukraine.

Unlike many other mainstream marketplaces, AliExpress is simply a platform that connects buyers and sellers and so

offers brands selling on the site no profiles at all (see Figure 11). It does, however, allow sellers to create their own storefront across all major sectors (see Figure 12).

Being focused on SME brands, retailers and individuals – particularly those that are located in China – the proportion of Top 500 brands selling on the site is very low (see Figure 13), with branded goods from these brands sitting at around 25% and often being sold by third-parties, rather than the brands themselves (see Figure 11).

Some of these branded goods being sold are also fakes. AliExpress has something of a reputation for selling counterfeit and pirated goods, being added to the Office of the United States Trade Representative's (USTR) list of Notorious Markets for Counterfeiting and Piracy in 2022.

In joining this list, AliExpress was lumped-in with a raft of other Chinese sites and apps, including WeChat, Baidu and Pinduoduo.

While this move may be politically motivated – ex-President Trump piling huge tariffs on Chinese imports as he saw the country undermining US creativity and workers – consumers also seem to agree that there is a problem with the site: 127,000 reviewers on TrustPilot rate the platform just 2.7 out of 5.

Yet AliExpress is actively combatting the issue, putting in place a number of internal measures aimed at trying to monitor and remove pirated and counterfeit goods from sale. So far, these have seen it achieve a reasonable rating in RetailX's data for protection of sellers and brands as it improves its operations (see Figure 14).

The logo for AliExpress, featuring the word "AliExpress" in a bold, sans-serif font. The "Ali" is in orange and the "Express" is in red. A small orange star is positioned above the "i" in "Ali". A trademark symbol (TM) is located at the top right of the "s" in "Express".



Company: Allegro

Founded: 1999

HQ: Poznań, Poland

Marketplace type: Pure

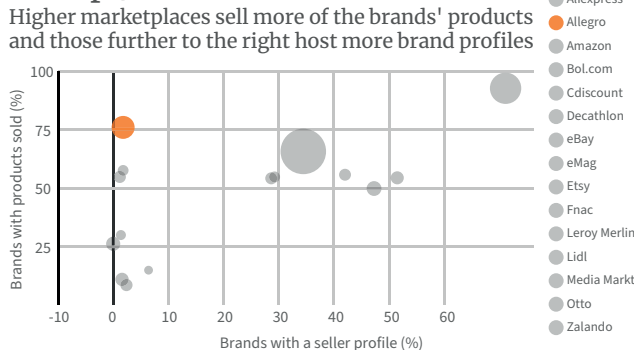
Countries served: Poland, Germany, Ukraine and Czechia; ships to all EU markets and the US

Sectors covered: Automotive, toys, fashion, grocery, electricals, homeware, crafts, DIY, sports and outdoor

Shipping: Allegro offers a range of shipping options and logistical support to merchants

Warehousing: Allegro has an extensive footprint of warehousing across the regions that it services

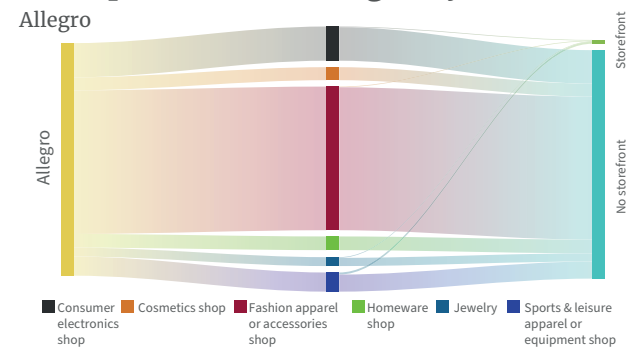
Figure 15: Allegro's relative importance to Top 500 Brands



RetailX, drawing on data from SimilarWeb

© RetailX 2022

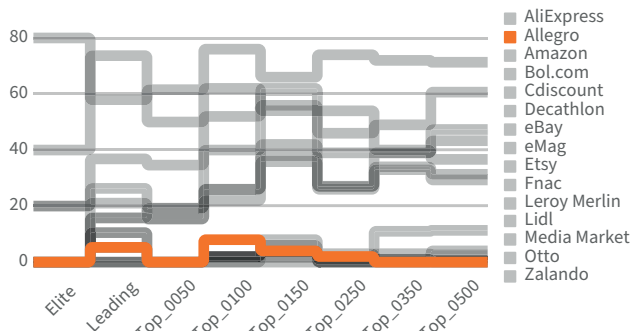
Figure 16: Brand product and store front presence on Allegro by sector



Source: RetailX

© RetailX 2022

Figure 17: Brand storefront presence on Allegro by Top 500 group



Source: RetailX

© RetailX 2022

Figure 18: Allegro's brand protection and control policy for Top 500 brands



Source: RetailX

© RetailX 2022

Polish marketplace Allegro is one of Europe's leading ecommerce sites and also one of the region's biggest tech companies, employing 7,150 people.

With 22m customers each month attracted by some 250m offers from 135,000 merchants, the company has become something of a European ecommerce trailblazer. It has expanded from its initial position of being a domestically created, Polish language Amazon alternative to being a site that gives all other marketplaces across Europe a run for their money.

In 2022, the platform also acquired Mall Group and WE|DO, effectively doubling Allegro's addressable market and customer base across the CEE. The launch of allegro.com as a pan-European site in 2022 has seen the marketplace continue to extend its reach. This has helped the company drive GMV up 12.8% between 2021 and 2022 to €2.27bn, with revenues growing 15.1% to €290m.

The company has been boosted in recent years by the launch of its own payment tool, PayU, along with investment in fulfilment and logistics, which has translated into a rising share of next-day delivery.

One Fulfillment [sic], One Box by Allegro, and now One Kurier [sic] enhance delivery promise and add to Allegro's marketplace offer, while complimenting its overall asset-light logistics model. Through these logistics operations,

Allegro offers sellers a wide range of delivery and warehouse options, which includes storing, packaging and delivering orders, as well as providing customer service throughout the delivery process.

Operating as a pure marketplace that sells only third-party items sees it garner a significant proportion of Top 500 brands' goods, selling some items from 75% of them (see Figure 15).

The marketplace, however, is one that relies on a simple listing process and so tends not to offer most of these brands any sort of profile. For most categories and items, these listings are free.

A look at the site's Brands Zone reveals that there are in excess of 120 brands from across the world selling on the site. Most of these are not in the RetailX Top 500, suggesting that Allegro's brand strategy revolves around much smaller, more niche brands.

This translates into almost all Top 500 brands and their products being sold from the list, with almost no brands having any sort of storefront in any category sold (see Figure 16). Of those that do, they mainly come from the leading and Top 100 sellers (see Figure 17), indicating that only a few very well-known brands are offered the opportunity to sell through their own profile or storefront.

Most these are sports brands, including Adidas, Clarks, Reebok, Puma, Vans and Under Armour. Many of the others are also fashion or apparel brands.

Allegro does offer all brands and sellers among the highest levels of protection from fake items, as well as offering brands the most control over how they appear in relation to their competitors (see Figure 18). Protection is offered through rigorous monitoring of what is being sold, both from within the company and among sellers, with a strong reporting process and investigation procedure in place to tackle all forms of fraud, fakery and corruption. It also offers extensive training for merchants.

The logo for Allegro, featuring the word "allegro" in a bold, lowercase, orange sans-serif font.



Company: Amazon

Founded: 1994

HQ: Seattle, USA

Marketplace type: Mixed

Countries served: 20 worldwide, including the UK and, in the EEA, Finland, France, Germany, Italy, Netherlands and Spain

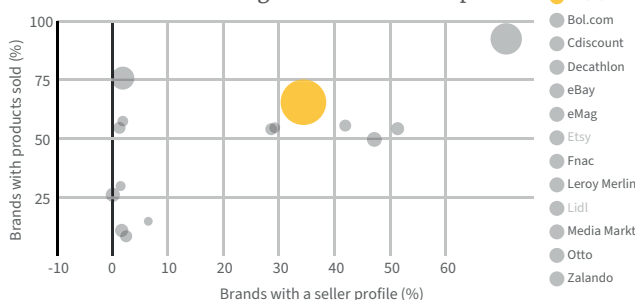
Sectors covered: Automotive, books, toys, clothing, cosmetics, grocery, food and drink, fashion, footwear, electricals, homeware, jewellery, sports and outdoor, crafts and DIY, TV, music and video content

Delivery: Amazon offers a wide range of delivery and returns support for sellers worldwide

Warehousing: Amazon can store, pick and pack for merchants

Figure 19: Amazon's relative importance to Top 500 Brands

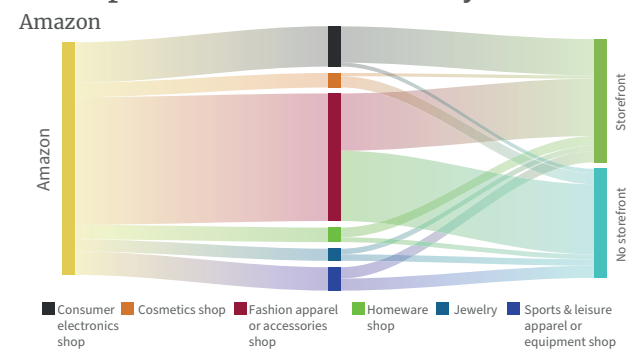
Higher marketplaces sell more of the brands' products and those further to the right host more brand profiles



RetailX, drawing on data from SimilarWeb

© RetailX 2022

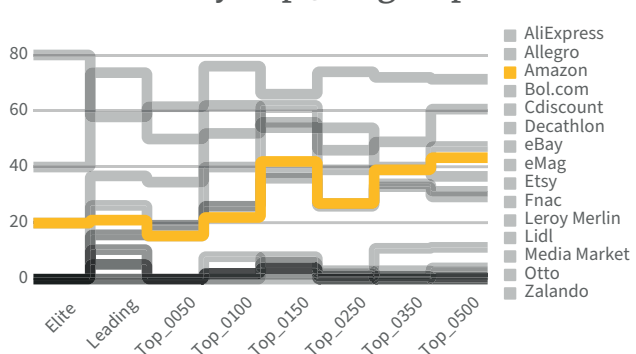
Figure 20: Brand product and store front presence on Amazon by sector



Source: RetailX

© RetailX 2022

Figure 21: Brand storefront presence on Amazon by Top 500 group



Source: RetailX

© RetailX 2022

Figure 22: Amazon's brand protection and control policy for Top 500 brands



Source: RetailX

© RetailX 2022

Amazon is not only the biggest marketplace in the world, it's also one of the biggest companies on the planet, selling pretty much everything that can be sold. With some 6.5bn visitors a year from Europe alone, Amazon turns over in excess of \$460bn each year, with sales growth of between 20% and 40% every year for the past five years.

While it primarily acts as a retail platform for individual sellers, retailers and brands, it also produces own-brand products, builds a range of electronic devices which it sells and runs web hosting services.

Alongside this, it has built up a far-reaching fulfilment services, with a delivery and logistics network that straddles the globe. Amazon also operates its own payments services.

For merchants of all sizes, Amazon offers the full 'soup to nuts' for online selling, marketing, payment, delivery, collection and return. It even operates a video-on-demand service as part of its extensive Prime subscription offering.

For consumers, Amazon offers a seemingly infinite product choice, sets the standard in delivery options and, through sheer scale, forces prices down. For merchants, it offers an enormous potential market of millions of consumers all over the world, as well as making it relatively easy to set up and operate an ecommerce business.

Consequently, nearly 10m sellers use the site, selling goods across perhaps the broadest range of categories of any marketplace anywhere.

It also features a vast array of Amazon own-brand goods, with some 158,000 Amazon Private Brand products – those that are manufactured by third-parties and labelled and sold as Amazon's own – also available across everything from grocery to electronics to vitamins to fashion and apparel. The majority of these (58%) are sold as Amazon Basics. Within this, 48% are clothing, shoes and jewellery.

This is a boon for consumer choice, although it can force brands and retailers to compete against the platform itself when trying to sell.

Despite this, Amazon is one of the most important marketplaces for RetailX Top 500 companies. Some 35% of them have a profile on the site and Amazon sells products from around 70% of them (see Figure 19).

Amazon has been a leading player in allowing larger brands to create their own presence on the site – a sop to forcing them to compete with Amazon's own brands – and around half of all brands from the Top 500 now have a branded storefront on Amazon (see Figure 20).

This is particularly prevalent in fashion and apparel, sports and jewellery. Consumer electronics and homewares show

a distinct bias towards having a storefront, while cosmetics shows the reverse.

Of those with a storefront presence, they are well spread across all players in the Top 500, with a strong showing among Elite and Leading brands (see Figure 21). This can be attributed to these brands looking to leverage the consumer reach of the site, but wanting to maintain their brand identity as best they can.

Retailers and brands in the Top 150 to Top 500 are also strongly represented, with these companies looking to maximise their sales by using Amazon as part of their broader ecommerce strategy.

As might be expected from such a high-profile marketplace, Amazon has done a lot to protect this large spread of Top 500 brands from piracy and counterfeiting, ranking highly in this quadrant (see Figure 22).

This is counterbalanced by Amazon not ceding much control to these brands as to how their competitors appear on the site. Amazon, by dint of its size and its own brand reputation, has no vested interest in letting one brand dominate over any other, so they are left to slug it out among themselves. Yet with such reach, no one wants to leave Amazon.



Company: Bol.com

Founded: 1999

HQ: Utrecht, Netherlands

Marketplace type: Mixed

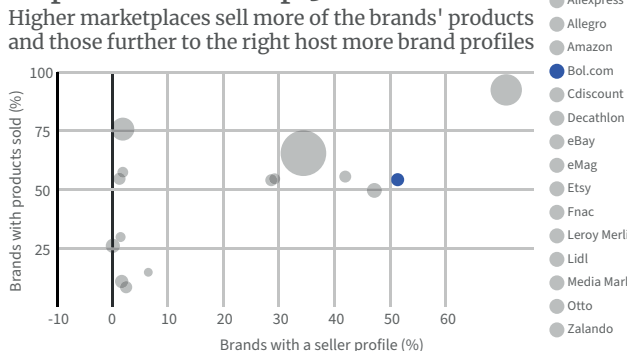
Countries served: Holland and Belgium

Sectors covered: Automotive, books, toys, clothing, cosmetics, food and drink, fashion, footwear, electricals, homeware, jewellery, sports and outdoor, crafts and DIY, music and video

Shipping: Bol.com offers shipping to merchants

Warehousing: Bol.com offers two warehouses to its sellers

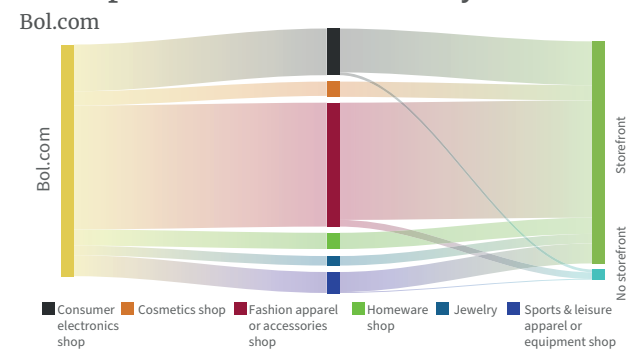
Figure 23: Bol.com's relative importance to Top 500 Brands



RetailX, drawing on data from SimilarWeb

© RetailX 2022

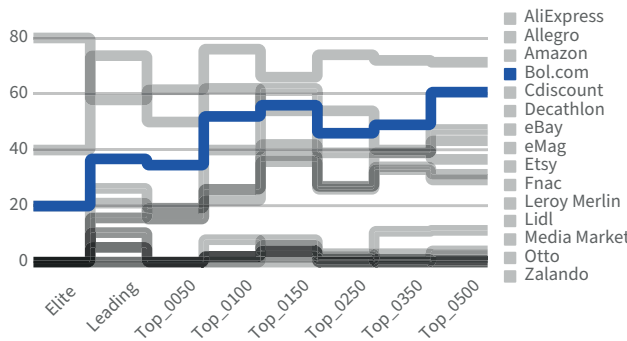
Figure 24: Brand product and store front presence on Bol.com by sector



Source: RetailX

© RetailX 2022

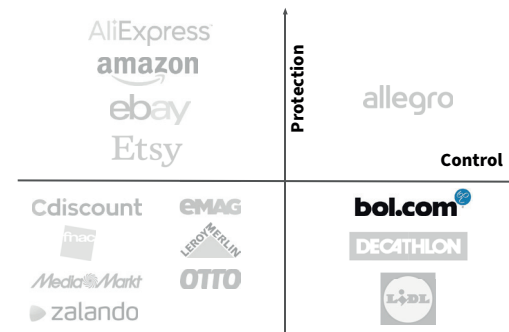
FIGURE 25: Brand storefront presence on Bol.com by Top 500 group



Source: RetailX

© RetailX 2022

Figure 26: Bol.com's brand protection and control policy for Top 500 brands



Source: RetailX

© RetailX 2022

Bol.com was established in 1999 in Holland by German retail conglomerate Bertelsmens as an online shop to service the Dutch market. The company has changed hands a number of times over the years and, since 2012, has been owned and operated by Dutch wholesale and retail company Ahold Delhaize. During this time, the online store has morphed to become a marketplace.

It now lists around 11m items from Bol.com's own-brand and those of 50,000 third-party brands and sellers. It attracts an impressive 225m visitors a year. It is currently the largest domestic marketplace in Holland and Belgium, generating €5.5bn in revenues in 2020, up 27% on the previous year.

The site has not only effectively cornered the ecommerce market in Holland and Belgium but has also played a significant role in keeping Amazon and any of the other large international marketplaces from entering the Dutch market. Focused heavily on being local – from the choice of only Dutch or French to the brands it sells – it has also helped cement the site in the market which it serves.

The company started offering shipping services – Verzenden via bol.com (Shipping via bol.com) – to all its merchants in 2020, with the seller working in conjunction with PostNL and Red je Pakketje in order to offer economies of scale to sellers through the creation of larger, more efficient delivery loads.

In 2022, the retailer added a new warehouse adjacent to its existing one in Mechie Trommelenweg in Waalwijk, Holland. This was to cope with increasing levels of sales seen in the region, as well as more merchants opting to use Bol.com's shipping services.

Of the growing number of brands that use the platform, more than half have a profile on the site and Bol.com sells items from in excess of 50% of the Top 500 brands (see Figure 23). Of these, almost all have their own storefront on the site (see Figure 24), with Bol.com's business model being based around letting larger businesses and brands integrate their own webshops into the marketplace.

This approach allows brands to have just one set of site management tools and clearer channel data to help manage their sales. It also lets brands leverage the payments and logistical support offered by Bol.com for both their marketplace and own-site sales.

Only a tiny proportion of sellers don't use their own storefront, most of these being small, local sellers.

As seen in Figure 25, the brands that have their own storefront on Bol.com are spread across the entire Top 500, with 20% of the Elite doing so. More than half of the Top 150 to 500 run storefronts on the site, showing that Bol.com has become the de facto site for many pan-European brands targeting the lucrative and growing

Benelux market. It also marks Bol.com out as the key marketplace servicing the Dutch and Belgian parts of this region.

This approach of readily allowing sellers to integrate their own sites with Bol.com's platform gives brands more control over how they sell, not least how they then appear in relation to their competitors (see Figure 26). It means that when searching for a brand, consumers only see that brand, not its competitors.

As part of this, Bol.com doesn't offer a great deal of protection against piracy and counterfeiting. However, the level of control afforded to brands means that they are able to police this themselves. As a consequence, Bol.com has a very low level of counterfeit items on its marketplace.





Company: Cdiscount

Founded: 1998

HQ: Bordeaux, France

Marketplace type: Mixed

Countries served: France, Belgium, Germany, Spain, Italy and Luxembourg

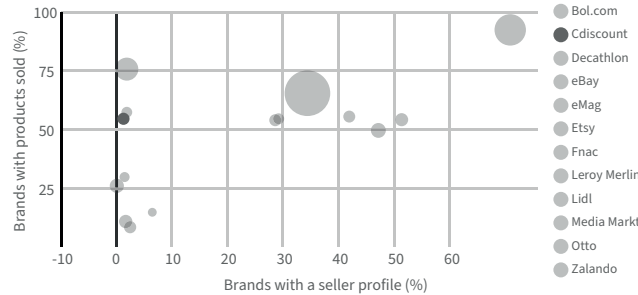
Sectors covered: Automotive, books, toys, clothing, cosmetics, food and drink, fashion, footwear, electricals, homeware, jewellery, sports and outdoor, crafts and DIY and music

Shipping: Cdiscount offers its own fulfilment services to sellers

Warehousing: Cdiscount has three warehouses in France, Spain and Italy. It has other facilities in Belgium and Germany

Figure 27: Cdiscount's relative importance to Top 500 Brands

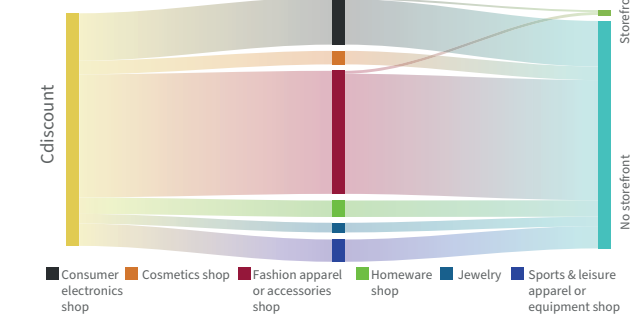
Higher marketplaces sell more of the brands' products and those further to the right host more brand profiles



RetailX, drawing on data from SimilarWeb

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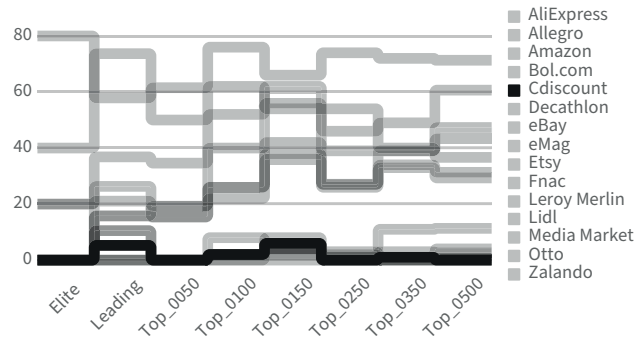
Figure 28: Brand product and store front presence on Cdiscount by sector



Source: RetailX

© RetailX 2022

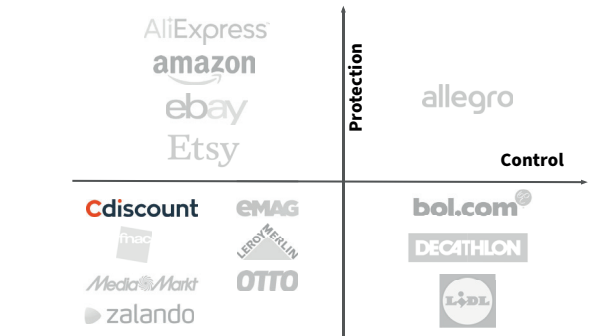
Figure 29: Brand storefront presence on Cdiscount by Top 500 group



Source: RetailX

© RetailX 2022

Figure 30: Cdiscount's brand protection and control policy for Top 500 brands



Source: RetailX

© RetailX 2022

Back in 2013, Cdiscount was the most significant ecommerce player in France. It had grown rapidly since its acquisition by the Casino Group – which owns Monoprix and Franprix – with a turnover at that point higher than the market average.

As the rest of the market has caught up with this early adopter, Cdiscount has managed to maintain a prominent place in French ecommerce and is still one of the largest players in that country.

However, Cdiscount has only relatively recently adjusted its business model from one based on direct sales to one centred around being a marketplace, digital marketing platform and the business-to-business arm of the wider Casino Group.

In 2020, during the height of lockdown, this pivot saw Cdiscount record its best year ever, with GMV up 22%, digital marketing services growing 75% and B2B up 30% year-on-year. The marketplace also managed to grow its subscriber base by 20%, reaching 192m visitors a year.

Cdiscount now features 13,000 sellers on the site and while just six are in the Top 500, its third-party sellers still sell products from 50% of the Top 500 brands (see Figure 27). As a consequence, the spread of sellers across the Top 500 is very low in all groupings, with only a smattering of Top 50 players making up the bulk of them (see Figure 29).

This can be explained by Cdiscount being a much more localised site, making it attractive to smaller, local sellers. Indeed, its parent company is on record saying that it wants Cdiscount to be run more like AliExpress than Amazon, offering a platform for smaller sellers to thrive.

Of the brands that do sell on the site, almost all are sold through the platforms list, with virtually none having a storefront (see Figure 28). Only some fashion brands and consumer electronics players have a branded presence on the site. Instead, Cdiscount relies on third-party merchants to sell a wide range of branded and non-branded goods on the site.

With this shift in business model, Cdiscount has become more of a listing site that acts as a platform to connect buyers and sellers. In doing so, it offers little in the way of control for brands as to how they appear on the site (see Figure 30).

Similarly, the site features less in the way of piracy and counterfeit protection to sellers, something that may also discourage bigger brands from setting up shop there.

Instead, the company has become something of a champion of sustainable ecommerce. In 2019, it piloted a new type of reusable packaging for deliveries and returns. It has worked hard to cut the carbon emissions of its logistics operations, partnering with a company called

Agrikolis to allow shoppers in remote rural areas to collect parcels from de facto click and collect hubs in local farms. It has also increased automation in its warehouses to not only streamline processes but also to allow 80% of light packages to be packed without any voids.





Company: Decathlon

Founded: 1976

HQ: Villeneuve-d'Ascq, France

Marketplace type: Mixed

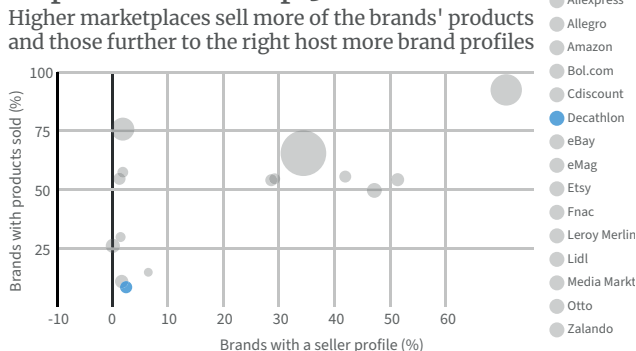
Countries served: France, Belgium, Czechia, Germany, Spain, Italy and Portugal in the EEA. Also serves the UK, Turkey, China, India, Taiwan, Malaysia, Singapore, South Korea, South Africa, Australia and Canada

Sectors covered: Clothing, sports apparel and equipment

Shipping: Decathlon marketplace sellers must provide their own shipping

Warehousing: Third-party sellers must arrange their own warehousing

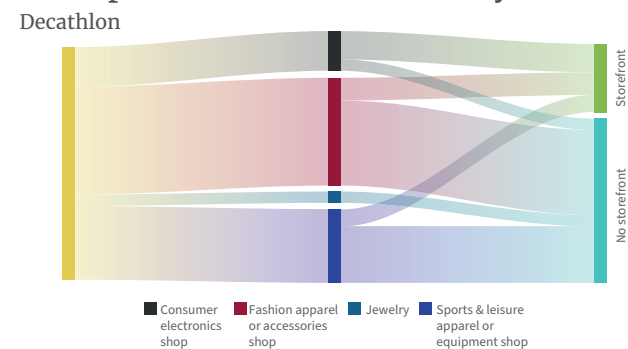
Figure 31: Decathlon's relative importance to Top 500 Brands



RetailX, drawing on data from SimilarWeb

© RetailX 2022

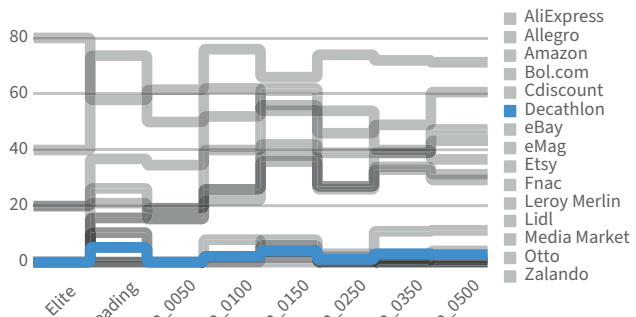
Figure 32: Brand product and store front presence on Decathlon by sector



Source: RetailX

© RetailX 2022

Figure 33: Brand storefront presence on Decathlon by Top 500 group



Source: RetailX

© RetailX 2022

Figure 34: Decathlon's brand protection and control policy for Top 500 brands



Source: RetailX

© RetailX 2022

With a turnover in 2021 of €14bn, Decathlon is the largest sports good specialist retailer in the world. It is unusual in the Top 15 European marketplaces in that it is predominantly known as physical retail store, selling its own brand items that it designs and produces in conjunction with global suppliers.

Decathlon only became a marketplace in 2019, being one of the early adopters of the retailer-operated marketplace concept that has seen big-name retailers add a marketplace element to their own online presence to increase the range of goods and/or brands that they sell.

The fact that Decathlon is now in the Top 15 European marketplaces is testament to how effective this has been for the company.

The move to becoming a marketplace – piloted in Belgium before seeing a wider roll-out across Europe in 2020 – has seen the company expand the range of products it sells from around 50,000 to 200,000, many complimentary to the retailer's core offering.

It has also branched out into offering on the marketplace tie-ups with travel firms, creating 30 sporty destinations that consumers can book travel to.

The majority of the 1,300 brands it now sells are from specialist sports apparel and equipment companies, so the

range of Top 500 brands appearing on the site is minimal – just six – with a very small percentage selling goods here (see Figure 31). Of those that do, the bulk are in the leading category, chiefly Adidas and Nike (see Figure 33).

As a result, most of these brands do not have a dedicated branded storefront on the site (see Figure 32). This, in turn, means that the brands that do sell here have a better degree of control over how they appear relative to other brands (see Figure 34).

What makes Decathlon's marketplace stand out is how it has doubled the basket size for the company and has proved to be an effective bridge between Decathlon's bricks and mortar stores and online.

While its clients still come into store to buy the company's core ranges, they are then propelled to look online for the goods and brands that can augment their purchase. As of 2022, 21% of the company's sales were taking place online.

The retailer has also used the site to help make a big push into more sustainable operations, partnering with a growing number of brands and manufacturers that produce more environmentally friendly and ethically sourced items.

The company plans to have 100% of its products eco-designed by 2026, with a 100% use of sustainable cotton

and 80% of its energy coming from renewable sources. On World Clean Up Day 2021, the company collected 77 tons of waste.

The Decathlon logo consists of the word "DECATHLON" in a bold, white, sans-serif font, centered within a solid blue rectangular background.



Company: eBay

Founded: 1995

HQ: San Jose, USA

Marketplace type: Pure

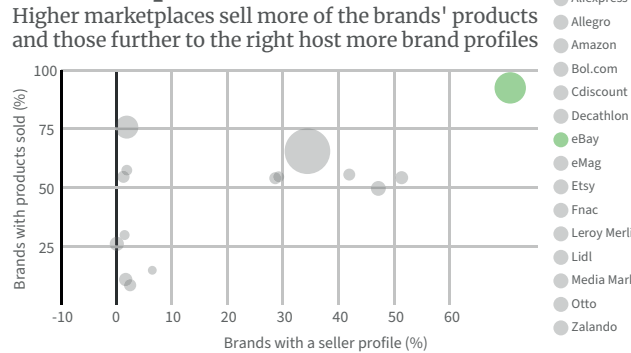
Countries served: Austria, Belgium, Germany, Ireland, Netherlands, Poland, Portugal, Spain, Switzerland, Sweden, Russia and the UK; also serves Canada and French Canada, US, India, Hong Kong, Singapore, Malaysia and the Philippines

Sectors covered: Automotive, books, clothing and fashion, footwear, consumer electronics, cosmetics, food and drink, homeware, jewellery, sports and outdoor equipment and apparel, crafts, DIY, music and film

Shipping: Depending on the location of the seller, eBay offers a variety of delivery and shipping options

Warehousing: eBay launched its own warehousing in 2020 and rolled out a warehousing and shipping service to merchants that same year

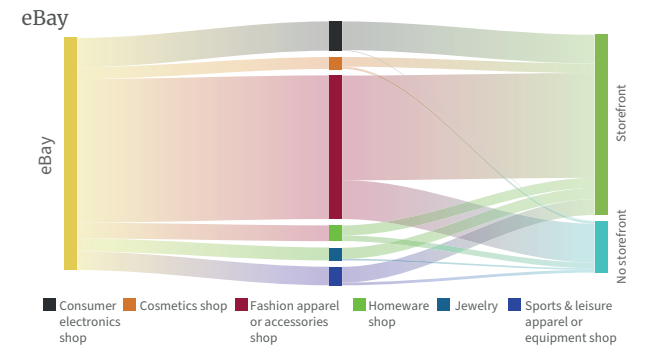
Figure 35: Ebay's relative importance to the Top500 brands



RetailX, drawing on data from SimilarWeb

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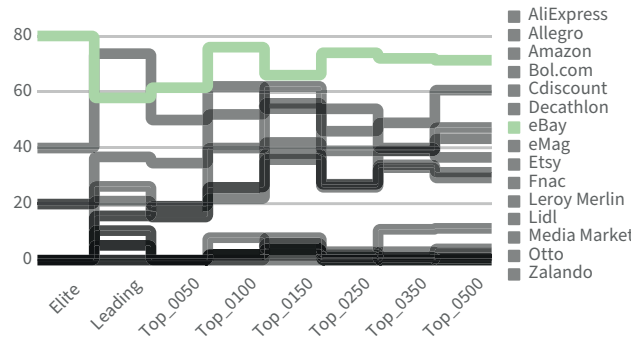
Figure 36: Brand product and storefront presence in marketplaces, by sector



Source: RetailX

© RetailX 2022

Figure 37: Brand storefront presence in marketplaces, by Top 500 group



Source: RetailX

© RetailX 2022

Figure 38: eBay's brand protection and control policy for Top 500 brands



Source: RetailX

© RetailX 2022

eBay is one of the pioneers of the marketplaces model, starting life as an auction site – the first item sold online being a broken laser pointer – and has grown to become a behemoth of the sector worldwide.

eBay generated \$10.42bn globally in 2021, up 17% of the previous year. 2022 has seen some declines in GMV, however, as consumer confidence globally wanes, although the platform is still set to grow its revenues as it focuses on high-value sectors of the luxury and fashion markets.

Until recently, it was very much the second-biggest in Europe by traffic behind Amazon, attracting 2.5bn visits per year. This is some way off Amazon's 6.4bn and it has also been supplanted by Allegro in Europe, which now sees slightly greater annual levels of traffic at 2.7bn visits.

eBay, as a pure marketplace servicing only third-party brands and merchants, has built up a significant showing in terms of selling Top 500 brands, with almost 100% of the brands in the RetailX Top 500 selling or being sold on the site. The bulk of these brands also have a profile on eBay (see Figure 35).

This translates into the platform allowing the majority of these brands to sell through branded storefronts on the site, with all sections of the Top 500 largely having a branded storefront presence (see Figure 36).

Of these, 80% of Elite retailers and 60% of Leading and Top 50 have branded storefronts, with around 70% of the rest of the Top 500 having some sort of branded presence on eBay (see Figure 37).

eBay's strategy to move from an auction site mainly for individuals to sell used items, to one where most of what is sold on the platform is new, has slowly come to fruition over the past five years. This has left it in a position where it is now part of the marketplace strategy for Top 500 brands. Allowing them to offer their own branded storefronts has helped increase eBay's share of these brands and has helped build a good relationship between these higher-end sellers and the platform.

However, eBay still relies on small businesses selling through it and saw an increase of 273% in the number of SME sellers between March 2020 and June 2021 – driven by increasing levels of ecommerce during the pandemic.

Building on this, eBay has instigated its "focus category" strategy of selling higher-end, higher value items such as trainers, watches and jewellery. This taps into what it sees as a growing market for collectibles, which it is keen to service. It has even opened the 2,880m², temperature and humidity-controlled eBay Vault facility where collectors can safely store their items while they monitor their value and sell them to other collectors.

This pitches eBay against the growing number of luxury, vintage and collectible sites such as TheRealReal and Vinted. It also sees the company gaining traction with some mainstream luxury brands.

As part of this move, the platform has had to improve its anti-piracy and counterfeit controls and now offers a very high level of protection to brands (see Figure 38). eBay runs a Verified Rights Owner Programme (VeRO) – an anti-counterfeit initiative launched in 1998 – as an effective way of fighting counterfeits. Through the VeRO programme, rights owners have an easy-to-use system which allows them to report an item as potentially counterfeit and have eBay remove the listing. It has also developed a number of reporting tools which simplify how rights owners search and notify them of any suspect listings.

As eBay has grown its relations with luxury, collectible and the raft of other SME retailers, it has been forced to improve both its payments processing and its logistics. In partnership with Orange Connex, it now offers same-day dispatch and next-day delivery internationally.

It has also recently completed its transition to a modern payments platform by migrating all remaining sellers off of the legacy system. As a result, managed payments delivered \$2bn in revenue in 2021.



Company: eMAG

Founded: 2001

HQ: Bucharest, Romania

Marketplace type: Mixed

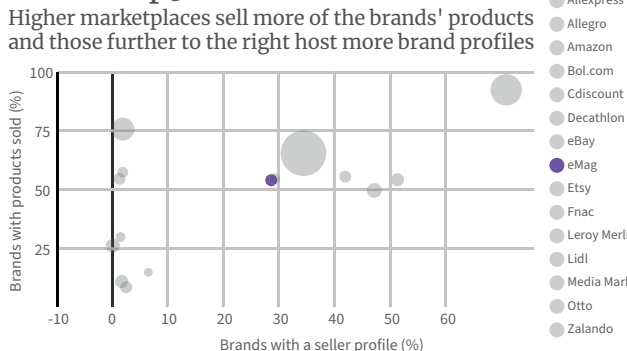
Countries served: Romania, Bulgaria and Hungary

Sectors covered: Consumer electronics, cosmetics, fashion and apparel, food and drink, grocery, homeware, jewellery, sports apparel, outdoor equipment and apparel, crafts and DIY

Shipping: Ships goods in partnership with third-party carriers

Warehousing: eMag operates Fulfilled By eMAG, providing storage, order picking, packing, customer care, product delivery and return services

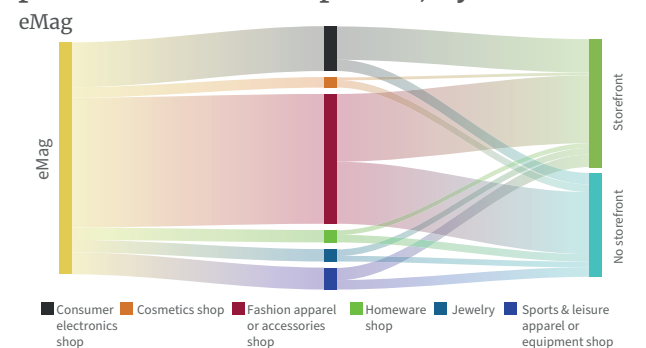
Figure 39: Emag's relative importance to the Top500 brands



RetailX, drawing on data from SimilarWeb

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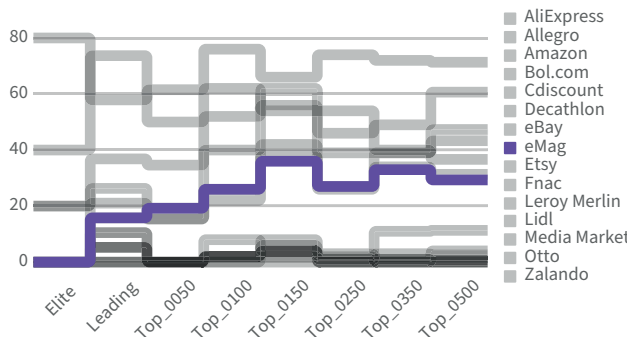
Figure 40: Brand product and storefront presence in marketplaces, by sector



Source: RetailX

© RetailX 2022

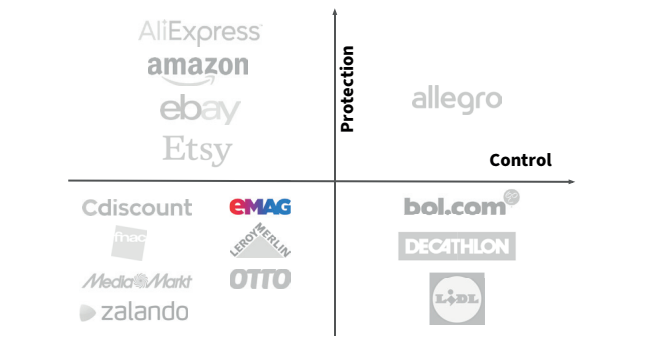
Figure 41: Brand storefront presence in marketplaces, by



Source: RetailX

© RetailX 2022

Figure 42: Emag's brand protection and control policy for Top 500 brands



Source: RetailX

© RetailX 2022

Founded in Romania 21 years ago, eMag has grown to service some 30,000 sellers across its Eastern European core markets and attracts traffic of 188m uniques annually.

Despite pulling out of Poland in 2021, the seller has expanded to become a major presence at the forefront of ecommerce in Romania, Bulgaria and Hungary – and has the honour of being the largest ecommerce site in its home market of Romania.

In 2020, the eMag Group reported revenues of €1.8bn, with its core business in Romania accounting for €1.09bn. Operations in Hungary and Bulgaria also reported a significant increase in turnover of 87%. Together, the two countries reported €0.42bn in sales.

Increasingly, the group's marketplace arm – which runs alongside its own-branded retail stores and online presence – has grown considerably and now accounts for around 35% of the group's total sales. Around €630m of its total sales comes from its marketplace activities.

Being focused on quite a small part of the European market, the relative number of Top 500 brands present on eMag is low, with just over half represented on the site. Most are there without a profile (see Figure 39) and many confined to the middle ranks of the Top 150 to Top 350 brands and retailers in Europe (see Figure 41).

Of the brands and retailers in the Top 500 that feature on the site, around half have a branded storefront across all categories (see Figure 40).

The marketplace is also lagging behind in terms of the control it gives brands over how they appear on the site, as well as how well counterfeiting and piracy are policed (see Figure 42). Such factors suggest that, while growing, the eMag is still very much in a nascent stage of development, mirroring the country markets that it services.

That doesn't mean, however, that eMag is lacking in ambition to be the best. In the past three years, the group has expanded from its initial focus on IT and consumer electronics goods to selling across multiple categories. In October 2021, it branched out into selling groceries in Romania through a separate site, 'Freshful by eMag'.

In March 2019, its Hungarian operation merged with fellow Hungarian retailer, Extreme Digital. Together, the companies set an ambition to triple turnover to €1bn within five years.

More recent developments include the opening of two bricks-and-mortar showroom stores in Hungary as well as the installation of a network of 500 collection lockers throughout Budapest.

The technology to run these Easybox lockers was developed in-house at eMag, with order fulfilment also operated by the company. If products are in stock, the customer can collect their purchase on the same day that it has been ordered.

One-third of eMag's delivery fleet consists of electric powered vehicles. The company is working towards transitioning its entire delivery fleet.

Customers in Romania can have their order delivered in one hour by the company's own fast delivery service. Tazz by eMag operates independently to deliver items from eMag, restaurants and other retailers including Mega Image, Decathlon and dm.

The company is currently investigating expansion into a fourth country, possibly Germany.





Company: Etsy

Founded: 2005

HQ: New York, USA

Marketplace type: Pure

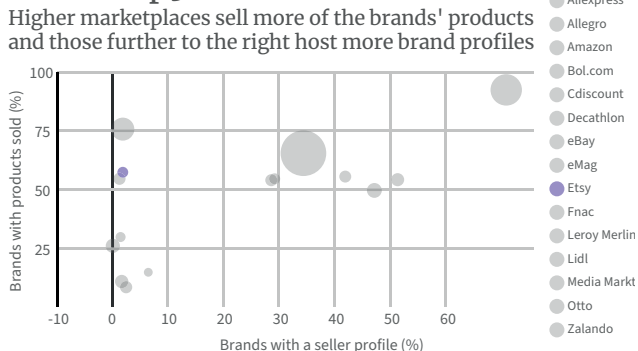
Countries served: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Israel, Italy, Latvia, Lithuania, Luxembourg, Malta, The Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey and the UK

Sectors covered: Cosmetics, fashion and apparel, food and drink, homeware, jewellery, sports apparel and equipment, crafts and DIY

Shipping: Etsy helps arrange shipping, with delivery facilitated by a range of carriers worldwide

Warehousing: No

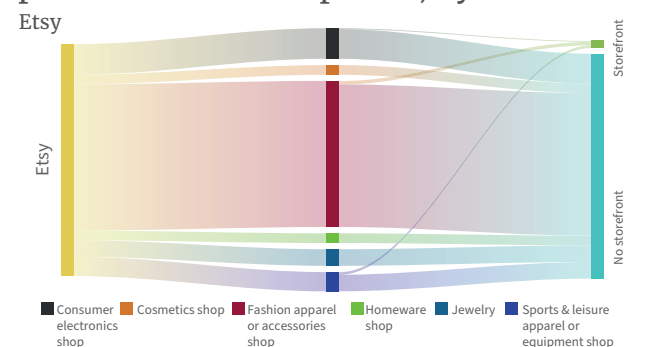
Figure 43: Etsy's relative importance to the Top500 brands



RetailX, drawing on data from SimilarWeb

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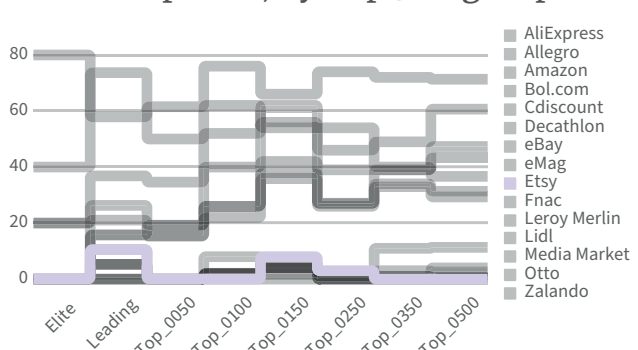
Figure 44: Brand product and storefront presence in marketplaces, by sector



Source: RetailX

© RetailX 2022

Figure 45: Brand storefront presence in marketplaces, by Top 500 group



Source: RetailX

© RetailX 2022

Figure 46: Etsy's brand protection and control policy for Top 500 brands



Source: RetailX

© RetailX 2022

Etsy stands out from the pack of Top 15 European marketplaces because it focuses almost exclusively on selling hand-made crafts such as jewellery, bags, clothing, homewares, furniture, cosmetics, toys and arts.

Dominating the craft niche, Etsy generates 160m hits from Europe each year, with sales from the region contributing heavily to the company's \$2.3bn revenues in 2021 – up 35% on the previous year. The results are impressive alone, but even more so once you consider that the company's main competition globally comes from Amazon and eBay, the two largest marketplaces in the world.

Being focused on the artisan community, Etsy has a very high number of sellers – 4.3m of them, behind only Amazon and OTTO in the Top 15 – but it features just nine brands from the RetailX Top 500.

This can be seen in the relative low levels of brand sales, brand profiles and brand storefront presence across the research (see Figures 43 and 45). Of the Top 500 that do sell on Etsy, most do not have a storefront presence (see Figure 44). The brand presence, however, sits above 50% as most of the branded items that are sold are vintage and are sold not by the brand, but by third-party and individual sellers.

As a result, Etsy has a challenge with policing counterfeits because, with many branded items being at least once removed from their original seller, provenance is hard to

establish. It does, however, allow reporting of suspected counterfeits and has a team to remove them.

The site also faces the challenge of policing copies of original crafts. Individuals who create their own home-made products often come up against other crafters replicating their ideas. This too is policed by Etsy, which runs a fulsome reporting and investigations department to this end (see Figure 46).

Increasingly, Etsy is adding a growing roster of vintage and retro clothing, homewares and jewellery – all of which the site stipulates must be more than 20 years old – driven by consumers looking for classic and unusual items, as well as being focused on sustainability.

In addition to this, Etsy, like eBay, is looking to expand its operations and grow what it sees as the increasingly valuable high-end and collectables side of its business. This has become particularly prevalent in fashion, where vintage luxury goods generate significant pass-on sales.

As a result, Etsy is investing in acquiring other sellers to help bolster this side of its business. In 2021, it acquired clothing reseller Depop for \$1.63bn, its largest acquisition to date, which mirrors Etsy in some respects with its vintage community. This adds to its 2019 purchase of acquired music equipment marketplace Reverb for \$275m.

Etsy has made it clear in recent results statements that it wants to have a hub of apps that cater towards niche and higher-value in some cases, ecommerce markets.

More acquisitions and the launch of new apps to fit certain niches are set to follow in the coming months and years as Etsy builds on its reputation in the crafts market to also play a significant role in vintage, vintage luxury, collectables and many other sectors.

The Etsy logo is displayed in a large, orange, serif font. The letters are bold and have a classic, slightly irregular appearance, characteristic of the brand's identity.



Company: Fnac

Founded: 1954

HQ: Ivry-sur-Seine, France

Marketplace type: Mixed

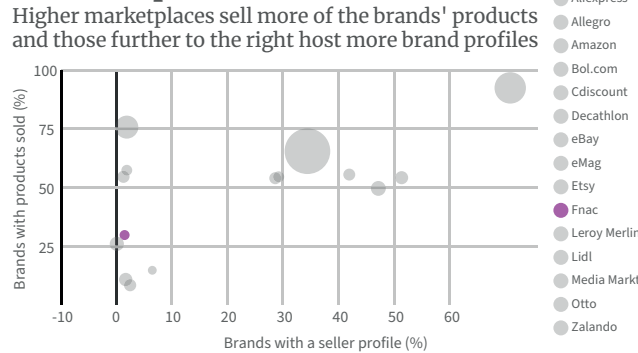
Countries served: France, Spain, Portugal, Belgium and Switzerland. Franchises in Luxembourg and several West African countries, along with Qatar

Sectors covered: Audio, books, CDs, computer hardware and software, DVDs, televisions, video games consoles and games, domestic appliances

Shipping: Fulfilment and shipping is handled by the seller

Warehousing: No

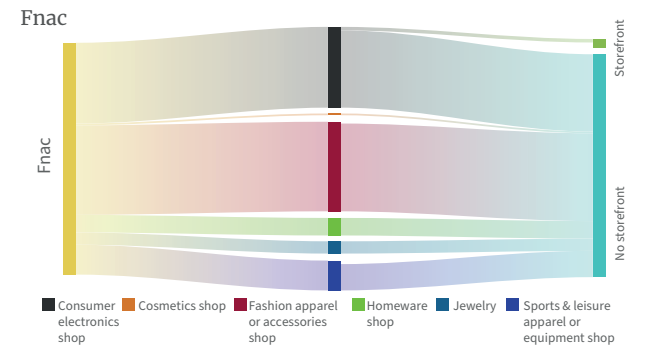
Figure 47: Fnac's relative importance to the Top500 brands



RetailX, drawing on data from SimilarWeb

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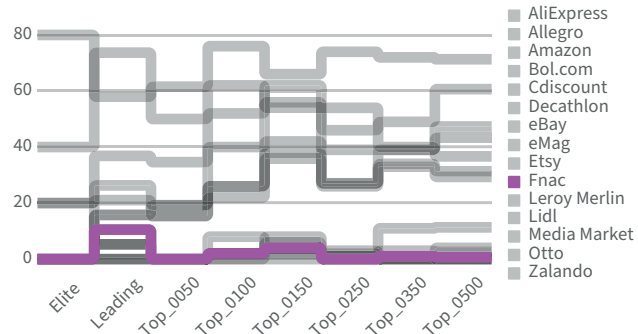
Figure 48: Brand product and storefront presence in marketplaces, by sector



Source: RetailX

© RetailX 2022

Figure 49: Brand storefront presence in marketplaces, by Top 500 group



Source: RetailX

© RetailX 2022

Figure 50: Fnac's brand protection and control policy for Top 500 brands



Source: RetailX

© RetailX 2022

Originally created as a members-only discount club, Fnac has become France's leading seller of what it calls 'cultural goods' – in today's parlance, media and entertainment products encompassing computers, phones, TVs, games consoles and games. It also sells CDs and DVDs, although this is a dwindling market.

Online, Fnac was an early adopter of ecommerce. In 1999, the Fnac webshop opened and, for the next ten years, grew as the wider ecommerce market took shape. In 2009, the first Fnac Marketplace was launched, initially only for French customers. This has since spread across neighbouring countries and now services an audience across Northern Europe, parts of the Middle East and into West Africa.

Following its creation, the Fnac Marketplace quickly reached the ecommerce top 10 in France. Following the merger of Fnac with its biggest competitor, Darty, in 2016, the retail and marketplace sites of the two companies combined. Fnac is now the second-largest marketplace in France behind Amazon. Annually, it attracts around 148m visitors and turns over \$8bn.

Focused on selling mid to high-end products and with a relatively specialised media and entertainment approach, Fnac has only around 2000 sellers on its marketplace and just seven from the Top 500. Yet it still manages to sell items from more than 25% of them, the bulk through resellers trading other brand's goods (see Figure 47).

Almost none of the Top 500 retailers and brands have a profile on the site and Fnac offers almost nothing in the way of branded storefronts, relying on itself to be the storefront due to it being such a trusted brand in France and its neighbouring markets (see Figure 48).

Of the brands that it does sell, the majority are in the leading segment, reflecting how the site is geared towards the higher value end of the market (see Figure 49). This lack of company profiles and storefronts in Fnac's marketplace structure means that brands have little or no control over how and where they appear relative to their direct competitors (see Figure 50).

The company is actively targeting premium brands in Europe as part of an ongoing drive to increase the number of high-quality, international brands on its site.

Those brands selling on the site get a dedicated account manager and are promoted in banners and sales promotions. Fnac will also incorporate the brands it works with into its social media plans.

The platform has some policies in place to combat the sale of pirated and counterfeit goods, with its own Fnac Darty Code of Business Conduct issued in 2019. This outlines how it protects everything from its business to its customers and staff (see Figure 54).

The company has quite a good reputation for customer service, with this being a key differentiator for the business. For example, sellers must be able to provide after-sales support in French and must reply to customer enquiries within 24 hours.

Fnac operates a testing centre where it evaluates new products for technical quality, ease of use, price and the important (for the French consumer especially) "price/quality ratio," and makes comparisons among similar products. It then presents its findings to customers both in its store displays and through the chain's *Contact* member magazine.

The company is quite willing to point out technical and other deficiencies in products and is even prepared to blacklist those products it considers unsatisfactory to be sold from its stores.





Company: Leroy Merlin

Founded: 1923

HQ: Lezennes, France

Marketplace type: Mixed

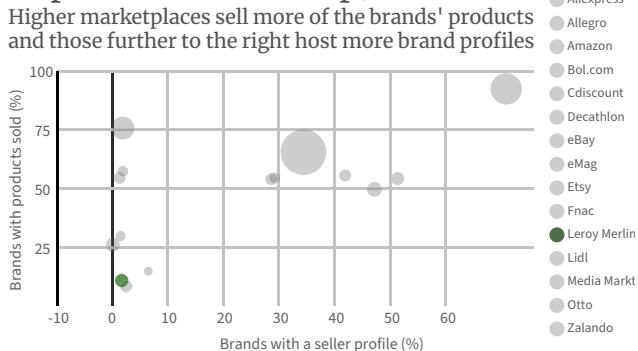
Countries served: France, Cyprus, Greece, Italy, Poland, Portugal, Romania, Russia, Spain and Ukraine (business suspended at time of writing). It also has a presence in China, Brazil, South Africa and Egypt

Sectors covered: Homeware, gardening, DIY

Shipping: Offers some shipping offers

Warehousing: No

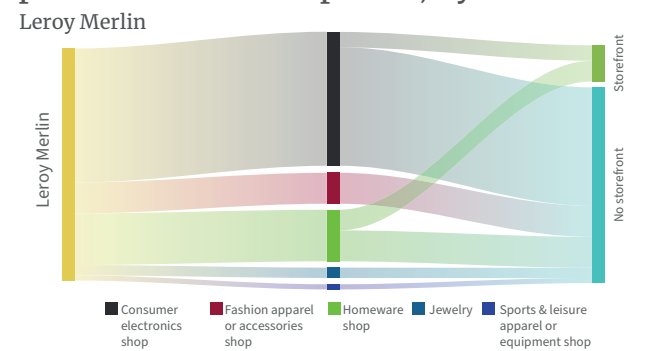
Figure 51: Leroy Merlin's relative importance to the Top500 brands



RetailX, drawing on data from SimilarWeb

RetailX 2022

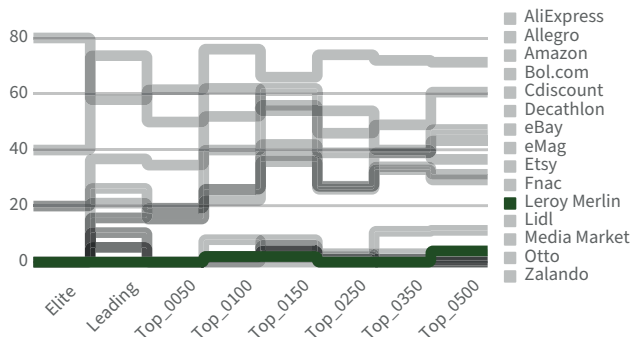
Figure 52: Brand product and storefront presence in marketplaces, by sector



Source: RetailX

RetailX 2022

Figure 53: Brand storefront presence in marketplaces, by Top 500 group



Source: RetailX

RetailX 2022

Figure 54: Leroy Merlin's brand protection and control policy for Top 500 brands



Source: RetailX

RetailX 2022

Leroy Merlin is the third-biggest DIY retail site in Europe, with a turnover of around \$25bn annually and European traffic of 235m visits annually from a client base of some nine million users. This makes it one of the biggest sites in France.

The retailer created a marketplace out of its existing website back in 2020, tapping into the pandemic switch to ecommerce and the rise of other DIY marketplaces across Europe. These included ManoMano and the move by Amazon to get into the DIY/home improvement space.

Leroy Merlin also saw an opportunity to expand its online presence and launched its own marketplace to run alongside its main site, opening up what it could offer to customers from third-parties.

This approach allowed the retailer to rapidly – and vastly – expand what it sold to customers, as well as creating value for money by selling a range of options.

The marketplace has helped the company rapidly fill the gap in products that consumers are demanding. The sudden switch to ecommerce brought about by lockdowns drove consumers to seek a growing range of products online in a very short time frame. The marketplace model has helped to fill that gap, allowing Leroy Merlin to satisfy consumer demand and grow its business in a trying time.

However, it is still early days. Currently, it has just eight Top 500 brands on the site, accounting for less than 10% of their products. None have profiles on Leroy Merlin, instead being sold through the Leroy Merlin storefront (see Figure 51). A tiny proportion have a storefront (see Figure 53), representing some homewares and some consumer electronics – mostly DIY gadgets – that exist because they are products outside the main run of what the company sells. The rest just appear on the site by category.

The brands that can be found on Leroy Merlin come from the Top 100-150 and those at the far reaches of the Top 500 (see Figure 52). This is largely due to two factors: the relatively small number of DIY/home improvement brands in the Top 500; and the fact that Leroy Merlin's foray into selling third-parties via a dedicated marketplace is a relatively new venture for the company.

Being a specialist DIY site, the company operates in a sector that is less likely to see pirated items and, since it tends to work with a range of established wholesalers and suppliers, has little need for rigorous counterfeit protection (see Figure 54). Having no storefronts to speak of, it also offers little in the way of control over how brands appear, trading instead on the quality of the items it sells.

By doing this, the company has created a very good reputation for itself in the sector, so its marketplace is likely

to continue to grow and expand. Recently, however, the retailer has courted controversy with its refusal to pull out of Russia following the invasion of Ukraine.

Leroy Merlin has a substantial presence in Russia, where it operates 143 stores, a lively online business and employs 45,000 people. Despite one of its stores in Ukraine being destroyed by a Russian missile, the company has steadfastly maintained that closing its Russian operations would constitute a “premeditated bankruptcy” and so it continues to operate. Following the missile strike, however, it has ceased its operations in Ukraine.





Company: Lidl

Founded: 1932

HQ: Neckarsulm, Germany

Marketplace type: Host

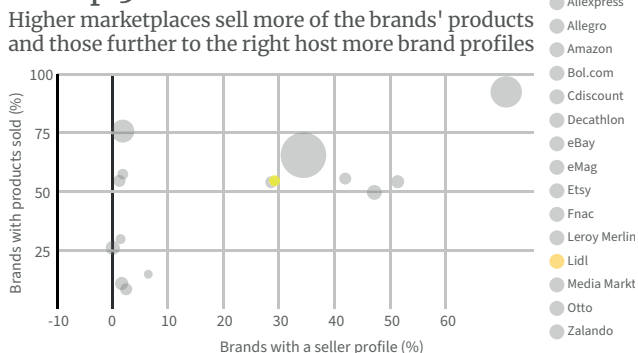
Countries served: Germany, Bulgaria, Czechia, Croatia, Poland, Romania, Slovakia, Ukraine and the UK

Sectors covered: Homeware, gardening, DIY, food and drink, fashion and apparel, consumer electronics, jewellery, sports and leisure equipment and apparel

Shipping: Offers some shipping with third-parties, charters and owns three container ships

Warehousing: Yes

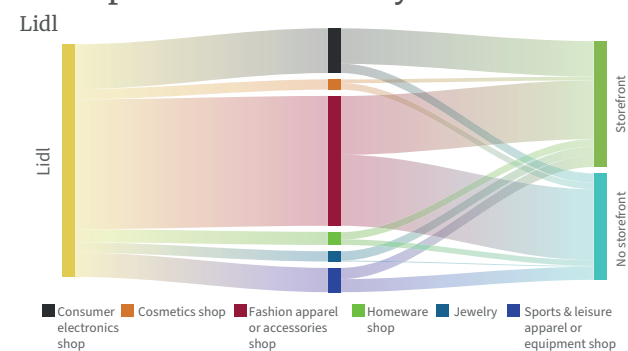
Figure 55: Lidl's relative importance to Top 500 Brands



RetailX, drawing on data from SimilarWeb

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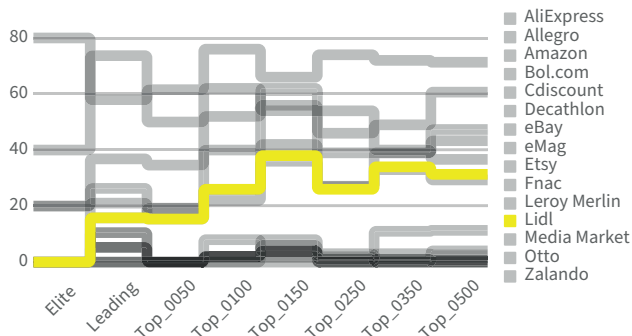
Figure 56: Brand product and store front presence on Lidl by sector



Source: RetailX

© RetailX 2022

Figure 57: Brand storefront presence on Lidl by Top 500 group



Source: RetailX

© RetailX 2022

Figure 58: Lidl's brand protection and control policy for Top 500 brands



Source: RetailX

© RetailX 2022

Lidl is a curious case of a retailer that is both a marketplace and not a marketplace. Owned by German retail giant Schwarz Gruppe, it's best known as a supermarket across great swathes of Europe. However, it has also grown to be one of the largest ecommerce stores in the region, turning over \$100bn in 2021 and building a massive online following of 163 million visitors a year.

It makes the European Top 15 marketplaces list because unlike rival supermarkets that make much of their revenues from online delivery and click and collect of food, Lidl's online business is focused solely on the non-food items it sells. These all come from third-party suppliers, so while it is an online supermarket of sorts, it also plays host to selling other goods. Hence, it is deemed a marketplace.

The company has built on this foundation over the past two years with the purchase by Schwarz of Real.de. This is one of Germany's biggest marketplaces and while not yet playing a direct role in Lidl's operations, it is part of the wider group's plans to grow its marketplace business. Lidl is sure to play a key role here, alongside Schwarz's other large retailer, Kaufland, which also runs a marketplace.

This could set up the group to be a strong rival in Germany to OTTO and to Amazon.de. However, since it is still early days for this joint venture, the strategy for Lidl, Kaufland and the wider Schwarz Gruppe is yet to be seen.

That said, Lidl already sells goods from 148 of Europe's Top 500 brands in its site, with around 30% of these brands having a profile and many others simply having their goods for sale (see Figure 55).

This translates into just more than half having a branded storefront on the site, across all major categories, with some brands being heavily featured in rotation on the home page of the site (see Figure 56).

The brands represented on Lidl's marketplace tend to be outside the Top 100, with just a few occasional exceptions, when some Leading brands have had their items on the site (see Figure 57).

Lidl tends to let these 'guest' brands control how they appear on the site relative to their competitors – to some degree – by having a ready churn of 'special offers' each week and month. The site tends not to offer much in the way of protection from counterfeit goods and piracy (see Figure 58).

While Lidl's parent company continues to develop the roles of Lidl, Kaufland and Real.de within its overarching marketplace strategy, Schwarz Gruppe has sought to concentrate on tackling one of the biggest issues facing all retailers currently – supply. Earlier this year, the group chartered three container ships and pledged to buy its own fourth vessel.

It has also set up its own shipping line. Tailwind Shipping is likely to start operation in Autumn 2022, marking a move by the retailer to take greater control over its supply chain.

Since many retailers have complained that shipping companies have sought to profiteer from the post-pandemic supply chain problems, this looks like a move from Lidl to take matters into its own hands. It is believed that the ships will form a Lidl-branded supply line between Asia and Europe.





Company: MediaMarkt

Founded: 1979

HQ: Ingolstadt, Germany

Marketplace type: Mixed

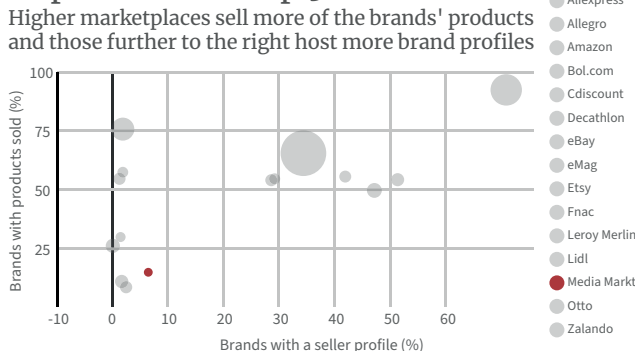
Countries served: Germany, Austria, France, Italy, Spain, The Netherlands, Greece, Poland, Portugal, Hungary and Sweden in the EEA. It also operates in Turkey

Sectors covered: Consumer electronics

Shipping: No, the seller has to provide logistics

Warehousing: No

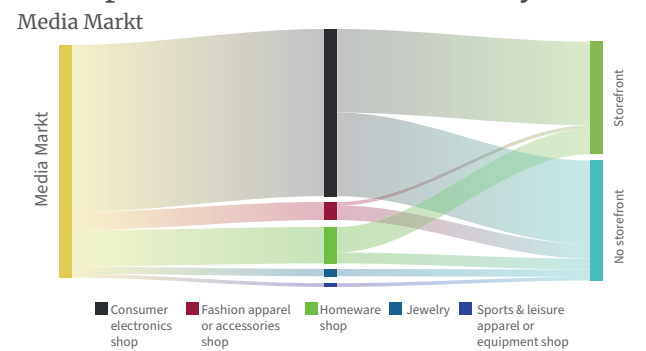
Figure 59: MediaMarkt's relative importance to Top 500 Brands



RetailX, drawing on data from SimilarWeb

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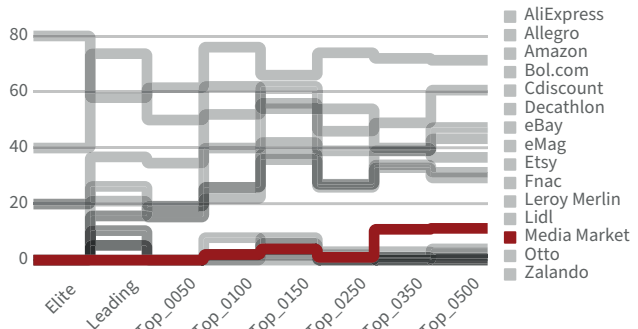
Figure 60: Brand product and store front presence on MediaMarkt by sector



Source: RetailX

© RetailX 2022

Figure 61: Brand storefront presence on MediaMarkt by Top 500 group



Source: RetailX

© RetailX 2022

Figure 62: MediaMarkt's brand protection and control policy for Top 500 brands



Source: RetailX

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German specialist consumer electronics retailer MediaMarkt is one of the biggest electronics sellers in Europe, with more than 1,000 stores across the markets in which it operates and with a very strong presence online.

What makes MediaMarkt stand out is its decentralised management approach. Each store under the brand's umbrella is an independent entity. Owners retain up to a 10% stake to spearhead the "all business is local" motto. Under this system, store owners vest more interest in the success of the business, just like in a sole proprietorship.

The model has been very successful. In 2021, turnover rose 19% to around \$5bn, driven by the re-opening of stores post-pandemic. The downside has been that online sales fell by 40%, with shoppers preferring to shop instore.

However, MediaMarkt's parent, Ceconomy, has looked to reverse this by not only looking at new ways to create a more omnichannel offering but also to target consumers in a way that they increasingly prefer: marketplaces.

In 2020, it trial launched a marketplace in Germany, with the aim of expanding the range of items it can offer its customer base. Buoyed by the success of this launch, the company expanded its marketplace to cover Austria and Spain in 2021 and plans to open in the Netherlands and Benelux in 2022 or 2023, a move driven by feedback from

retailers and brands that have used the German site and have seen great returns.

The company hopes that this is going to lift online sales, both in the home market of Germany and also through international expansion into these other markets.

Being focused on consumer electronics sees MediaMarkt and its sister brand Saturn servicing just a small number of Europe's Top 500 brands and retailers through this marketplace. With 32% represented, accounting for around 20% of Top 500 brand products (see Figure 59), around half of brands and retailers selling through MediaMarkt do so using a branded storefront (see Figure 60).

Of these brands, the vast majority lie outside the Top 350 (see Figure 61). Yet this doesn't properly reflect the breadth of what the marketplace sells, with the site shifting products from all the key consumer electronics and white goods brands, many of which are widely recognised even though they live outside the Top 500 since they are reasonably niche.

What the site does offer is very close management of its suppliers. It tends to take goods from manufacturers and direct from brands and so it has a very limited exposure to piracy and counterfeiting. As a result, it doesn't need much in the way of seller protection (see Figure 62).

MediaMarkt, as a retailer and marketplace operator, is at the forefront of using technology in its operations. With the growth of its international footprint and the growing use of marketplaces, the retailer has spent a lot of time and money unifying its customer data so that it is uniform across all channels, providing a deep understanding of customers and delivering better personalisation that seen in many ecommerce sites.

The retailer has also developed its own bespoke range of apps for its store staff, which have seen rapid uptake of click and collect offerings, instore demos and staff becoming much more knowledgeable about the products that are on sale.





Company: OTTO

Founded: 1949

HQ: Hamburg, Germany

Marketplace type: Mixed

Countries served: Germany. Operates in 19 other countries through subsidiaries

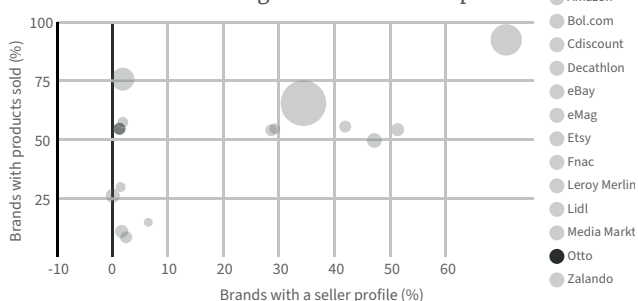
Sectors covered: Consumer electronics, fashion and apparel, furniture, toys and games, books, crafts, DIY

Shipping: Yes

Warehousing: Not for third-party sellers

Figure 63: OTTO's relative importance to Top 500 Brands

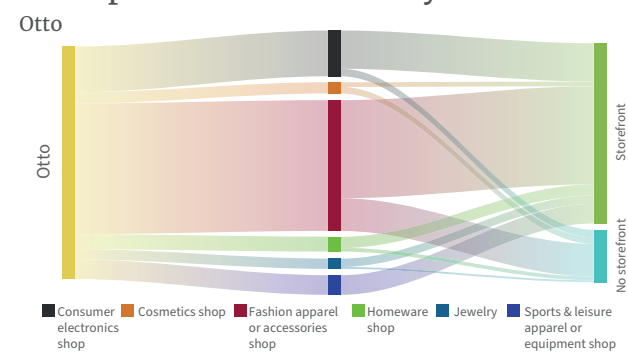
Higher marketplaces sell more of the brands' products and those further to the right host more brand profiles



RetailX, drawing on data from SimilarWeb

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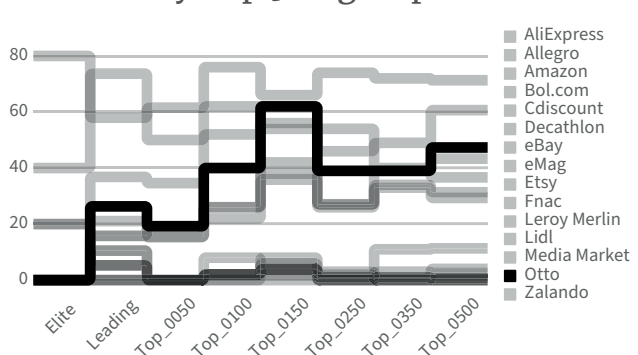
Figure 64: Brand product and store front presence on OTTO by sector



Source: RetailX

© RetailX 2022

Figure 65: Brand storefront presence on OTTO by Top 500 group



Source: RetailX

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Figure 66: OTTO's brand protection and control policy for Top 500 brands



Source: RetailX

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OTTO started life in 1949 as a mail order shoe seller in post-war Germany, filling a gap in the market. More than 70 years later, it has become one of the largest retailers in Europe, generating revenues of around \$17bn in 2021, up 2.7% on the previous year.

Online, it is the second-largest seller in Germany behind Amazon, with ecommerce accounting for \$12bn of revenues, 70% of its total income.

While OTTO is a retailer in its own right, it is open to partners through its OTTO Marken marketplace. Launched in 2019 as a rebrand of its existing partner programme, the move aims to rapidly and extensively expand the range of items OTTO can sell.

This has put some 7m sellers and brands in front of OTTO's 10m customers and generated some 186m visits from all over the world in 2021, demonstrating how the marketplace has expanded the reach of OTTO's core offering to a much wider geographical audience.

Of its seller base of 7m companies and brands, 210 of them are in the European Top 500, with more than 50% of them brand products, 42% of which are profiled on the site (see Figure 63).

The majority of sellers have their own storefront across all sectors, appearing by brand on the OTTO Marken

marketplace site (see Figure 64), with OTTO promoting its marketplace as being a place to get good deals on well-known brands. It is particularly strong selling fashion apparel, furniture and homewares. As an aside, OTTO's logistics offer guarantees two-man delivery, so the site is proving to be very popular for large furniture items.

The well-known brands that are using OTTO Marken span the full range of the Top 500 European brands and retailers, the bulk of which are in the Top 100 to 150 range and then across the 150 to 500 (see Figure 65).

Working closely with the brands, who like a retailer, supply OTTO Marken from source, OTTO has little need to police counterfeit goods and so ranks low on protection (see Figure 66). Being an alpha-sorted list by brand name, there is also no control offered to brands as to where their presence falls relative to competitors.

This model has served OTTO well. It has quite stringent requirements for sellers wanting to appear on the OTTO marketplace, giving those brands that do appear a great competitive position in the German market. OTTO Marken also features some of the best filter options of any ecommerce website, so offers great 'find' potential when consumers are searching by brand or by product.





Company: Zalando

Founded: 2008

HQ: Berlin, Germany

Marketplace type: Mixed

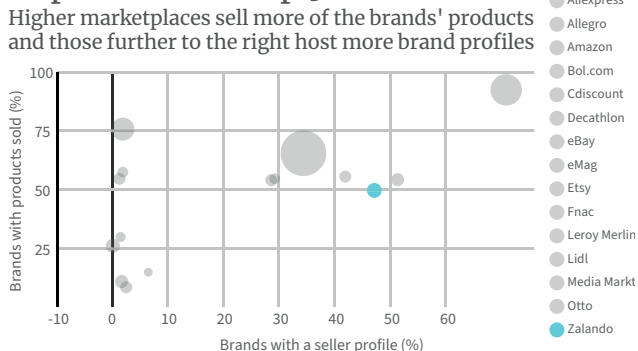
Countries served: Germany, Austria, Switzerland, France, Belgium, the Netherlands, Italy, Spain, Poland, Sweden, Denmark, Finland, Norway, Slovenia, Ireland, Luxembourg, Czechia, Slovakia, Croatia, UK, Lithuania, Latvia, Estonia, Hungary and Romania

Sectors covered: Fashion and apparel, footwear, sportswear, jewellery, consumer electronics (smart watches), accessories, homewares

Shipping: Yes, through Zalando Fulfilment Services (ZFS)

Warehousing: Yes, as part of ZFS

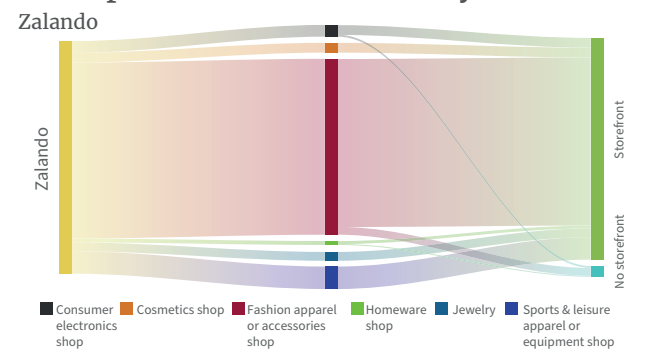
Figure 67: Zalando's relative importance to Top 500 Brands



RetailX, drawing on data from SimilarWeb

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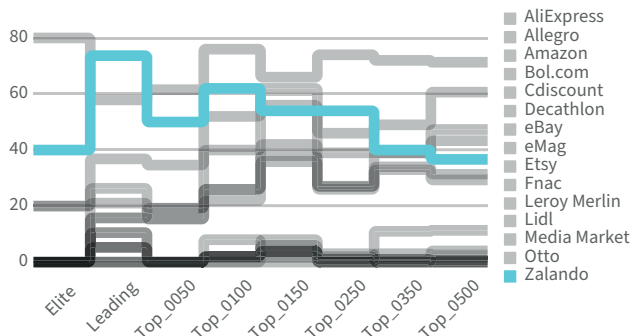
Figure 68: Brand product and store front presence on Zalando by sector



Source: RetailX

© RetailX 2022

Figure 69: Brand storefront presence on Zalando by Top 500 group



Source: RetailX

© RetailX 2022

Figure 70: Zalando's brand protection and control policy for Top 500 brands



Source: RetailX

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Zalando started life as a pureplay online seller but has since rapidly grown to be Europe's largest dedicated fashion marketplace, selling items from more than 7,000 brands across a network that stretches over more than 20 countries.

In 2021, it boasted 34.1m customers generating some 308m hits a year and creating orders worth \$12.25bn.

Of the many brands that it sells, Zalando features an impressive 236 of the European Top 500, selling around 50% of the sample's branded goods (see Figure 67). Almost all of these brands have their own profile and storefront, with the few that don't appearing through other branded retailer stores (see Figure 68).

Zalando has perhaps the highest proportion of Top 500 brands and retailers, with a high proportion of all segments from Elite through the rest of the Top 500 (see Figure 69). While the Top 500 list is skewed towards fashion and apparel retailers, this excellent spread of brands on Zalando's marketplace exemplifies just how important to fashion retail it has become. Put simply, if you sell fashion, you want to be using Zalando.

The retailer is not only attuned to the demands of the fashion market but also works hard to fully understand its customers, who are currently visiting more often and engaging with its range of services more often. But it says

that macroeconomic uncertainty is leading to short-term challenges, with shoppers now buying more seasonal and trend-based items – moving either towards high-end products or from mid-market products to basic items.

Zalando's membership programme – Zalando Plus – grew by 150% across 2021 and gives a range of benefits to shoppers as well as giving a deeper understanding of its customers.

This deeper understanding is being used to tailor the goods it sells to the amount that its customers now want to spend. This will improve order economics and introduce the most cost-efficient solutions, while investing in a “best-in-class customer experience”, through both its ecommerce capabilities and partner services.

The company is adding more fulfilment centres to its logistics network, with work already underway in Frankfurt in its home market of Germany, as well as in Poland and northern France. During the summer of 2022, it launched into Hungary and Romania, following on from six new market launches across Europe in 2021.

Working with well-known brands and suppliers at an almost wholesale level sees Zalando experience very little in the way of counterfeit goods and piracy taking place on the site. As a result, the marketplace needs to offer minimal protection to brands (see Figure 70). Each seller

having its own space on the site means that it need not cede control to brands themselves as to how they appear on the site (see Figure 70). This is one of the things that makes Zalando so attractive to fashion sellers. It acts almost like a fashion-focused online shopping mall, each retailer able to offer a nicely branded experience.



Growth drivers

The European marketplace sector has seen strong growth over many years – what will continue to drive that growth through 2023 and beyond?

Growth vectors to date

The European marketplace market has seen impressive growth over the past three years, effectively doubling in revenues generated from these sites between 2019 and 2022. This has been driven by a range of factors which are important to document before we look ahead at what is likely to driver growth across 2023 and beyond.

While the biggest driver for growth has undoubtedly been the pandemic, even before that hit, marketplaces had already started to cement their place in consumer shopping habits. The 2020 RetailX European Marketplaces Report valued the sector at €100bn, driven by consumers increasingly seeing the convenience of shopping on marketplaces. That report's data suggested that, in 2019, Amazon was (and still is) by far the most popular place to shop, with 82% of UK shoppers, for example, using it as their first port of call for purchases. That year, this hit 95% of over-50s, not just for purchasing but also for the discovery of new goods. This ranked Amazon ahead of

Google (68%), eBay (49%) Facebook (22%), Instagram (16%) and retailers' own websites (46%)^[1].

Today, the picture is the same ,only more so. The sector is worth closer to €200bn and while Amazon's dominance has decreased slightly under pressure from other marketplaces, they still attract more than half of shoppers.

Convenience, competitiveness, choice and delivery options were the main reasons shoppers turned to marketplaces in the first place. The pandemic heightened this when the switch to more online shopping saw more people turn to marketplaces as their first port of call.

This behaviour has stuck, even as stores have reopened and retailers have upped the ante with their ecommerce and omnichannel strategies. Marketplaces now form an integral part of the shopper's retail journey and, as a result, are also figuring more strongly in the strategies of retailers and brands – driving even more shoppers to them.

This has seen the marketplaces market, along with its position within the wider ecommerce paradigm, become ever more competitive. There are more marketplaces, more webstores and even more social media sites and others looking to offer ecommerce. There are also retailers starting their own marketplaces. Combined, these have made the sector a febrile mix of market drivers, technological development and consumer engagement,

all of which are set to have a big impact on the sector in the coming months and years. Here's how.

More focused marketplaces

The marketplace sector has long been dominated by Amazon and eBay, both enormous generalist marketplaces that sell a vast array of goods in a many thousands of categories to consumers all over the world. While this model serves many established players well, there is a growing move towards marketplaces becoming much more focused.

A look at the existing European Top 15 marketplaces analysed throughout this report shows that there are now several that service either specific regional markets or deal with a specific sector or niche interest.

Cdiscount only operates in France, eMAG in Romania and neighbouring countries. OTTO in Germany vies with the likes of Zalando selling just fashion and accessories, while Media Markt sells consumer electronics.

This focus on niche areas, specific categories or localised markets is something that is seen more prevalently across the long tail of marketplaces that lie outside the Top 15. There are now marketplaces that focus on pretty much any niche area, with those servicing fashion leading the way. This is the largest segment of the RetailX Top 500 brands and retailers and is by far the most common niche

marketplace offering. Within this there are even more granular marketplaces focused on luxury fashion – Veepee, Vestiaire Collective and Mr Porter, for example – and, increasingly, second-hand and preloved fashion, such as Bepop, Vinted and Freecycle. There are also those that deal with preloved luxury fashion, such as Secret Sales.

This trend for specialism is only set to increase. The marketplace model is so popular with consumers that, for many sellers, it makes increasing sense to find platforms that can target their specialist audience for them and deliver the benefits of marketing, logistics and cross-border sales with relative ease to the seller.

The downsides, especially that these sellers appear directly in competition with their competitors, is largely outweighed by the extended reach they achieve.

It is a model that is appearing right across the spectrum of online selling. Airbnb, for example, is a marketplace specialising in rental property, while Uber could also be thought of as a marketplace for transport hire. Even these niche marketplaces are also seeing granularity. Staymarta, for example, is a Christian-only Airbnb analogue, while Go-Jek is a Uber-like service that focuses just on the Indonesian market.

This increasingly niche approach is likely to see marketplaces grow up out of any specific sector or

segment where there is choice and could well see the marketplace model become the de facto way that many things are bought and sold online.

More enterprise marketplaces

Analysis of the European marketplace landscape by RetailX in 2020 and 2021 outlined how, across some European markets, some regions marketplaces sectors are being dominated by marketplaces run by retailers themselves.

Spain, Italy, Poland and, to some extent, France and Portugal, see an almost 50:50 split between marketplace and non-marketplace retailers, with almost all marketplace traffic going to mixed marketplaces^[2].

These markets are interesting because they have developed a sub-culture around ecommerce and marketplaces that has very heavily embraced the idea of retailers running their own marketplaces.

France's Carrefour and Spain's El Corte Inglés have taken the department store/superstore model from the 'real world' and translated it online. In the case of Carrefour, it essentially runs two sites – its own and its marketplace – so that primarily in France, but also in Spain, it is collecting traffic from both the non- and mixed-marketplace data.

This level of market dominance indicates that these retailers – along with many others in these regions – have

already seen the consumer interest in marketplaces and embraced to, making it their own. It is also interesting to note that in these markets, Amazon isn't the dominant presence, showing that these retailers have cornered that market quickly and effectively.

In the 2022 Top 15 European marketplaces, Decathlon, Fnac, Leroy Merlin and Lidl all figure as leading marketplaces by traffic, even though they are retailer owned and operated.

This model for enterprise-run marketplaces is set to continue to grow and develop as retailers see it both as a way to compete with pureplay marketplaces – in terms of offering convenience and choice to consumers – as well as allowing these retailers to rapidly expand their geographical reach as well as the breadth of inventory at a relatively low cost.

The trend towards more niche and focused marketplaces also lends itself to exploitation by specific retailers and brands who can effectively 'own' their niche if they have a powerful brand site and marketplace working in tandem.

More B2B marketplaces

As with business-to-consumer (B2C) ecommerce, marketplaces are starting to make their mark on the business-to-business (B2B) space. Across Europe, there are now some 300 B2B marketplaces, up from 20 in 2010, with

combined funding of more than €3bn^[3]. This growth is set to continue, driven by many of the things that are driving the consumer marketplace world.

B2B marketplaces confer all the advantages that they bring in the B2C space on both buyers and sellers in the business community. With many purchase managers using marketplaces in their private lives, the model is one that is readily being adapted and adopted with business.

For buyers, it is a trusted, one-stop-shop source for their needs, with which they can build up a trusted relationship and find keen prices generating savings. From a seller perspective, B2B marketplaces help deliver them to a receptive audience, help them expand into new markets and territories and help to speed them down a path towards rolling out an ecommerce offering or adding the latest tech, such as a mobile presence. Both buyers and sellers also benefit from the protection that a marketplace can offer.

The downside, for merchants at least, is that they are often forced to compete on price and/or carry the cost of delivery with their competitors, while chasing the same customers.

This nascent market is, understandably, now in the crosshairs of some Europe's main B2C marketplace players, with both Amazon and eBay running B2B-specific arms of their businesses to cater for demand.

Amazon Business was set up in 2015 with the remit to bring all the advantages of Amazon's B2C ecommerce offering to the business sector – and then some. By 2018, it was generating \$10bn in sales and servicing 55 of the Fortune 500, as well as 80% of the largest educational organisations and more than half of the US's largest hospitals.

Users across the US, Europe, Japan and India get access to business-only pricing, multi-user accounts and more, including integrated purchasing systems, consolidated delivery and reporting and analytics. There is even a Business Prime subscription service that builds loyalty.

eBay Business Supply, meanwhile, was set up in 2016 and brought its SAP Ariba Spot Buy and eBay Wholesale Deals solutions under one umbrella. Targeted at SMEs right through to large multinational corporates, eBay Business Supply aims to offer more competitive pricing for businesses looking for supplies, as well as channel wholesalers and manufacturers to its site.

The European B2B marketplace sector has thrown up a number of its own home-grown marketplaces that are giving these behemoths a run for their money, with 60% of them offering services and 40% offering goods. Funding Circle, ManoMano, Meero, ScoutBee and Rekki are just some of the diverse European B2B marketplaces that service everything from fintech services and DIY retail supply to supply chain and food provision.

Social media marketplaces

As marketplaces have cemented their role in the consumer purchasing funnel, so too have they come to be the key place to seek inspiration for gifts. 48% of shoppers now use online marketplaces such as Amazon as the primary source of inspiration during peak shopping, with referrals from friends and family (46%) and Amazon reviews (28%) also hugely influential throughout the journey to purchase.

However, social media sites are starting to give them a run for their money, with Facebook the most predominant (38%), followed by WhatsApp (35%), Instagram (31%) and YouTube (27%)^[4].

This is particularly prevalent among younger consumers, with Instagram (46%) just as influential for gift ideas and inspiration for Gen Z (18 to 24 year olds). Overall, Facebook (21%) remains the most influential social media platform when it comes to gift buying, followed by Instagram (19%) and Pinterest (11%)^[5].

This use of social media sites to share and inspire is increasingly being translated into these very same platforms looking to start offering merchants, brands and retailers the chance to sell from these platforms – making social media sites more like marketplaces. Such 'social commerce' – the buying and selling through social media – increased 95% during lockdown^[6]. Facebook, along with Facebook-owned Instagram, is at the vanguard of this shift.

Tapping into the lockdown's global groundswell of online shopping, Facebook now allows small businesses to sell direct from its platform and app by creating a single online selling presence on the platform then selling from their feeds. This will be closely allied to the company's other social media selling tools on Instagram, which it launched in 2019, pre-pandemic.

Youth-focused social sites TikTok and Snapchat have both seen boosts to their standing as sales platforms across this period too. TikTok, which describes itself as focused on entertainment rather than on social media, has recently started working with Shopify to enable storefronts on TikTok. This has, in turn, seen its user profile age range increase and has attracted more families to the site, in part because the entertainment is shoppable.

According to Snapchat, this is because shoppers want to shop where they are when the mood strikes. Which, due to the prevalence of social media, is often on these platforms.

Google, too, is looking to make search more of a shopping arena. Following on from making it free to list products on Google Shopping and Search in the US and Europe, the search giant continues its courting of online sellers by making Buy on Google commission-free. Google has also opened up the checkout platform to third-parties, starting with PayPal and Shopify.

According to Google, these changes are about offering all businesses – from small stores to national chains and online marketplaces – the best place to connect with customers, regardless of where a purchase eventually occurs. With more products and stores available for discovery and the option to buy directly on Google or on a retailer's site, shoppers will have more choice.

Live streaming and 'entainmerce'

Part of the appeal of social media sites has been sharing video content and this, in part, has seen video increasingly become a tool to engage and even sell online. This hasn't been lost of marketplaces, particularly in China and South East Asia, and is set to be a key differentiator for many marketplaces in Europe in the years ahead.

Live commerce, pioneered on cable TV by shopping channel QVC back in the 1990s, has only recently become an internet phenomenon, with the Chinese launch of Alibaba's Taobao live in May 2016. Linking online broadcast to push a particular product saw rapid conversion and huge sales. By 2020, the first 30 minutes of Alibaba's Singles' Day presales campaign on Taobao Live generated \$7.5bn in total transaction value^[7].

In the UK, some retailers are already trialling video commerce for themselves. JD Sports is leveraging its youth brand, social media reach and video to create live video content that it shares via a quasi-social media/video retail

platform called OOOOO – founded by ex-executives of marketplace Wish and social media site TikTok.

For marketplaces, the power of live video streaming is plain to see its rapid evolution in China. Amazon has already started to get in on the act, with Amazon Live. This service features 'programmes' that highlight particular products, each of which can be purchased from the site via links in the service.

Live in this case is something of a misnomer since the videos can be watched both live and from archive, both being shoppable. Data on the usage levels of Amazon Live is hard to come by but some reports suggest that the ROI of using the service is anywhere between 23 times and 56 times the initial investment^[8].

While YouTube would also seem to be a natural fit for livestreaming, to date it has only dabbled in selling by offering a retail 'shelf' below commercial posts as a trail. The site has, however, made some of its ads shoppable.

Pinterest recently started to live stream events from its site. The company had already trialled 'classroom' events using Zoom in 2020 but a new trial in Summer 2021 saw it take the experience to its own platform, adding to its crafty collection of merchandise with a growing round of master classes from experts. The initial trail between 24 May and 26 May focused on food, cooking, design and style.

Again, marketplaces have an advantage in that they can build out live video streaming capabilities at scale, allowing smaller retailers, brands and merchants to leverage it as a tool, much as we have seen with mobile.

For this reason – and as the ecommerce and marketplace markets become increasingly competitive – it is likely that more marketplaces across Europe, whether mixed, pure or retailer-run, will start to roll out video to drive increased engagement and enhance sales.

Technology in the driving seat

Technology has played a key role in the development of marketplaces and it is likely to steer marketplaces through the ever-more competitive landscape in which they operate. To date, marketplace technology has centred around search and display of results, as well as around mobile and delivery management.

With the marketplace landscape now much more competitive, it is now set to play an increasing role in enhancing the convenience these platforms offer, as well as making these three core facets of marketplace operation more effective.

While the algorithms for search and display used on marketplaces will continue to evolve and improve, other technologies are set to join them, adding to their

effectiveness and increasing convenience for shoppers. Notable among these will be:

- Improving search – Marketplaces offer consumers a wide choice of goods. While this is something that guarantees them business, as they grow, it makes them increasingly hard to use. How marketplaces come up in searches, along with how easy marketplaces themselves are to search, will be key factors in their growth.

SEO for marketplaces is a complex operation and one which brands pay marketplaces their commission to achieve. Making sure that the right marketplace item appears at the top of a Google or other online search requires money. Consumers are looking to find things not just by what they are called or what they are, but also by what they are similar to. This requires more complex search algorithms for both search engines and the marketplaces themselves, as they strive to deliver what consumers want to see when they type in requests such as “trainers like Andy Murray’s”.

The search and discovery conundrum becomes even more complex as consumers want to interact with and search the web in even more different ways. Increasingly, shoppers are using voice and visual search to find things – asking their phone or device to find what they are looking for, or pointing the camera at an object they like. While nascent currently, voice and visual search

are set to be key drivers for ecommerce. If they are to stay ahead of the cutting-edge retailer and brand sites, marketplaces need to start offering this technology.

The same applies for searching within the marketplace itself. As voice and visual search become more widely used as the starting point for web searches, they will have to find their way into the search functionality of marketplaces. This will require some heavy lifting on the part of the marketplaces but for those that do, could give them a huge competitive advantage.

- Augmented reality (AR) – Placing objects being considered for purchase into the setting in which they will be used is a powerful and much-needed tool for any form of online selling.

Allowing consumers to see how clothing may look when worn, what a new kettle will look like in their own kitchen, or seeing whether a new sofa will fit in the space occupied by an old one are all ways to make the online shopping experience more convenient and efficient.

They also allows retailers to cut down on the cost of returns, since there is more likelihood that the goods purchased will be just right for the customer.

While the application of AR to ecommerce is well understood, it is particularly important to marketplaces

and the brands and retailers that sell through them as they can democratise these often cutting-edge and expensive technologies. Unlike a brand or retailer looking to deploy them, the marketplace can often afford to make the investment in such tech before making it available to all its sellers. This opens up technology to a much wider range of brands and retailers while making the marketplace even more compelling to shoppers.

With such tech built into the marketplace app, for example, the user just has to tap to access these powerful features, while the retailers and brands on the site can leverage its power at a lower cost.

AR has already been extensively trialled by Amazon, which used it during lockdown to launch a push into home furnishings and DIY. More recently, it teamed up with L'Oréal to create a make-up try on service.

The heat is now on for marketplaces to implement AR because so many brands have already started to experiment with it, including IKEA and Nike.

- Virtual reality and the metaverse – While AR is already offering marketplaces and retailers new ways to help smooth the ecommerce process, its cousin virtual reality (VR) is also set to play a role in the development of marketplace interaction.

Offering a more visual interpretation of the internet, VR offers a potential new 'on ramp' for accessing sites, especially when using that VR interface to interact with the web via the metaverse. Imagine a marketplace that you can actually walk through, searching for departments by voice as you move around an endless virtual store to see the goods on sale.

This version of VR is some way off but with consumers becoming more influenced by voice and visual search and increasingly using AR to 'try on' items of clothing, this technology will come to be a staple of ecommerce and the marketplace sector. A generation of kids has grown up interacting in persistent online gaming worlds. As they become consumers with real money to spend, they will expect similar experiences from the internet and ecommerce. This is what will drive VR and the metaverse to become key parts of marketplace shopping in the years to come.

[1] <https://retailx.net/product/european-marketplaces-report-2020/>

[2] <https://retailx.net/product/european-marketplaces-report-2021/>

[3] <https://medium.com/point-nine-news/mapping-the-european-b2b-marketplace-landscape-the-2020-edition-48d72cb33d88>

[4] <https://rakutenadvertising.com/en-uk/resources/road-recovery-shopping-peaks>

[5] www.bazaarvoice.com/resources/pandemics-and-presents-a-look-at-how-consumers-plan-to-shop-for-the-holidays-in-2020

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[8] www.referazon.com/amazon-live-influencers-everything-you-need-to-know/

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Conclusion

The health of the European Marketplace sector in 2022 is undoubtedly good, driven by consumer demand for the most convenient and price efficient ways to browse, discover and shop.

The vast majority of the Elite, Leading and Top 500 brands and retailers are using many of the Top 15 marketplace platforms – and many more besides – driving the European marketplace market to revenues of €200bn in 2022.

Mixed marketplaces, which sell third-party and their own brand goods, vie with pure third-party only marketplaces – while both face increasing pressure from retail-run marketplaces and marketplaces that focus on a single sector as the business models that underpin the sector transform.

The upshot is a sector that is alive with innovation, that offers an increasingly hybrid model for brands to sell through their own sites and the marketplaces – leaving consumers as the overall winners.

At a time when the cost of living is impacting shoppers, those sites that can offer value and competitive pricing along with ease of use are winning through – an excellent prognosis for the marketplace sector for the coming years.

We hope that you have found our research and analysis to be of interest and commercial value. We would be very pleased to hear from you with questions, suggestions or comments, and in particular we would like to hear about any areas you think we should include in the 2023 report. Please get in touch via: research@retailx.net

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