

Why Top Retailers Are Considering a Private Marketplace Model



Where Will Your Retail Business Be Three Years From Now?

Today's consumers are more demanding, less loyal and more distracted than ever before, retailers face new, complex challenges as they attempt to connect to new customers, provide a more seamless shopping experience and improve their overall profitability.

Meanwhile, marketplaces have become the primary digital touchpoint for online browsing, researching and buying. With broad selection, competitive prices, guaranteed delivery and easy, secure checkout, they are becoming a trusted destination for consumers throughout the buying journey — from discovery through conversion.



82% of global consumers
regularly use multiple digital touchpoints during their buying journey



89% of consumers
browse marketplaces or retail sites without any intention to buy



46% of US and EMEA
consumers begin their buying journey on Amazon



42% of consumers
have discovered products they've purchased in the past 12 months by browsing marketplaces

Source: Rithum/Dynata
Consumer Survey, 2022

Retailers who can't quickly adapt to ever-changing consumer behavior and an evolving e-commerce landscape risk becoming irrelevant.

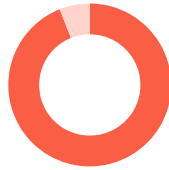
Many are seeking innovative ways to optimize operations, enhance customer experiences, and drive revenue growth.



57%

of retail executives worry their company is not adapting fast enough to the pace of change

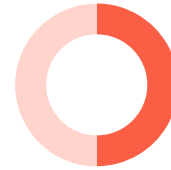
Source: Alix Partners, 2022



94%

of retail executives say their business model will need to change in the next 3 years, driven by the pace of disruption

Source: Alix Partners, 2022



Over 50%

of the Top 100 global marketplaces launched in the last decade

Source: Digital Commerce 360, 2023



With a renewed focus on long-term profitability, many retailers are shifting their thinking when it comes to traditional models with brands and suppliers and looking for ways to expand their inventory more strategically, grow sales and attract and retain new customers. As a result, retailers are exploring the possibilities inherent in private marketplaces.

What is a Private Marketplace?

Unlike a traditional dropship model, a private marketplace — sometimes referred to as a “curated marketplace” — allows selected suppliers or vendors to offer their products directly to buyers as a third-party seller. This model focuses on creating a curated and personalized shopping experience for end consumers and fosters collaboration between retailers and suppliers, allowing them to share insights and data to optimize product offerings and customer experiences.

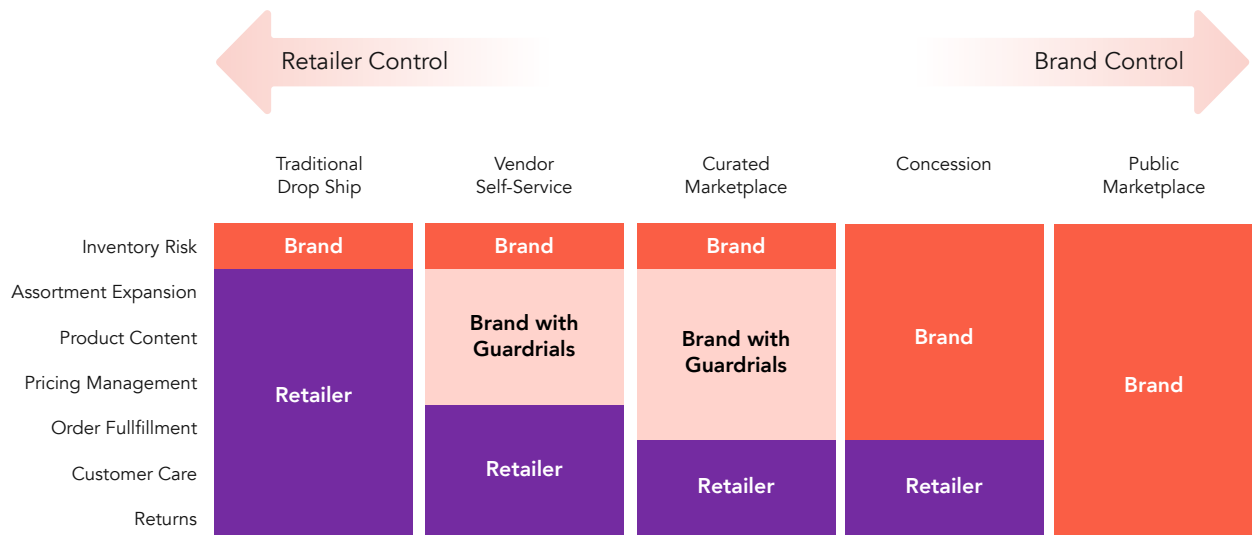
Private marketplaces are different from “public marketplaces” (e.g., Amazon, eBay, etc.), in that a brand or supplier must be invited or approved to sell merchandise as a third party through the retail site.

In a private marketplace, retailers can exercise greater control over their brand identity, pricing strategies, and customer relationships. They also have the freedom to select suppliers whose products align with their brand values and target audience. This approach enables retailers to differentiate themselves in a crowded market while ensuring product quality and consistency.

Responsibilities between retailers and brands vary between models and can be configured to allow both parties to choose the model that best suits their overall relationship. When analyzing the differences between public and private marketplaces, there are five key components: brand identity, e-commerce sales, seller base, size of seller base, and access.

	Curated Marketplaces <small>(ex: Macy's, M&S)</small>	Public Marketplaces <small>(ex: eBay, Poshmark, Etsy)</small>
Brand Identity	Rich legacy, typically brick and mortar	Digital-first platform
E-Commerce Sales	Majority of sales from 1P inventory, 20-40% from unowned inventory sales, and expecting to grow	Majority or entirety of sales comes from 3P sellers
Seller Base	Bigger, more established brands are more desired over resellers and distributors	A mix of individuals, SMBs, and large brands
Size of Seller Base	Majority of sales from 1P inventory, 20-40% from unowned inventory sales, and expecting to grow	Millions of sellers, categories vary from niche to broad
Access	Gated by the retailer	Low barrier to entry

We see the evolution of private, curated marketplaces as belonging to a dynamic spectrum of new retail models. And across that spectrum lies opportunity. With the right partner in place, retailers are able to adopt various hybrid models that are most effective for them, their products, and their suppliers.



While a retailer may want to build their online inventory selectively with a private marketplace model, the sales volume of certain items could lead the retailer to adjust the partnership model for particular products or brands to retain more control or profitability.

On the other hand, a retailer could give a particular brand more autonomy to introduce complementary brands or manage their licensed products. As this spectrum of partnership models continues to evolve, the key for sustained and profitable retail growth is agility.



Benefits of a Private Marketplace

A marketplace provides a unique avenue for retailers to diversify their product offerings, attracting a wider range of customers and catering to varying preferences.

Beyond boosting revenue potential, a well-executed marketplace fosters a sense of community and engagement among buyers and sellers. It can position the retailer as an industry

authority, driving brand recognition and credibility. By offering a platform for third-party sellers, the retailer can tap into their existing customer base and expand its reach to new audiences.

Ultimately, launching a marketplace presents an opportunity for sustainable growth, innovation, and a dynamic online presence.

A private, curated marketplaces allows retailers:



Greater Product Selection

By handpicking suppliers and products, retailers can create a curated product assortment that resonates with their target audience. This personalized approach enhances customer satisfaction and drives repeat business.



Improved Customer Experience

Private marketplaces offer a seamless and personalized shopping experience, as retailers can tailor product recommendations and marketing messages based on customer preferences and behaviors. This leads to higher customer engagement and conversion rates.





Data-Driven Insights

Collaboration between retailers and suppliers in a private marketplace generates valuable data insights. Retailers can leverage this data to make informed decisions, optimize inventory management, and refine their marketing strategies.



More Profitable Merchandising

In a fixed dropship model, retailers aren't able to adapt quickly to fluctuations in volume and pricing based on the popularity of certain products. Leveraging a centralized platform to adjust between dropship and marketplace models for various product lines, the retailer is able to maximize profitability while growing sales.



Stronger Supplier Relationships

Private marketplaces foster closer relationships between retailers and suppliers, leading to better communication, trust, and mutual success. Retailers can work collaboratively with suppliers to introduce new products, respond to market trends, offer exclusive opportunities and address consumer demands effectively.



Enhanced Brand Identity

Private marketplaces empower retailers to maintain a consistent brand image across all products, fostering trust and loyalty among consumers. This control extends to aspects such as packaging, shipping, and customer service, reinforcing the retailer's unique value proposition.



Considerations Before Launching a Private Marketplace

From conceptualization through post-launch activities, there are many aspects of private marketplaces that retailers must consider. Rithum uses its extensive experience in this space to provide advice to companies that are considering this journey.



Marketplace Concept

The “Marketplace Conceptualization” phase is foundational to your marketplace venture, involving defining your marketplace’s identity, niche, and target audience. By carefully selecting a niche aligned with your expertise and market trends, you shape your marketplace’s offerings. Identifying and understanding your target audience and sellers, along with analyzing competition to define a Unique Selling Proposition (USP), guides your product curation, marketing, and differentiation strategies. This process forms the basis for subsequent decisions and actions in your marketplace development.



Platform & Technology

Selecting the right e-commerce platform and technology stack is vital for a successful marketplace launch. The chosen platform should offer scalability, customization, and integration options to enhance user experience and functionality. Once a platform is chosen, integrating essential features like user profiles, search filters, and seller dashboards creates a seamless environment. Secure payment gateways and a transparent transaction system are crucial for building user trust and encouraging repeat business.



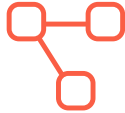
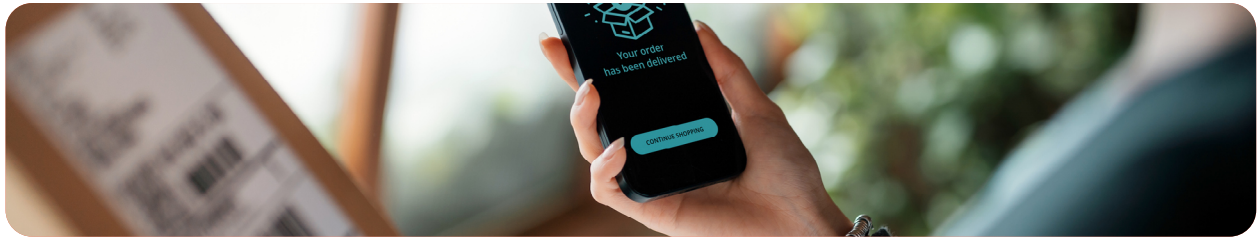
Seller Onboarding & Management

Establishing transparent seller guidelines and policies ensures a fair environment, while simplifying registration and onboarding processes attracts a diverse range of sellers. Monitoring and managing seller performance through metrics, actionable insights, and recognition fosters a reliable shopping experience, credibility, and a thriving seller community, enhancing the overall marketplace reputation.



Product Catalog & Listings

Product catalog and listings are the lifeblood of your retail site or marketplace. Organizing products into clear categories, setting listing standards, and ensuring high-quality images and descriptions are vital to the user experience. Establishing consistent listing requirements and providing guidance on images and descriptions contribute to a visually appealing and informative catalog that builds buyer trust and encourages confident purchasing decisions.



User Experience

User experience (UX) and design are integral to your marketplace's both short-term and long-term success. Prioritizing an intuitive and visually appealing user interface, seamless navigation, and responsive design enhances user engagement and satisfaction. A clean and consistent interface, along with efficient navigation and search functionality, empowers users to easily find products and fosters a sense of trust, ultimately boosting conversion rates and user loyalty.



Marketing & Promotion

Marketing and promotion strategies will need to be planned and executed, including a comprehensive launch plan that includes teasers, countdown promotions, and engaging content to build anticipation. You will need to utilize SEO, content marketing, and social media campaigns to enhance visibility and engagement, while leveraging influencer partnerships to expand your marketplace's reach and credibility within your niche. Effective marketing strategies will be essential to drive traffic, engagement and overall growth.



Customer Trust & Safety

Customer trust and safety can often be taken for granted but are extremely important to today's shoppers. Build trust with customer reviews, ratings, and trust signals like security badges. Implement fraud prevention measures, secure transactions, and clear guidelines for dispute resolution and returns to create a safe and reliable environment. Handling customer concerns promptly and fairly demonstrates your commitment to exceptional service and enhances overall customer satisfaction.



Customer Support

Exceptional customer support and engagement are key to a positive marketplace experience. You will need to offer multichannel support, including live chat and a comprehensive FAQ section to assist users effectively. Encourage customer feedback and reviews to gather insights, showcase positive experiences, and continuously improve your marketplace, fostering trust and building a vibrant user community.



Analytics & Performance Tracking

To optimize your marketplace, you'll need to define key performance indicators (KPIs) like conversion rates and customer retention, then integrate analytics tools to gather and analyze user behavior and sales trends. Regularly monitoring and analyzing these metrics empowers data-driven decision-making, allowing you to adapt strategies, identify improvements, and ensure your marketplace aligns with business goals.



Scalability

As your marketplace evolves, you'll need to develop a plan for expanding product offerings, attracting new sellers, and entering new markets. Ensure your technology infrastructure remains up-to-date, capable of handling increased traffic, and explore partnerships with third-party services to enhance functionality, providing a seamless and efficient marketplace experience while positioning your platform for sustained growth.



Legal Considerations

Compliance with legal and regulatory requirements is vital for a secure marketplace launch. Adhere to e-commerce laws, draft clear terms and conditions covering payment, product quality, shipping, and dispute resolution, and prioritize user data privacy by implementing strong security measures. Ensuring legal compliance builds trust, prevents complications, and establishes a secure and transparent environment for both buyers and sellers.



Launch & Post-Launch

The launch and post-launch phases mark the start of your marketplace's journey. We recommend beginning with a soft launch to test functionality and gather feedback. Continuously collect and act on user feedback to make improvements, and plan for ongoing marketing and growth strategies, such as engaging content, loyalty programs, and promotions, to sustain momentum and ensure your marketplace's long-term success.



How A Trusted Partner Like Rithum Can Help

A private marketplace empowers retailers to differentiate themselves, curate unique product assortments, and foster stronger customer relationships.

Rithum's functionality provides flexibility for your business, and our platform provides scale.

Our focus is helping you **maximize your business value**.

In addition to the access our platform provides to an unprecedented number of top suppliers across many categories, our tools allow you to manage your unowned inventory easier and discover and onboard new suppliers quicker — all while maximizing your margins.

Our platform offers you:

- Unrivaled network of suppliers
- Platform simplicity
- Rich insights that drive GMV

By embracing the private marketplace model, major retailers can not only drive revenue growth but also create a lasting impact on customer satisfaction and brand loyalty. As the retail industry continues to evolve, private marketplaces offer a promising future of innovation and collaboration.

M&S

EST. 1884

Marks & Spencer Expands its Product Selection with Unified Marketplace by Partnering with Rithum

"We wanted a strategic partner that could help us deliver a best-in-class shopping experience for our customers. Rithum has proven expertise in ecommerce leadership which will help us amplify our commerce solutions and help ensure they seamlessly join up across our channels and business systems."

*Henry Swift,
Head of Online Commercial,
M&S.com*

[Read the Story](#)

Why Rithum?

- ✓ **Close Partnerships** — Our long-standing relationships with 40K of e-commerce's top brands and retailers, in addition to 100s of digital marketing channels, help ensure our clients can leverage the industry's most up-to-date offerings, best practices and opportunities.
- ✓ **Proven Platform** — We've been named the #1 "Channel Management Vendor" to the Top 1000 Retailers every year since 2013 by Digital Commerce 360.
- ✓ **Centralized Approach** — Streamlining marketing, dropship, marketplaces and fulfillment operations within a single platform gives retailers and brands added efficiency and profitability benefits across all their various e-commerce efforts.
- ✓ **Unprecedented Scale** — Rithum creates one of the world's largest and most trusted commerce networks, facilitating commerce connections for thousands of retailers and brands, processing 2.4B daily product updates, and providing our clients new opportunities for strategic growth.
- ✓ **E-commerce Expertise** — With over 20 years of experience, a global team of over 800 e-commerce professionals, and billions of data points flowing through our platform daily, we help you make informed decisions to improve efficiency and profitably grow your business.

2.4B+

Products Process
Daily

\$50B+

Annual
GMV

40K+

Retailers
and Brands

\$500M+

Ad Spend
Managed

Want to Learn More?

To find out more about Rithum and how we can help you grow your marketplace business, [contact us](#) or [schedule your free demo](#).