

The changing game of online marketplaces and the need for brands to deploy a professional eChannel partner to sell on market places

Online Marketplaces have been taking on sales risks by carrying inventory through quasi FDI compliant partners. You will find that some of the big marketplaces have one or two major sellers whose names keep appearing across several major categories. Even for the 'Marketplace Exclusive' deals, the seller is the same again and again. It is highly unlikely that these sellers are profitable as the selling price could often be lower than the procurement price. Yet these 'Sellers' have ongoing relationships with the marketplaces. This will come to an end soon as marketplaces need to become profitable and also become true marketplaces with natural competition.

Also as the cash burnout increases and the cost of acquiring customers also keeps increasing, marketplaces will be forced to change their business model and start making revenue from advertising and preferred listing status.

This poses a challenge to brands that hitherto have largely delegated the marketplace sales to the general retail trade or have appointed specific distributors to sell on these marketplaces.

As the marketplace operators increase (we already have Amazon, Flipkart, Snapdeal, Paytm and soon to be launched several other marketplaces), the task of selling on marketplaces will become highly complicated and also constantly evolve based on the business models being adopted by marketplaces

Can brands handle this complexity themselves? Yes they can. But at a huge internal cost and with the need to set up a significant business unit within the company that will handle all marketplace sales

Can brands leave it up to multiple distributors to sell on marketplaces. Yes, the only reason they would do that is because the distributors carry the inventory risk and are responsible to absorb all returns.

But are distributors the right choice for the future. NO. Unless they too come up to speed with the requirements and have teams that have the right skill sets and capabilities. A tough calling when resources are being taken into the mainstream ecommerce industry in droves.

So how should a brand go about its online marketplace sales?

Online marketplace sales requires the following skills and capabilities

1. Deal making with the online marketplaces
2. Merchandising – deciding what to sell, when to sell, where to sell – strategically and tactically

3. Promotions – working with the marketplaces in a way that does not create major channel conflicts with the regular trade
4. Stocking, warehousing and inventory management
5. Content Management in the formats and as per processes defined by marketplaces
6. Order processing and customer service
7. Seller rating management
8. Analytics and reporting
9. Ongoing strategic planning
10. Marketplace relationship management

In future, as marketplaces move to get advertising revenues and preferred merchant and search word listing will be the norm, the brand has to build the additional costs into its media plans. Which means that the partners who are selling on marketplaces have to be able to advertise and get preferred listings. These are new skills and ongoing capabilities that they would need to invest in.

In Summary

While brands have evolved from a position of ignoring ecommerce to embracing ecommerce, they have to do a lot more in future if they would like to grow this channel. It is best to partner with a echannel company like ND Commerce that brings its unique combination of skills and trained teams to work with brands at a strategic and tactical level to sell products on major marketplaces as the brands exclusive marketplace partner.

To know more about how ND Commerce can partner with your brand please contact mukund@ndcommerce.in or call + 91 9324 808080