



eBook

Limitless Possibilities with Marketplace

As the eCommerce industry grows and evolves, so too will your technology, partners, vendors, and solutions. With the right partner, any retailer can create, manage, and build a fully functioning online marketplace that rivals industry giants Amazon, eBay, and Rakuten. Before moving forward, make sure you understand the frontend and backend advantages of building or connecting to online eCommerce marketplaces.



What is a Marketplace?

An online marketplace is a website, app, or eCommerce ecosystem that serves as a host to multiple sellers. The marketplace operator provides a place for sellers to offer their inventory and facilitate the transactions. It's up to the onboarded sellers to fulfill each order. eBay is the best-known example of a site that's purely a marketplace. Amazon is the largest marketplace, although Amazon holds its own inventory of products as well. [eMarketer found that U.S. eCommerce marketplaces](#) sales will reach a record \$358 billion in 2022. This growth makes up nearly 40% of all eCommerce sales.

Building Your Own Marketplace

With the advent of [advanced, cloud-based APIs and headless commerce](#), creating your own marketplace to host a variety of products that appeal to your targeted audience's preferences is no longer a daunting task. In a traditional, monolithic model, an organization's frontend—what the consumers see—was locked to their backend—what their developers use to modify their website. In modern-day programs, frontends are decoupled from your organization's backend and are instead linked together through API technology, giving your organization the freedom to create unique customizable user experiences.



Freedom to create unique customizable user experiences.

Unlock New Revenue Potential With Frontend Marketplace Advantages

One of the biggest advantages of marketplaces for consumers is simply the convenience of a blended basket. The newest buzzword in the eCommerce space, blended baskets are a unique opportunity for major retailers to capitalize on their target customers' needs. A blended basket is a consumer's online shopping cart that consists of products from many different sellers, all purchased through one marketplace. If you are shopping for a computer, going to five stores for a monitor, mouse, and keyboard can be frustrating.

A comprehensive marketplace with a variety of sellers delivers a convenient one-stop shop and can help build trust, reliability, and repeat sales with a consumer all while keeping them active on your website. For sellers, marketplaces give them an opportunity to showcase their product's advantages over the competition.

Curated Selections

In a similar vein, an online marketplace gives your organization the ability to tailor your selection of goods for specific target demographics. While marketplaces like Amazon are “catch-all” marketplaces, retailers like Samsung and Best Buy have built eCommerce hubs that feature a curation of only their sellers’ most trusted products, ensuring a great consumer experience each visit, and strengthening their brand.

Tailor your selection of goods for specific target demographics.



Adapting To Rising Trends

The internet moves quickly. Trends change and products fall in and out of fashion with consumers faster than ever before. Marketplaces, coupled with advanced eCommerce technology, allow retailers and brands to quickly add new sellers, products, or offers to their marketplaces. Once those products are featured, [advanced analytical tools](#) can provide insight into how your vendors are doing, what can be improved, and what products need to be removed or promoted.

Consumer Confidence

Online marketplaces also offer consumers unique insights into product reliability. While on the backend the operator sees how vendors and products are performing, the frontend of an online marketplace usually has impartial reviews made by consumers, for consumers. These reviews help you decide which products need to be removed or promoted while increasing consumer confidence that the products have been thoroughly vetted by both the consumer and the operator.

Finding the Right Marketplace Solution

These marketplace benefits [highlight the growing importance of innovation across the entire eCommerce industry](#). While marketplaces are becoming easier to implement and more advantageous, eCommerce technology is self-integrating into one pool of solutions. Headless commerce-driven marketplaces give retailers and sellers the ability to truly test the limits of what their consumers need and demand, but it wouldn't be possible without [advanced APIs](#). These tech interfaces are [quick, robust, and customizable](#) which allows your organization to quickly grab your slice of the eCommerce pie.

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Achieve Unmatched Speed to Market with Backend Marketplace Advantages

Being first to market is the key to unlocking additional revenue. The first retailer or seller to provide a solution, product, or service to consumers is not only the first to a sale but also the first name consumers think of when searching for their next product. Building your own marketplace or connecting to (international) marketplaces allows you to connect with consumers at record speed, all while improving your backend eCommerce processes.



Tapping in to Backend Advantages

While marketplaces have numerous consumer-facing advantages, the most important benefits for retailers looking to build their own marketplace and sellers looking to connect to additional marketplaces are on the backend: increasing your speed to market, reducing your overall costs, and saving your organization time.



Unparalleled Speed to Market

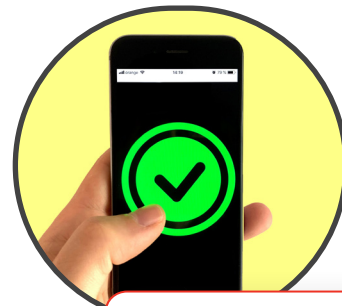
There are three key aspects of speed to market—onboarding, contract negotiations, and communication. With a marketplace built to your needs and specifications, these three time-consuming activities are now measured in hours, rather than days, weeks, and months.

Self-Service Onboarding

Marketplace onboarding can be done at the drop of a hat. Instead of having to test and recheck connections, bringing on new sellers only gets easier as sellers become savvy in self-service onboarding. Your eCommerce partner should offer a straightforward approach with workflows and UIs crafted from onboarding thousands of sellers over the years. New sellers can be connected and tested without the need for extensive documentation or retailer involvement.

Upfront Contracts

In a marketplace, the deal between operators and sellers is a yes or no proposition. Either sellers choose to participate at your set commission rate/terms and conditions, or they don't. Without the need for lengthy contract negotiations, retailers avoid weeks (or months) of redlining.



Yes or No proposition

Easy-to-Understand Payment Processing

With [advanced APIs and eCommerce backends that connect with almost every system](#), your newly developed marketplace should provide virtually automated payment processing. Ideally, your eCommerce partner will integrate with almost every payment provider and offer a seamless “invoice-free” experience. When a sale is made, split payments are quickly and automatically processed and distributed at set times.

International Availability

Without the worry of monitoring invoices or checking up on mountains of paperwork, marketplace operators have a unique way to circumvent time constraints and international time zones. Marketplaces are available to the global eCommerce market 24/7 and allow consumers to purchase goods from all over the world. With round-the-clock availability, consumer confidence will only grow in a given marketplace’s ability to satisfy their shopping needs.

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Product Management

Product information software that automates the bulk upload of marketplace information can save your organization hundreds of manhours. Standardized and curated marketplaces not only offer a better frontend consumer experience but also provide a seamless backend experience for sellers.



Inventory Management

You can’t afford to over-sell a product and ruin consumer trust. A fully integrated backend focused on your brand-new marketplace should come equipped with inventory algorithms that provide inventory alerts and updates in real-time—not after crucial shipping deadlines are missed.

Communication Tools

When problems do arise, having communication tools built into your backend can save you both time and stress. [Automated issue tracking and dispute resolution tools](#) should be built into your backend processes to make sure that every dispute can be investigated. No problem will be left waiting for documents to be uploaded.

Taking Advantage of the Benefits

The backend advantages to starting a marketplace, or even connecting to an existing one, offer retailers and sellers a safe avenue for both honing in on their target audience and curating a selection of goods that will retain them. With the remarkable consumer-facing advantages of an eCommerce marketplace and the extensive backend advantages, retailers can't afford to sit back while marketplace giants like Amazon, eBay, and Rakuten continue to fight for a monopoly on the market.

Can't Decide Between Drop Ship and Marketplace Solutions? Do Both.

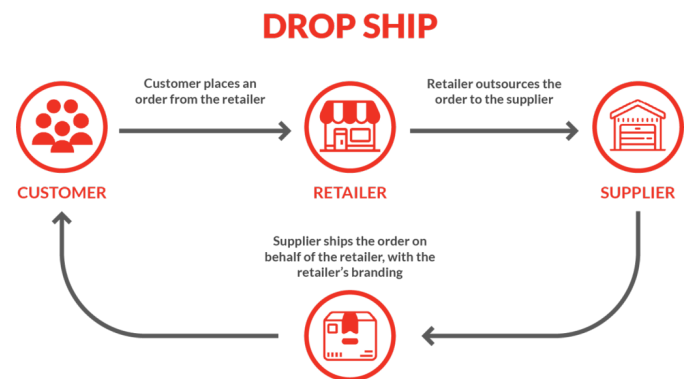
While it may seem like we live in a world of black and white where only one solution can be adopted at a time, at Logicbroker, we believe that both marketplace and drop ship solutions can and should be done together. The [frontend](#) and [backend](#) benefits of marketplace for retailers and sellers are enticing on their own, but coupling those benefits with [advanced drop shipping solutions](#) could be the difference-maker in the market.



Before you make a final decision, let's look at how each piece of the eCommerce puzzle fits together.

What Are Drop Shipping Solutions?

Drop shipping is a way for retailers to fulfill orders without having to hold their own inventory. Instead, when a retailer sells a product, they buy and have it shipped to the customer from a third-party supplier. Traditionally, the retailer's branding appears on the packing slip and packaging, so the end customer may never even realize the product isn't coming directly from the retailer. Wayfair is a well-known example of a company that uses drop shipping to fulfill its orders.



So, What Does This Mean?

We've established what a marketplace is and how drop shipping fits into the puzzle, but what does this mean for your business?

While marketplace and drop ship have obvious frontend differences, the real difference is in the handling of payment and onboarding. In a marketplace sale, money is collected from the customer upon purchase, the marketplace keeps a portion of the sale, and immediately pays out the rest to the supplier/seller. In drop shipping, the retailer collects payment, remits the agreed-upon wholesale amount plus fulfillment costs to the supplier, and keeps the difference as profit.



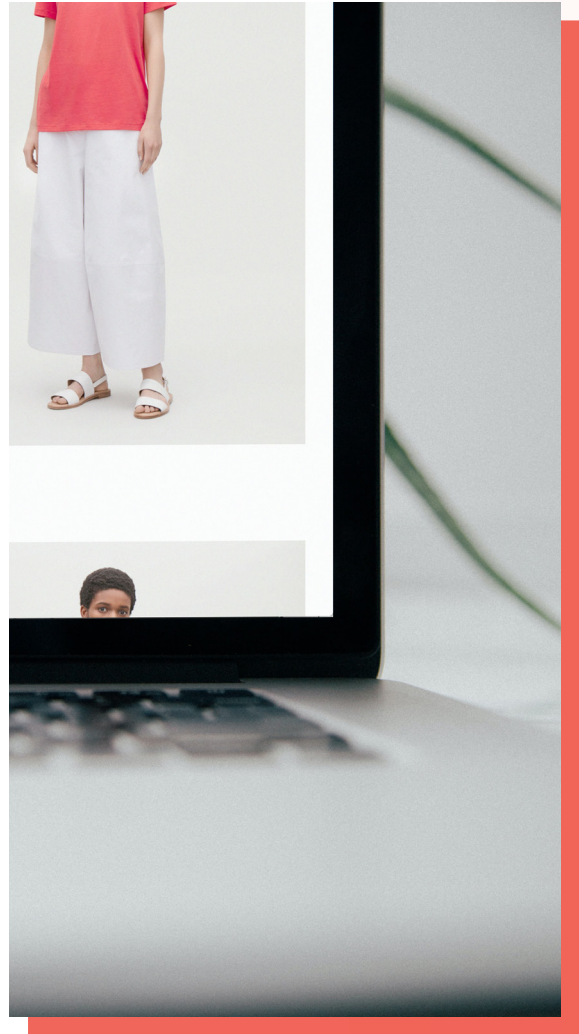


With marketplace, sellers retain more control over product pricing, marketing, their product catalog, and their eCommerce storefront, as well as product photography and description copy. They can also fulfill and ship orders using their own brand identity. Not only does this give established brands more exposure for customer retention; it also eases the burden on retailers who are looking to supply their target audience with an endless aisle of goods. Instead of retailers having to produce product content and descriptions themselves, they have more leeway to try new things and reach new audiences.

The real answer, however, is that you should do both.

The largest retailers in the eCommerce space—Amazon, Walmart, Samsung, and more—are blending these two concepts into one catch-all “drop shipping” solution. According to Forrester drop shipping is simply “a business model where a governed environment allows third parties to offer products to an audience and where transactions are facilitated by the marketplace owners and fulfilled by the third parties.”

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This definition of drop shipping blends the traditional “drop shipping” and “marketplace” terms together into one massive eCommerce solution—the kind facilitated by top-end connection brokers like Logicbroker. To be successful, drop ship programs hinge on the seamless exchange of product data, order management, and pricing and inventory allocation. Through Logicbroker’s eCommerce fulfillment platform, retailers, brands, suppliers, and sellers can connect with each other and with Logicbroker’s cutting-edge drop ship and marketplace solutions to open new roads to eCommerce growth.

For example, while Amazon is considered the largest eCommerce marketplace, with a 40% market share in the U.S. alone, they actually have built a fairly traditional drop shipping platform. The marketplace does curate well over 10,000 vendors onto one platform, however, most products sold through Amazon are branded by Amazon packaging and shipped through Amazon's 3PL platform and warehouse.

This universal solution has provided Amazon with brand identity, audience trust, customer retention, and the trust of the sellers that their products will reach appropriate audiences on the Amazon marketplace.

Forrester's drop shipping report found that drop shipping has led to 50% more sales, 46% increased profits, 43% lifetime value, 50% order volume, and 52% conversion rates for retailers who've adopted the solution. This massive boost from blending both traditional drop shipping capabilities with newer, marketplace-focused solutions has been the difference-maker in the ever-growing eCommerce market.

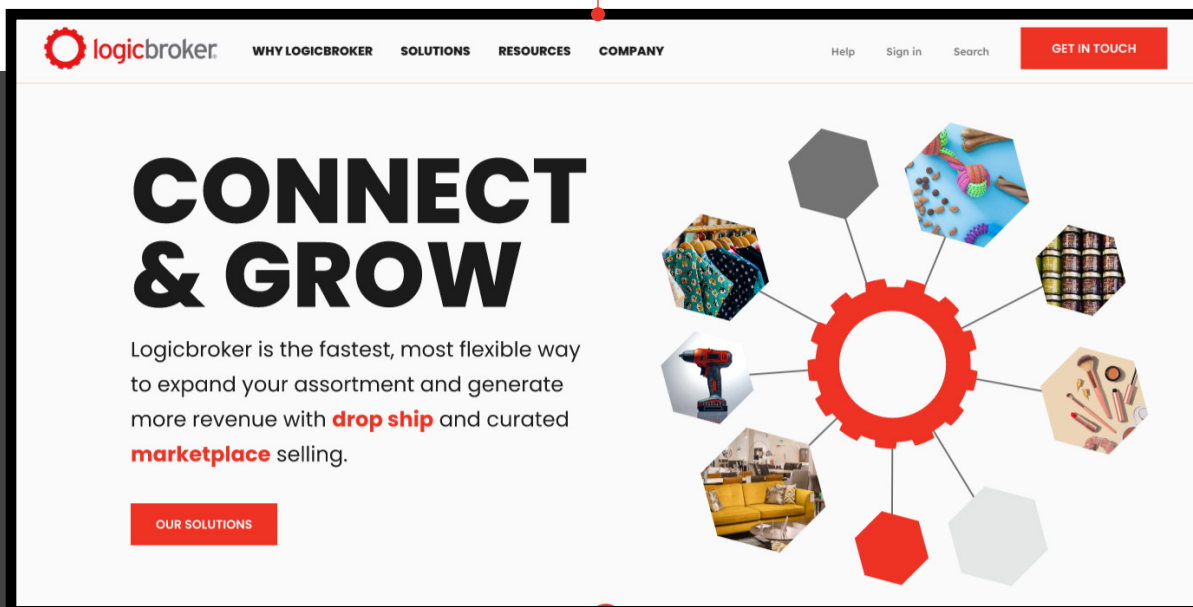
What's Next...?

Getting Started

Getting started with modern eCommerce solutions begins with a connection broker. While many backend processes can begin internally, Forrester recommends building an internal drop ship team to assess what your organization needs a tech provider for. Logicbroker is the only connection broker on the market that provides both drop ship and marketplace solutions while creating an environment where both can be done simultaneously.

[Logicbroker has pre-built connections to thousands of vendors, retailers, and brands](#) across the country, and can easily craft new connections, in any format. Clients can quickly add new drop ship suppliers and marketplace merchants and brands or upgrade their existing drop ship and [marketplace technology](#). Our platform connects with virtually every backend system ensuring a smooth transition and our onboarding team works round the clock to guarantee that every new client is [brought up to speed in just a few weeks](#).

Whether you want to drop ship, build a marketplace, or connect to retailers across the country, [connect and grow with Logicbroker](#).



The screenshot shows the Logicbroker website homepage. At the top, there is a navigation bar with the Logicbroker logo on the left, followed by menu items: WHY LOGICBROKER, SOLUTIONS, RESOURCES, and COMPANY. On the right side of the navigation bar are links for Help, Sign in, and Search, and a red button labeled GET IN TOUCH. The main content area features the large heading "CONNECT & GROW" in bold black letters. Below this heading is a paragraph: "Logicbroker is the fastest, most flexible way to expand your assortment and generate more revenue with **drop ship** and curated **marketplace** selling." At the bottom left of the main content area is a red button labeled "OUR SOLUTIONS". On the right side of the main content area is a large graphic consisting of a central red gear with several smaller images of various products (like tools, toys, and home goods) connected to it by lines, all set against a white background with a dark grey border.