



THE FUTURE OF MARKETPLACES FOR ECOMMERCE

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10 ECOMMERCE TRENDS

2019

1. Activist consumers: the rise of ethical ecommerce

Consumer values to strongly influence
purchasing (and merchant) behaviour

1. Activist Consumers: The Rise of Ethical eCommerce

- Did they really need to use such a big box?
- How far has this been shipped?
- How and where is this product made?
- Is this brand socially responsible?

AMERICA'S BIGGEST RETAILER (AND THE WORLD'S LARGEST GROCER) SET OUT, NEARLY 15 YEARS AGO, TO BECOME A LEADER IN SUSTAINABILITY, THROUGHOUT THE VALUE CHAIN, INCLUDING A SUSTAINABLE PACKAGING PLAYBOOK – A GUIDEBOOK FOR SUPPLIERS TO IMPROVE PACKAGING SUSTAINABILITY FOR ITS SUPPLIERS.

- “Customers want to buy products that they can feel really good about.”
– Katherine Neebe, Director of Sustainability at Walmart



2. The end of free returns?

Retail's \$400 Billion a year elephant in
the room to hit tipping point

“Your returns can and
will be used against you.”

Key Trend Indicators

- **\$430 Billion** in returns in 2018 (+53% over 2 years).
- **10%** of holiday sales are returned. In fact, December 26th is the biggest day for returns.
- UPS estimated it would be handling more than **1.6 million** returns a day in January 2019.
- Returns of brick-and-mortar purchases tend to hover at 8%, while eCommerce returns can reach as high as **15% to 30%**.
- **62%** of consumers are more likely to purchase online if they can return an item in store.
- In the U.K., experts expect **23%** of all purchases made in 2018 to be returned.



In Canada, H&M no longer accepts returns in store from online purchases, forcing consumers to use and pay for postage.



Amazon shipped over 5 billion packages in 2017 with Prime alone and now has over 600 brick and mortar locations where customers can return merchandise, a means to reduce the “returns tax”.

3. Sales taxes: the tax-free party is over for consumers and merchants

Consumers will now pay applicable sales tax(es) on all their purchases, and merchants will have to manage sales taxes in multiple jurisdictions.

3. Sales taxes: the tax-free party is over for consumers and merchants

- **69% of retailers said collecting online sales tax would have a “very negative” effect on their business**
- **36% of US internet users said they would shop less online if they had to pay sales tax**



Tax compliance done right

Avalara is an eCommerce tax management solution that automates sales tax application at checkout, as well as preparation, reporting and filing in every state. The solution integrates with several eCommerce and accounting platforms (including Magento, Shopify, Amazon, eBay and more).



Amazon already collects sales tax in
every state on the products it sells
directly (+/- half of all units sold on its
site), and may encourage merchants to
sell through Amazon to avoid
complexities brought on by sales tax
laws.

4. Mobile faster as PWA's blur lines between sites and apps

Mobile eCommerce is about to get
much, much faster and more fluid.

4. Mobile faster as PWA's blur lines between sites and apps

"It's a site, it's an app – no, it's both." PWAs are changing how eCommerce and mobile coexist. Brands and retailers will begin moving from sites and apps to a new standard; the Progressive Web App – a hybrid between sites and apps which combine the upsides of each and does away with the limitations.

PWA Features:

- Load 2 to 10 times faster than mobile sites
- Have offline capability
- Can be added to a home screen without ever requiring updating
- Allow push notifications

“Apps as we know them are
going extinct. The average
mobile user downloads 0
apps per month.”

west elm

West Elm's PWA provides a near-instant browsing experience. The furniture and home decor brand saw a 15% increase in time spent on site and a 9% lift in revenue per visit.



When Lancôme rebuilt its mobile site as a PWA, conversions went up 17% and mobile sessions increased 51%. Push notifications led to an increase in recovered carts.

5. Social media gets transactional

Consumers will be able to “BUY”, directly
on social platforms

Key Trend Indicators

- **87%** of eCommerce shoppers believe social media helps them make a shopping decision
- **1 in 4** business owners are selling through Facebook
- **40%** of merchants use social media to generate sales
- **30%** of consumers say they would make purchases directly through social media platforms

Instagram is rumored to be working on a fully-shoppable app and has introduced shopping features on its main platform, providing an image, product description and price information – along with a direct link to the merchant's website where they can finalize the purchase (instead of search, browse, add to cart, checkout). A native payments feature was subtly added to its app for some users, who can now start buying without ever leaving Instagram.





Google Express

Google Express, though not a social platform, consolidates merchants into a single cart for consumers, centralizing the purchasing experience, including in-store pickup – without ever being a merchant. Google thus capitalizes on its ecosystem which involves search, ads, maps, reviews and payment.

6. Retailers will hire their first AI employee

AI will help retailers and merchants create more and better product content, improve SEO and merchandizing.



The Chinese eCommerce marketplace says its AI-based copywriting tool, which can produce 20,000 lines of copy a second, is used a million times a day by vendors.



Amazon AI

Amazon is making an AI-based real-time product recommendations engine available to merchants who use the AWS console.



Adobe, who purchased the Magento eCommerce platform for \$1.68 billion, helps merchants and brands automate personalized recommendations, content and interactions with their Adobe Sensei and Adobe Target platforms.

7. The QR code strikes back

No longer app-dependant, the QR code will fulfill its potential and help brands provide product information

Key Trend Indicators

- **28%** of consumers regularly purchase items online after researching them offline.
- Deloitte's research predicts that the share of consumers who will check out products in a physical store before actually buying online will grow to **48%** – a QR scan can give a brand or merchant more influence over store-to-web purchases.
- **Reverse application:** Amazon's shopping app provides a strong object-recognizing function, which uses a markerless AR functionality (Markerless is the opposite of "marker-based" visual recognition; a QR code would be a "marker", as would a bar code, for example)

8. The amazon-ification of major retailers

Fighting Amazon by becoming just like the
eCommerce giant – a digital marketplace.

“Marketplaces are eating
the world”

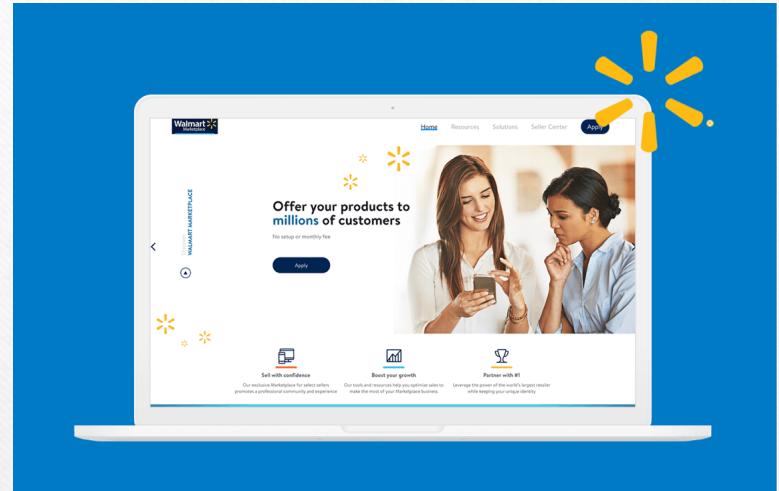
– Jeff Bezos, Amazon CEO
and Founder.

Key Trend Indicators

- **Half of all** merchandise sold on Amazon comes from third-party sellers
- **12%** of major retailers currently operate marketplaces
- **32%** are considering launching one
- **86%** of retailers say it is CRUCIAL TO OWN the customer transaction and relationship



Best Buy Canada, once an electronics specialty store, capitalized on its market-leading traffic (over 20M visits /month) by integrating a marketplace and quickly doubled its online SKUs and expanded to jewelry, furniture, baby products and many more categories.



When WalMart Canada launched the marketplace feature, they immediately doubled their online product assortment. The initial assortment focused on home, baby, apparel, toys and sporting goods.

9. In-Car eCommerce: Shopping On The Go

The new “Drive-to-store”

“Your driving behavior and
location has monetary
value, not unlike your
search activity.”



Benny & Co uses Waze to show commuters pins near them, driving dinner time traffic to their 48 rotisserie chicken restaurants.



Ashley Furniture Canada used map and driving apps to create awareness of its newest store opening – right next to Montreal's 2nd busiest highway intersection, thereby leveraging brand awareness and rush hour traffic.

10. Product Content Syndication

Brands and manufacturers reclaim
control of their product content

America's biggest retailer, who also operates the 2nd largest marketplace after Amazon, has imposed product syndication tools to its suppliers in order to have the best and most up to date product content on its platforms.



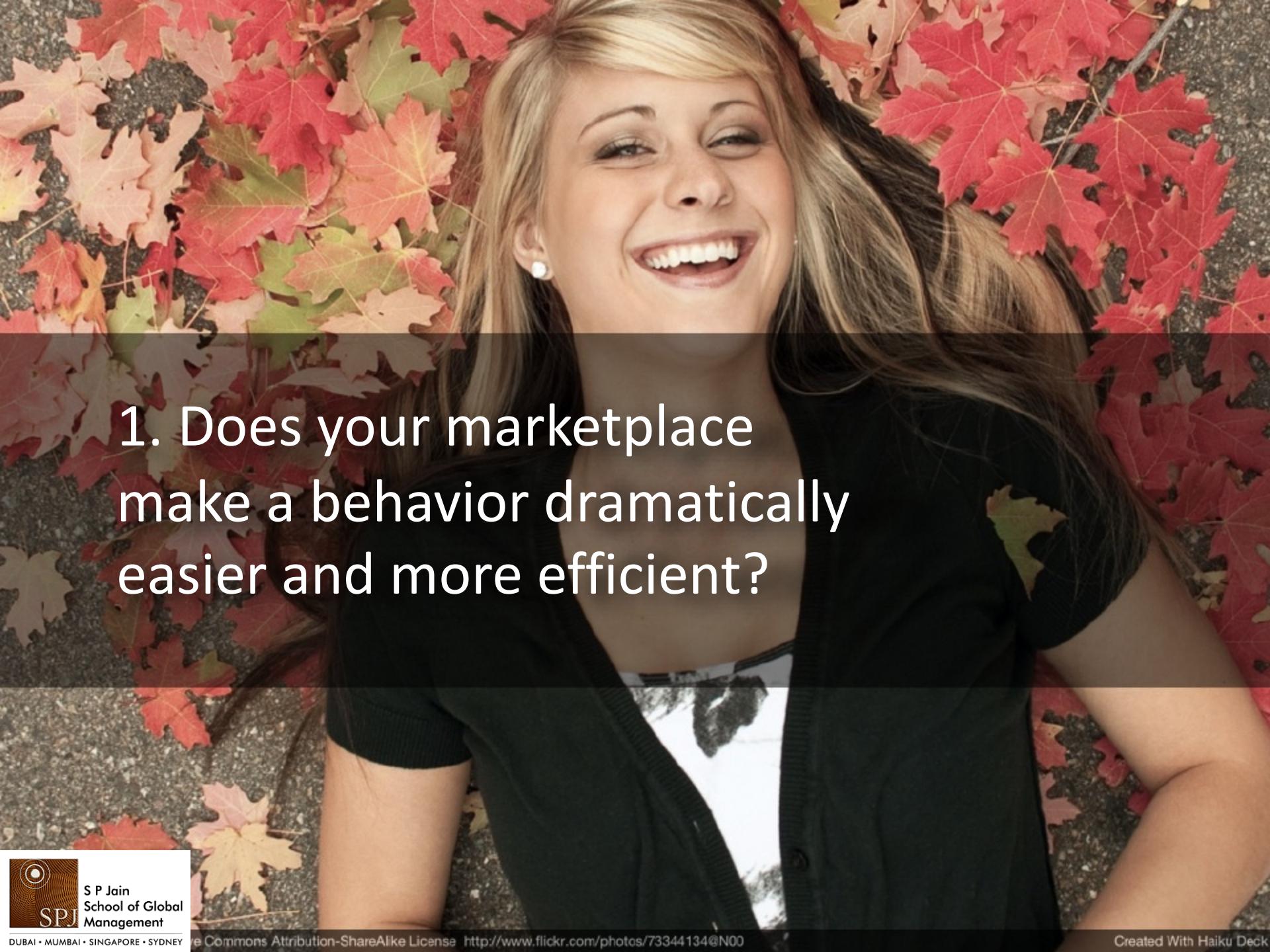


inRiver, a Product Information Management (PIM) platform that caters to brand manufacturers, distributors and retailers alike, has released a beta version of a product content syndication tool to enable manufacturers and wholesalers to push product content from a centralized system to retailers' and marketers' syndication apps, ensuring consistency, completeness and reach.



MAKING A MARKETPLACE

A CHECKLIST FOR ONLINE DISRUPTION



1. Does your marketplace make a behavior dramatically easier and more efficient?





Alibaba

Made transactions between US importers and Chinese manufacturers dramatically easier than the previous methods of finding suppliers.

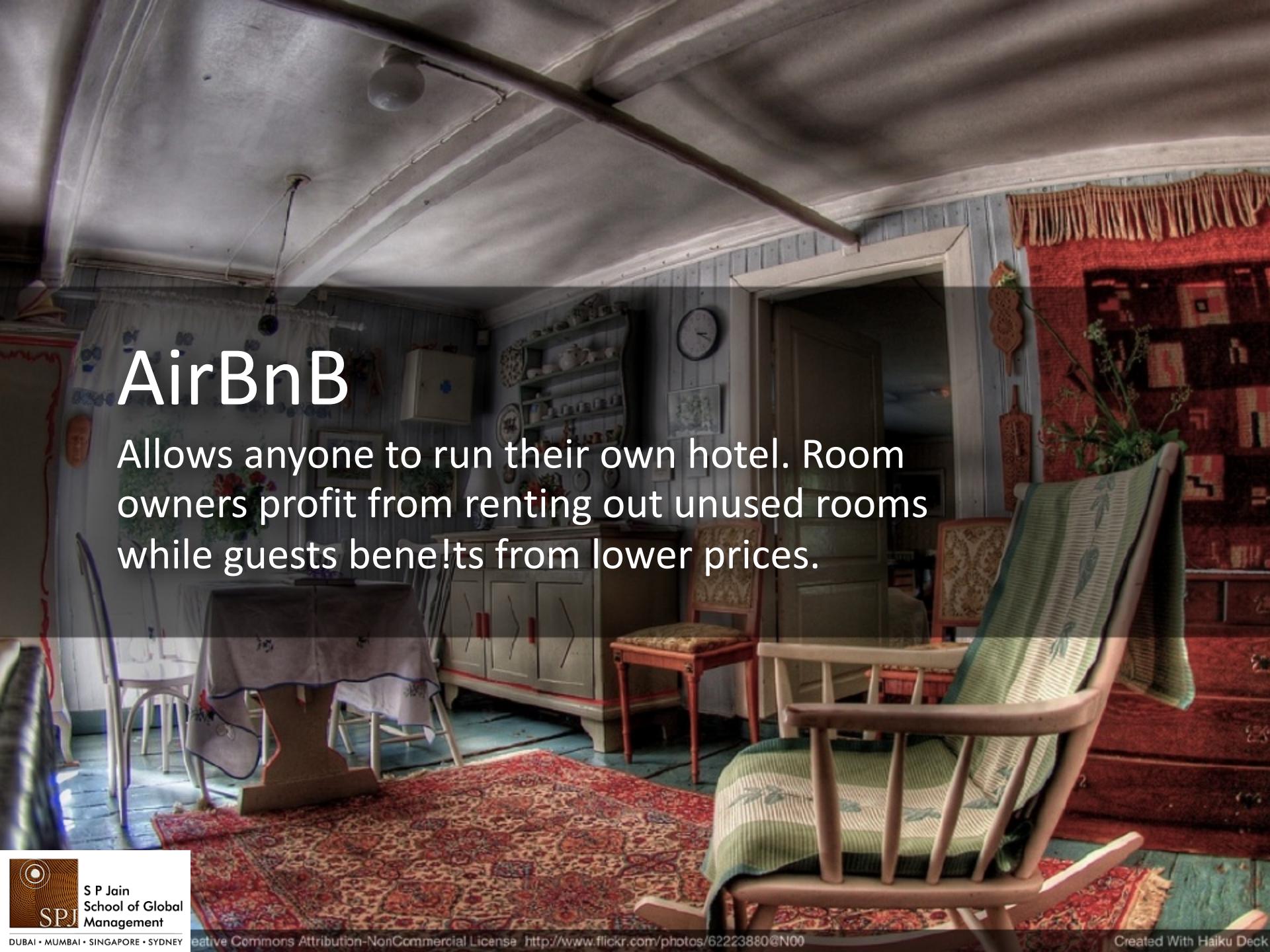


2. Does your marketplace produce more value than current markets?



AirBnB

Allows anyone to run their own hotel. Room owners profit from renting out unused rooms while guests benefits from lower prices.



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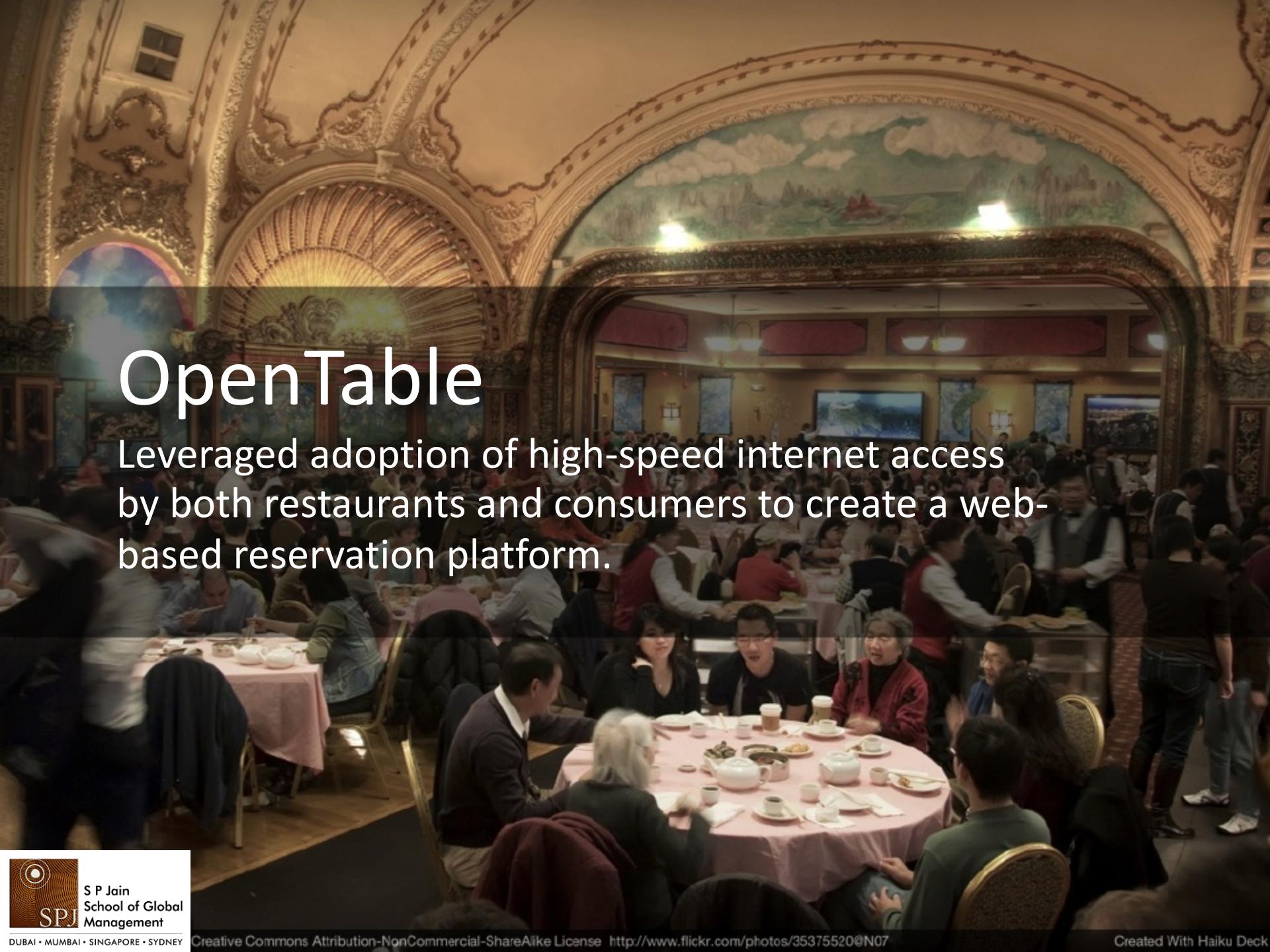


3. Does your marketplace utilize a new technology to create efficiencies?



OpenTable

Leveraged adoption of high-speed internet access by both restaurants and consumers to create a web-based reservation platform.





4. Does your marketplace consolidate a fragmented market?

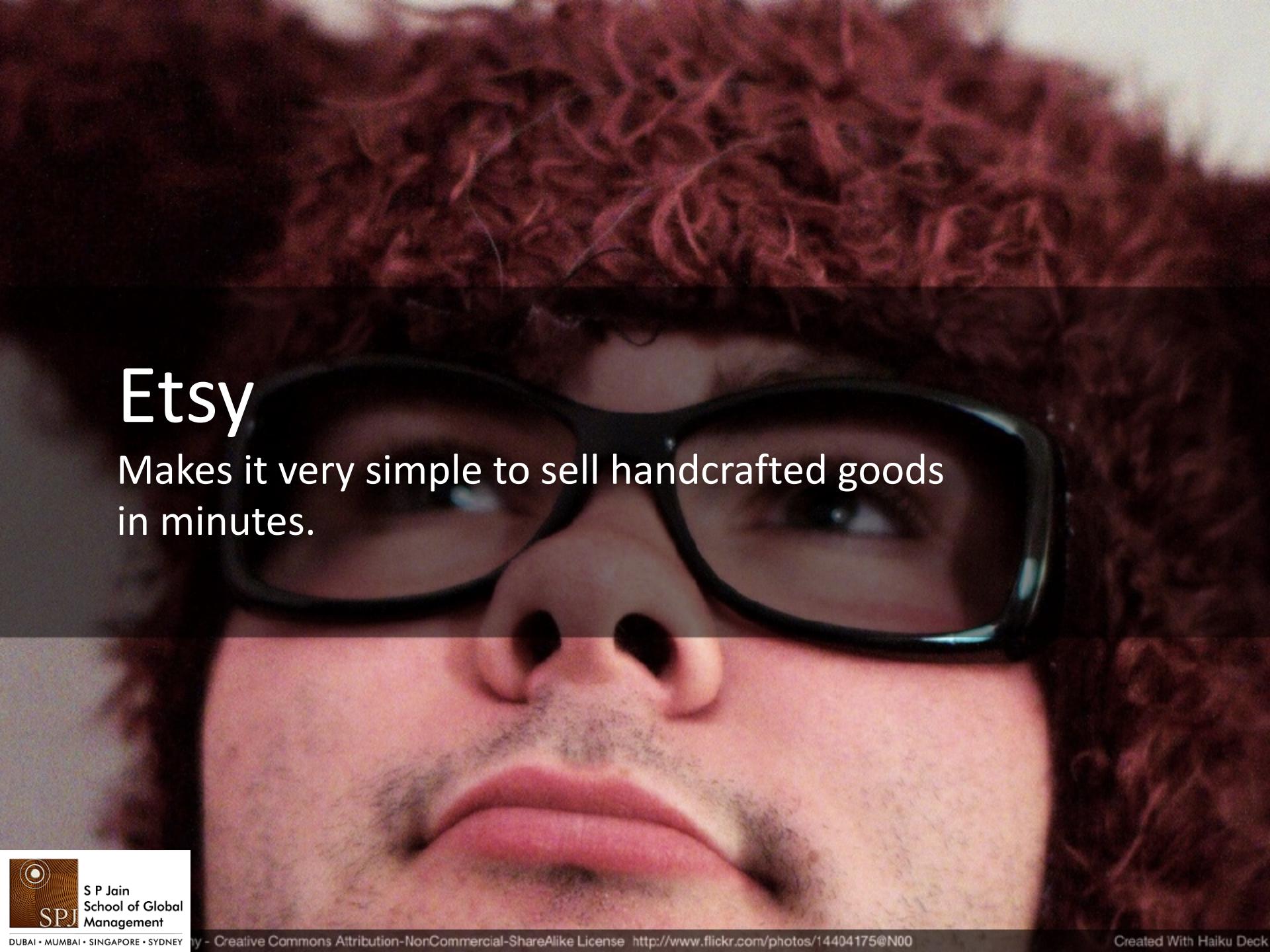


Kickstarter

Connects entrepreneurs with financial backers who want to see projects succeed. Both sides of the market are fragmented with no dominant players.

5. Does your marketplace make it easy for suppliers to sign-up?





Etsy

Makes it very simple to sell handcrafted goods
in minutes.



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A wide-angle, low-angle shot of a large crowd of people at a soccer stadium at night. The stadium lights are bright against a dark blue sky. In the foreground, several people are visible from behind or side, looking upwards. One man in a white shirt with the number 9 and the Greek flag on it is prominent. Other jerseys include a blue one with the number 4 and a red one with the number 16. A banner for "Internet" is partially visible.

6. Does your marketplace serve a large market?



eBay

Serves a very large market of online buyers and sellers for just about anything.

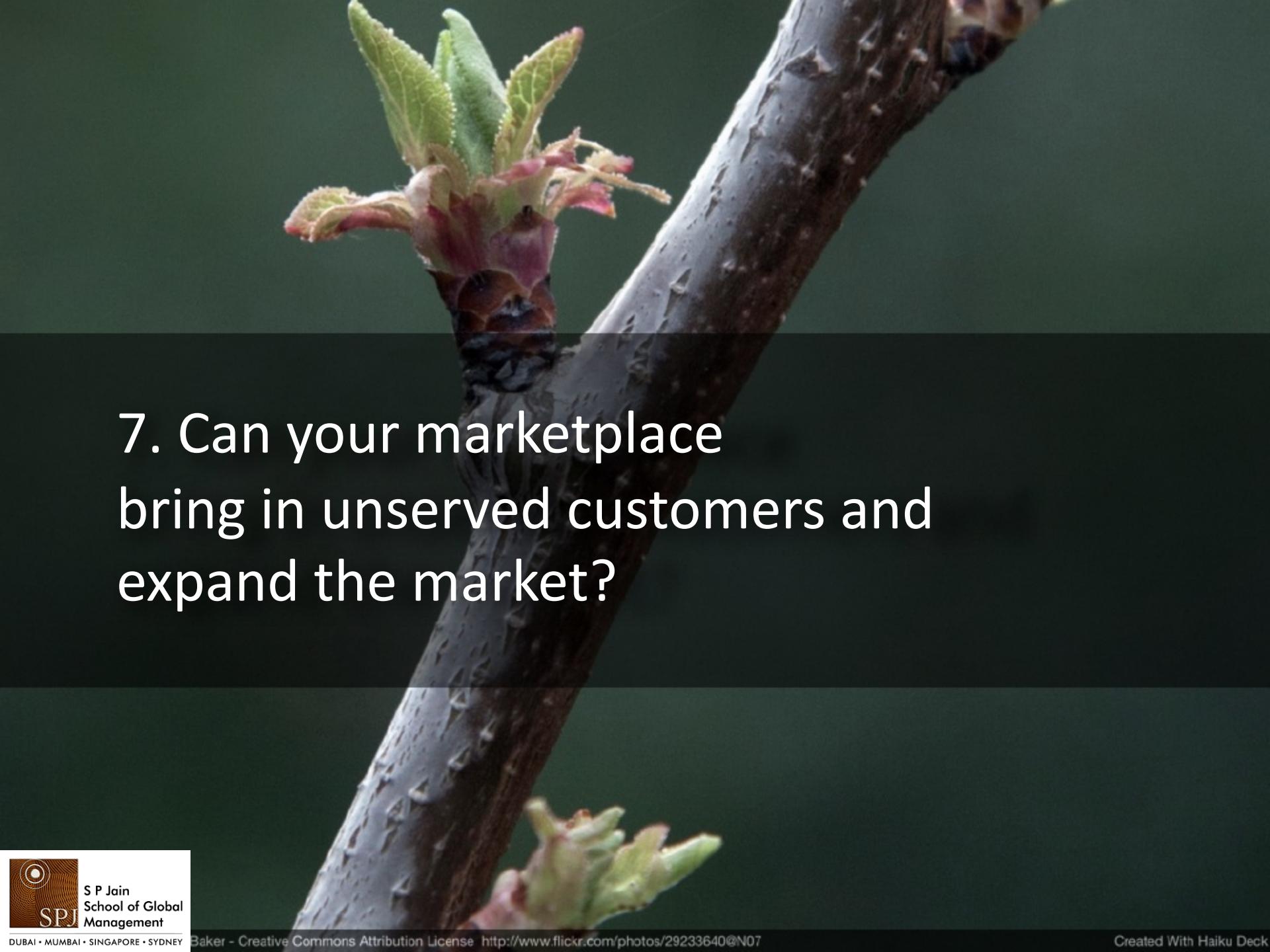


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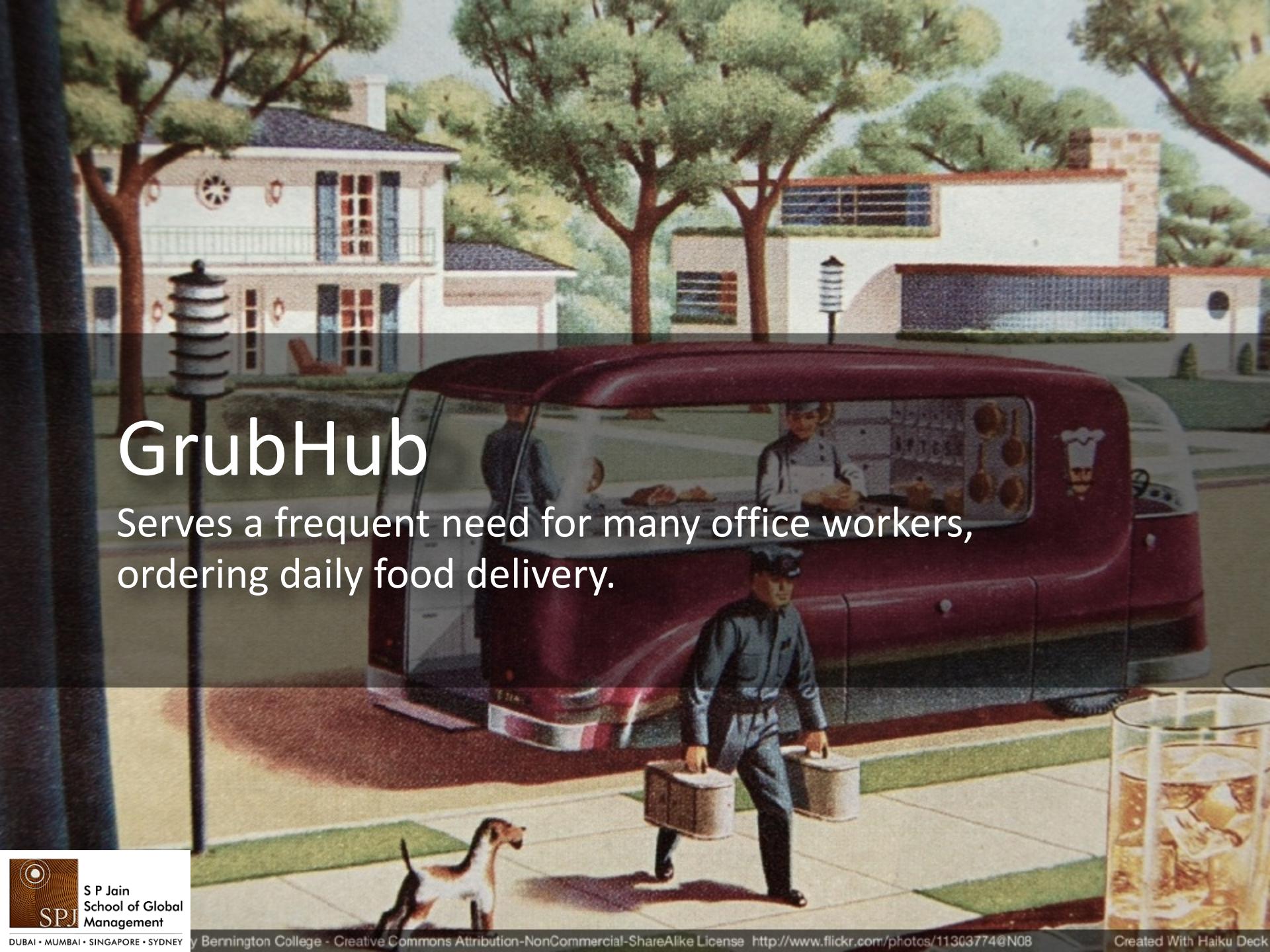
7. Can your marketplace
bring in unserved customers and
expand the market?

oDesk

Expanded the market for software outsourcing by making it simple enough for anyone to use.

GrubHub

Serves a frequent need for many office workers,
ordering daily food delivery.



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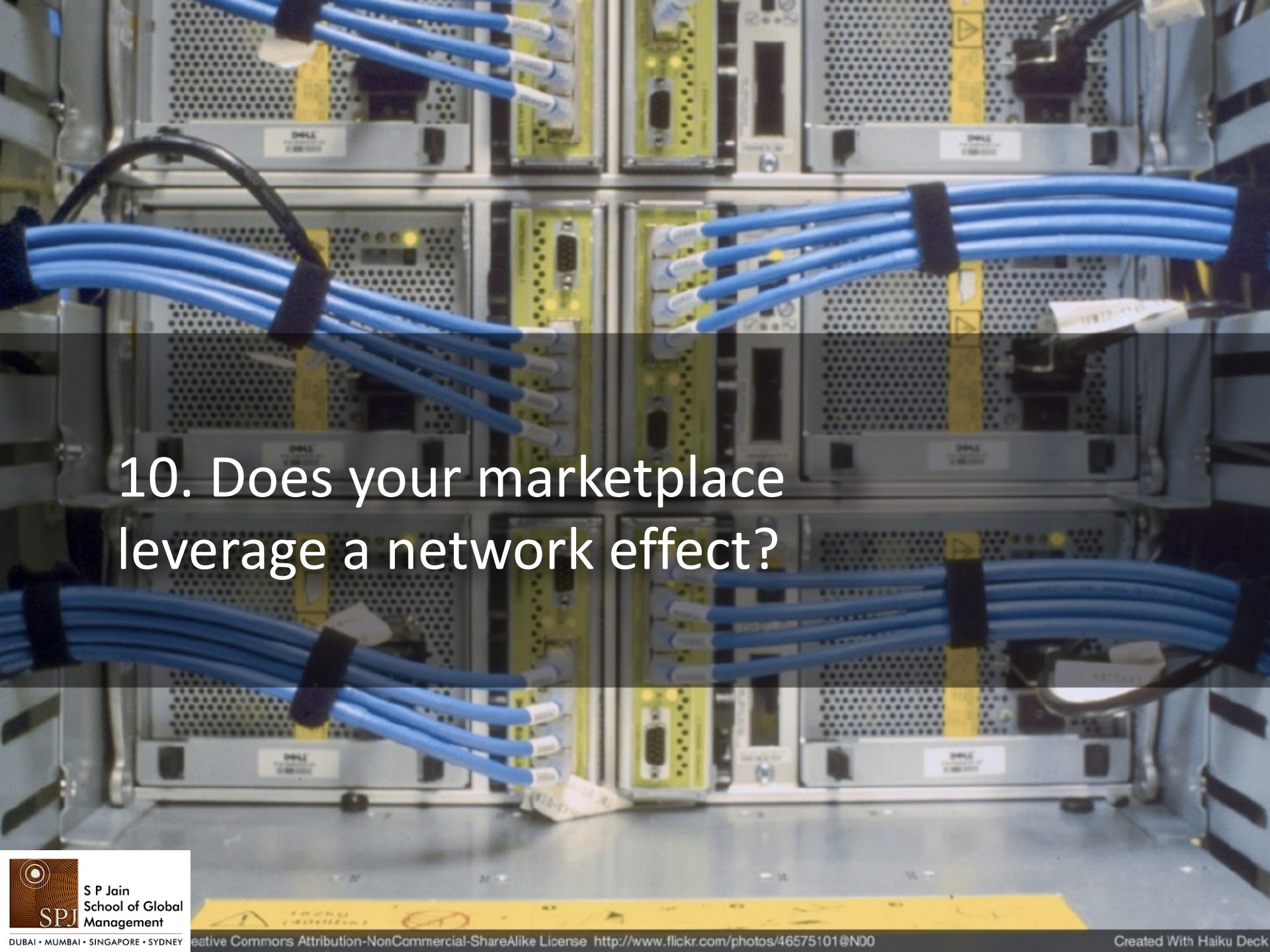
A photograph showing a close-up of two hands. One hand, belonging to a man with dark hair and a mustache, is holding several US dollar bills. The other hand, belonging to another person, is holding Indian rupee notes. In the background, there's a red generator and some vertical wooden slats.

9. Does your marketplace control the transaction?



Uber

Is at the center of the payment flow when it coordinates a ride between a driver and rider.

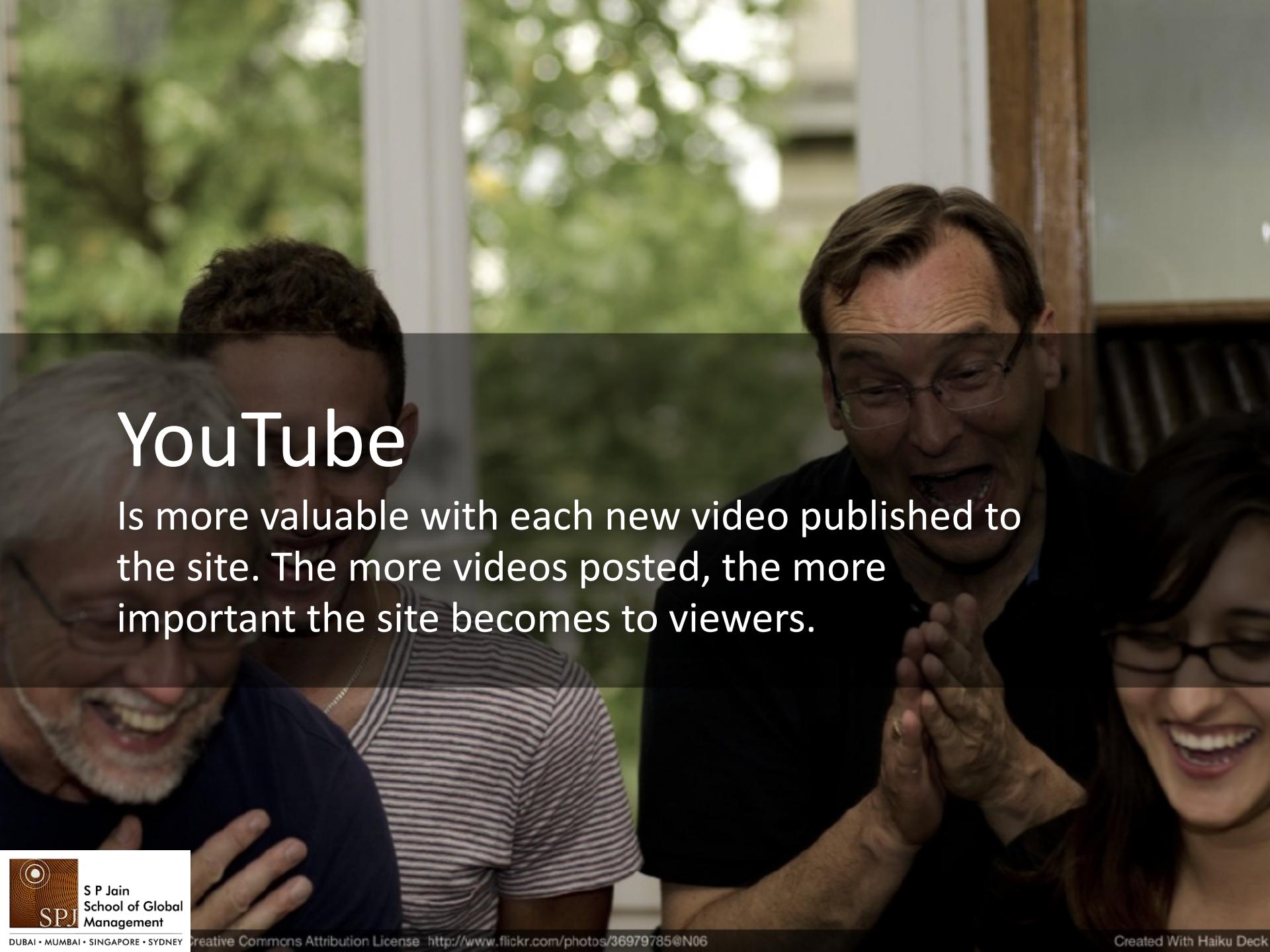


10. Does your marketplace leverage a network effect?



YouTube

Is more valuable with each new video published to the site. The more videos posted, the more important the site becomes to viewers.





Thank You & Good luck

We wish you success in making your marketplace.

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