



A Beginner's Guide to Build a **Multi-vendor** Marketplace



Index

- **Selecting the Correct Business Model**
- **The Process to Generate New Marketplace Ideas**
- **Challenges of Running an Online Marketplace**
- **Success Recipe of an Online Marketplace**
- **What is an Online Multi-Vendor Marketplace and How Does It Work?**
- **Building Your Online Multi-Vendor Marketplace**
 - Code it from Scratch
 - Build Using an Open-Source Platform
- **Vital Features to Add in an Online Multi-Vendor Marketplace**
 - For Customers
 - Vendor-Specific Features
 - Features for Admins
- **How to Acquire Your First Customer and Keep Doing That?**
- **Measuring the Success of Your Marketplace**
- **Conclusion**

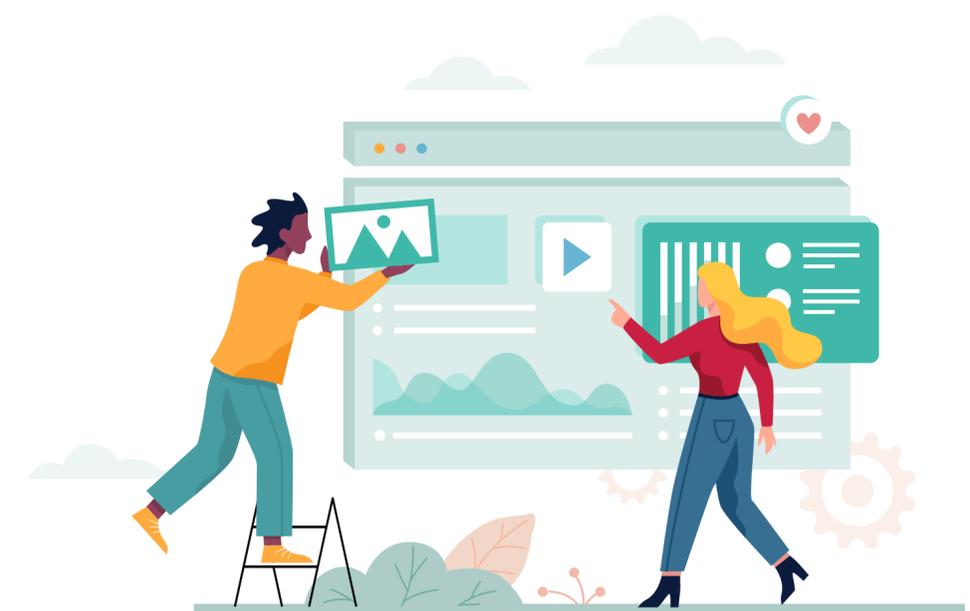


It seems that Darwin's theory of evolution is not only applicable in the human world but also in the digital universe. In only two decades we achieved more than what we were able to discover in the last two centuries.

At the same time, we are observing a substantial development in the online economy, marketplace being one of them. No matter the industry or business vertical, building an online platform for the same has become essential.

A key reason to build a multi-vendor online marketplace is giving the end-user a convenient method to buy and transact. Platforms like Amazon, eBay, Etsy, Flipkart, etc., make sure that the customers get access to everything under one roof at competitive prices and with easy deliveries to their homes.

Spoiler alert! Building a multi-vendor marketplace is an overwhelming process. It requires extensive research, developing the right product, and meticulous marketing. We will be covering all these aspects and much more in this guide. So, stick around and understand the process while keeping your eyes on the prize.



Selecting the Correct Business Model

Do you want to build a marketplace that sells everything under the sky like Amazon, or do you want to limit your product offerings to a particular industry like BestBuy or Wayfair?

You first have to choose between the type of marketplace you want to build.

Will it be a B2B, B2C, or a C2C marketplace? You can even choose to combine two types and build a hybrid marketplace, but that will only make things more complex.

So, for easier understanding of this guide, let's stick to a B2C marketplace, where businesses sell their goods and services directly to customers much as you see at a brick and mortar Walmart store.

Out of all the industries that we have seen rising to the occasion, the grocery marketplace has taken the lead, and this is not without reason.

Two authoritative bodies, Food Industry Association and Nielsen, have stated that the online food and beverage sales will reach \$143 billion by 2025.



Selecting the Correct Business Model

McFayden further predicted the online retail eCommerce sales would cross \$4 trillion by 2020. The same is predicted by Statista where the figure lands on \$4206 million.

Here are the predictions by Statista for the upcoming years.

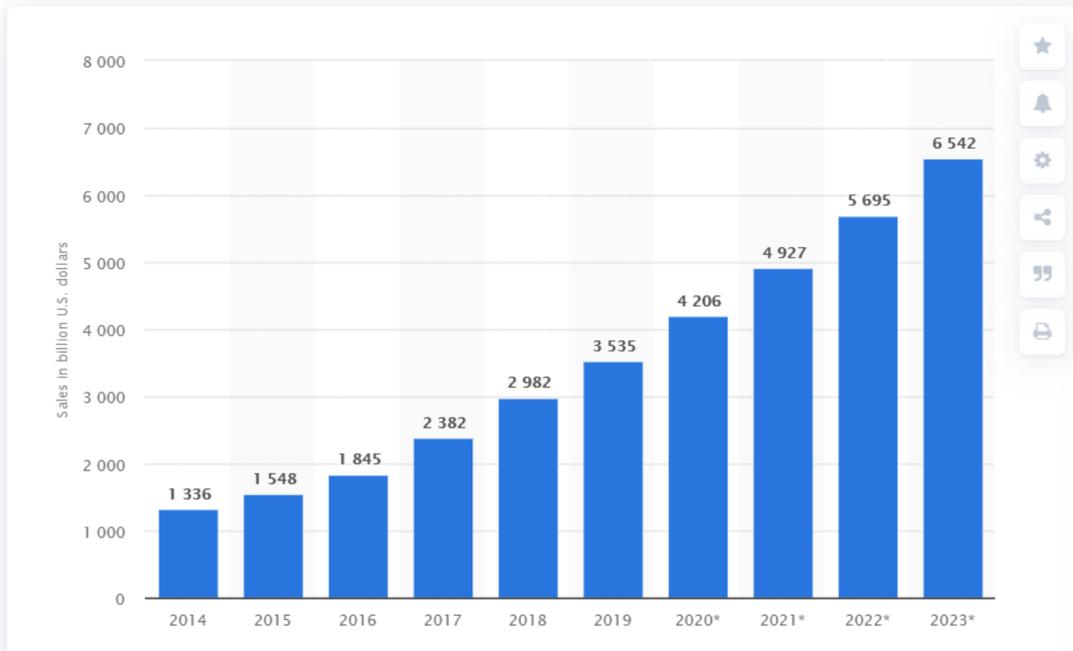
All these figures and facts ensure that building an online marketplace, irrespective of the industry you choose is going to be beneficial.

The market is booming because there is a heightened customer sentiment to purchase things online, which has taken a turn for good during the pandemic.

So, whichever marketplace you choose to build; if you build it right, achieving your goals is possible.

If you are short on ideas, we have prepared a checksheet that can help you brainstorm new ideas and handpick the industry you want to serve with your marketplace.

Retail e-commerce sales worldwide from 2014 to 2023
(in billion U.S. dollars)



The Process to Generate New Marketplace Ideas

Building a marketplace is not as difficult as deciding which one to build. There are a lot of ideas and a lot of potential products that you can sell online.

In 2021, 2.21 billion are expected to buy stuff online.

So, when the market is this big, there won't be a lack of entrepreneurs looking to find new ways to address their demand.

Whatever these potential customers need, you have to find the right and the quickest way to fulfil that.



The Process to Generate New Marketplace Ideas

Here's how to find a relevant idea.



Solve a Problem

There is a tendency for an entrepreneur or a startup to fail or shut down within the first year after inception. And the most prominent reason for this failure is “No Market Need”.

By jumping the gun and following the sheep mentality, you will only waste your money, time, resources, not to mention the opportunity to develop a credible product and address the real problem.

So, before you build an online marketplace look for the problem areas. Identify the areas that are lacking. Try to find out the customer pain points.

More importantly, you need to look at it from dual angles. Because building an online marketplace is not only for the customers, but you also need to address the pain points of the sellers.

So, while looking for problems, focus on both the parties and try to ease out their difficulties with your product and services.



Look for Industries with Vertical Marketplace

You need to focus on narrowing your marketplace rather than going wide. In other words, don't try to compete with Amazon from day one.

Because Amazon also started selling books before it listed 350 million products and got 5.7 million monthly visits.

So, start with a single industry or product—for instance, Airbnb or an online medicine selling marketplace. Not only the vertical marketplaces have a competitive advantage, but they are also easy to manage and build.



The Process to Generate New Marketplace Ideas

Here's how to find a relevant idea.



Idea Validation or Testing:

The third step in getting new ideas for building an online marketplace is testing that idea. On paper, your idea can look revolutionary. But do you have enough evidence to support that it will work? No! Your parents, friends, and relatives wishes and exemplary comments won't work. You need to test your idea without any mercy.

Lead your testing with market research. Understand who are your typical customers, what are their problems, what do they do, their age, professional, and so on. Build customer personas. In the second stage, conduct competitor analysis and market analysis. Dig into your competitors and understand what they are offering, what do they lack, and how customers are responding to their product.

If you observe that your idea is better than your competition and that the customers like what you are planning to build, go ahead with it.

Within testing and customer analysis, talk to your customers via interviews, surveys, questionnaires, polls, etc. Know what they think about your product and whether or not they are willing to pay for using the same. If they are ready to pay, you need to build a revenue model (will be discussed ahead) right after you conduct your research.

There you have it; A foolproof way to generate, ideate, and authenticate new ideas for your marketplace. However, this process is not as simple as it looks. Do not rush with it. Take your time, be thorough with your research, and remember, go narrow rather than wide. To build an online marketplace and to run one are two different things. Running requires a distinct strategy that is conducive to customers and the industry. But the challenges are similar across the entire industry.



Challenges of Running an Online Marketplace

The challenges that you read ahead might be common for both online and physical stores. But what's different is how they impact the respective stores.



Delivery Inconsistencies

For a physical store delivery is not as much important or troublesome as it is for an online store. Imagine running an online marketplace, and your customers are regularly complaining about the delays in delivery.

It is almost like a 'do or die' situation for an online store owner, because delay means inconvenience to the customer. This becomes a major reason for a customer to bounce off and buy their products from another online store.

That is not it. One customer's leaving has an impact on others as well. So, you need to protect every single customer you serve by ensuring there are no inconsistencies in your services whatsoever.



Challenges of Running an Online Marketplace

The challenges that you read ahead might be common for both online and physical stores. But what's different is how they impact the respective stores.



Lower Profit Margins

This is an industry-wide issue and not limited to a single vertical of an online marketplace. One of the reasons why customers switch to online shopping is the lower price.

They are not just looking for convenience, but also want to get high-quality products at the lowest possible prices. This diminishes the sellers buying price and selling price concept, thereby reducing their profit margin.

One way to handle this challenge is to optimise the delivery and inventory costs. Plus, having items that are resistant to wear and tear or perish can further help you maintain a high stock efficiency, reducing your losses at the backend.



Branding

There are two types of branding that need to be covered when you build an online marketplace. One is for the marketplace itself and another is for the individual seller associated with the marketplace.

Most of the time, people remember the store they bought from but not the seller. Although you are getting attention and sales, your sellers need an equal amount of motivation to keep selling their stuff from your store.

So, devise ways to help your sellers enhance their market image and recognition so that they are able to flourish and with them, you will too reach new heights.

Getting ahead in this era of cut-throat competition is easier said than done. Apart from these and many more industry-specific challenges that you might face, there are a few aspects that are important to understand. Consider them as the Magna Carta of running an online marketplace, especially the ones where you deal directly with the end-user. Here are a few aspects to always include in your strategy to build an online marketplace.



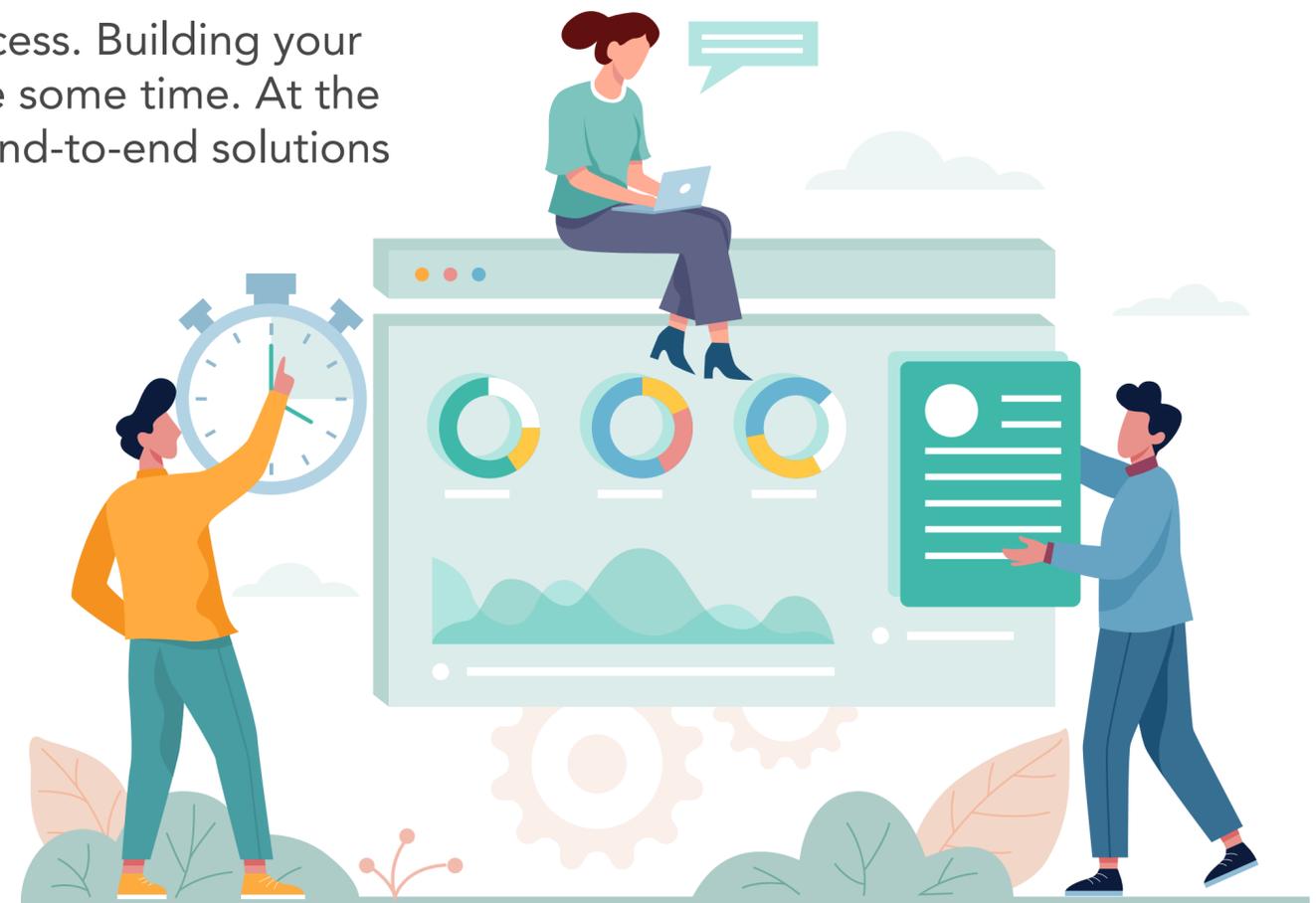
Success Recipe of an Online Marketplace

These are not the only factors that can help succeed in the market, but they do play an important role in helping you steam ahead than your competition. More importantly, you need to look for those factors that are important for your customers.

Another ingredient to succeed is your execution and implementation process. Building your marketplace website and application from scratch is great, but it may take some time. At the same time, if you would use a drag and drop builder platform providing end-to-end solutions like Yelo does, you can launch your own store in less than 24 hours.

What does a customer expect when they come to visit your store?

- Variety
- Low price
- Free delivery
- Quality



Success Recipe of an Online Marketplace

Can you think of any other thing? Well here are a few other aspects that customers expect



Product Discovery

The problem with marketplaces is that there are a lot of products coming from different sellers. Well, in one instance this might look like a great thing, as you are offering variety to your customers and it is a good thing.

But on the other hand, you might face trouble when your customers are not able to find the ideal product they want. Your job is to bridge this gap by inserting an intelligent algorithm that is essential for providing personalised product recommendations.

This algorithm will observe the customer's likes, dislikes, wishlist, and their orders to create a pattern and provide the relevant recommendations. This might be a simple addition, but it goes a long way in proffering better customer service.



Customer Convenient Features

We are back on the customer convenience bandwagon. Read this point in coherence with the previous one. Allow your customers to shortlist the product they like in your marketplace. Moreover, ask them to receive notifications if the same product's price reduces or if there are any discounts on the same.

By doing this, you are showing that you care for your customers and their requirements. Understanding your customer is one of the best ways to achieve success after you build an online marketplace.

Another area where this might come of use is customer retargeting. Based on the products your customers have saved on their wishlists, you can send them emails about similar products.



Success Recipe of an Online Marketplace

Can you think of any other thing? Well here are a few other aspects that customers expect



Different Payment Methods

Never stick to a single payment option when you are building an online marketplace. Not adding different payment options means a big cut in the customer convenience meter.

Plus, make the payments easier and faster, aim for one-click payments. Besides the time-consuming credit and debit card payments, there is PayPal, Stripe, and other merchant payment services.

It is important to let your customers make payments in one tap. Moreover, even if you get your hands on a cost-effective merchant service or a low-cost payment method, ensure that your customers know about it before integrating. There is no use in adding a payment method that is not used by your customers.



Success Recipe of an Online Marketplace

Can you think of any other thing? Well here are a few other aspects that customers expect



Reputation

Your marketplace is a brand. And within your brand, there are several other small brands. Both are interlinked with each other. But initially, the sellers associated with you have a greater role to play in developing your authority in the market as a trustworthy marketplace.

Alibaba and Amazon are two of the biggest marketplaces today. Even though their product offering is similar, Amazon is a much bigger name than Alibaba.

Why do you think that is?

This is because Amazon has a bigger reputation, which attracts more customers, leading to higher revenues. So, a lot depends on your brand's power to attract new customers and retain the existing ones.



We have built a strong understanding of the knicks and knacks of an online marketplace. But just to be sure, let's cover the basics of an online marketplace and how everything works in each of the models that you can adopt.

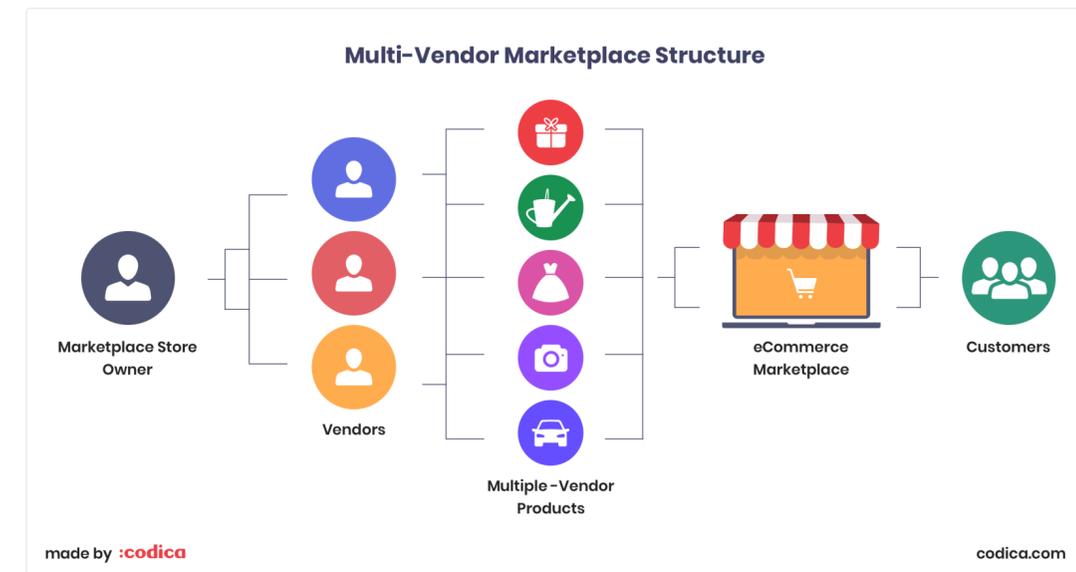


What is an Online Multi-Vendor Marketplace and How Does It Work?

Let's decode the sentence, "Online Multi-Vendor Marketplace." Online simple, anything is available via the internet. Multi-Vendor implies a place where multiple sellers (vendors) are present and offering their products. The marketplace is a collective term used for the congregation of all the vendors and gives them a medium or a common identity. As a founder or an entrepreneur, you will be building a website that will house multiple vendors and give all of them an opportunity to sell their products. As the owner of the website, you will be managing everything from vendor onboarding to customer services and everything in between.

When the vendors will get the proceeds of the sales, you will get a commission from the vendors. If you handle the inventory and delivery for the products, your profit and revenue will increase. Vendors will pay for the inventory and warehousing. The customers will pay you for the delivery. There are several models where you, as the marketplace owner, do not have to worry about the inventory or delivery; it is done by the vendor himself, just like Alibaba does.

But in the second method, there are higher chances of customer-facing issues because not all vendors will be prompt with the delivery as you can be. Plus, having a synchronised delivery and inventory model for everyone makes things easier to manage.



What is an Online Multi-Vendor Marketplace and How Does It Work?

Here is a step by step walkthrough of what happens in an online multi-vendor marketplace.

1. Customers come to your website to buy a product they need. They search for the product and preview them along with knowing the details about the same.
2. If they like it and want to buy, they can click on the "Add to Cart" button, and it will reach the customer's cart.
3. From the cart, the customers can proceed to make the payment by one of the various ways. The product owner or vendor will receive the payment, and you will get your commission.
4. Once the order is confirmed, the vendor is notified about the same, and they start preparing the order (packaging and all).
5. Depending on the kind of model you have chosen, either you will be responsible for delivering the package. Or the vendor will deliver the same.

After the customer receives and acknowledges the delivery of the package, the cycle is complete.

With us till now? Great! Until now, we have understood briefly about building a marketplace and making sure that your business booms. This requires mixing the right set of ingredients that you will find above. Now when it comes to actually prepare an online marketplace, you need a conducive mechanism to deliver the same. So you would want to build a website and mobile application.



Building Your Online Multi-Vendor Marketplace

Let's begin by exploring the methods you can use to build a marketplace. Be it an application or a website, you need to identify the development method. There are three ways you can move ahead;

- Code it from scratch
- Leverage the ready-made platforms to build your own store domain
- Using Yelo to Build, Operate, and Scale your online multi-vendor marketplace.

Out of the three methods, coding is the most authentic and scalable way to go ahead. Using ready-made platforms is faster, but they have limited functionality.

Let's dive into the pros and cons of each of these building methods.



Building Your Online Multi-Vendor Marketplace

Code it from Scratch

Coding it yourself means you choose to write the source code for your application or website from scratch. Depending on the mobile platform you choose to run your application on, you need to choose the development frameworks. For instance, iOS apps are written in Objective-C, whereas Android ones are coded in Kotlin. And if you want to run the application on both the platforms simultaneously, you must choose between Ionic, Xamarin, or Flutter.

For this, you can do either of two things;

- Hire an in-house team
- Outsource the work to an agency or freelancers

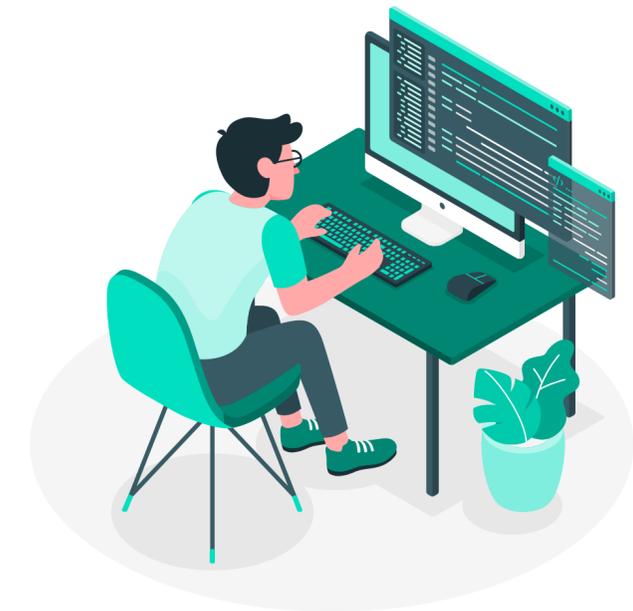
Remember that hiring your own team will lead to a higher cost in comparison to outsourcing the work. But hiring a team means, high-quality product, ability to manage everything perfectly, clear goals and objectives sharing, less time to market, and no communication gap. On the other hand, outsourcing the same work invites lower costs, but you may have to compromise a tad bit on the communication part (as there might be a difference in the time zone). Other than this, outsourcing the work to an agency provides the same quality as hiring your own team. If you choose to hire freelancers for the project, then you may have to deal with a lower quality product, but the cost of development will be much less. So, as you can see, there are pros and cons of choosing either of the development teams. However, our recommendation would be to choose a method that is cost-efficient but does not compromise on the quality. Moving on, what are the pros and cons of coding everything from scratch, let's dig into that.



Building Your Online Multi-Vendor Marketplace

Code it from Scratch

Pros	Cons
<p>From day one, you will access the entire source code and make changes to the platform as required. This allows for better flexibility in preparing the website and the application while making it scalable to the greatest extent.</p>	<p>For this task, you need to hire skilled, experienced, and innovative developers. eCommerce is a competitive business. Along with access to the right strategy, you also need people who are efficient enough to build great things from scratch without fail. This is something that is hard to find today.</p>
<p>Along with flexibility, you will be able to design your platform as you deem fit. Ergo, you will be responsible for creating bespoke UI and assure high-quality UX.</p>	<p>Building it from scratch implies that you should be ready to spend time on it and wait for the product to reach the market. This can become an issue, as it will increase the time to market, which is one of the key aspects to reduce in a competitive world.</p>
<p>Apart from the one-time development cost, you won't have to pay monthly subscription costs. Creating your own source code and managing everything on your own does not leave you at the mercy of the service provider. You gain control of your platform's upkeep and maintenance.</p>	<p>Yes, you will have access to your source code, but you also need to be great at platform maintenance and upkeep. Any type of issue with the platform, you need to be there to address and make things right. Downtime, access errors, data retrieval issues, and other such aspects can severely impact your brand image. So, if you are up for a challenge, then start creating everything from scratch.</p>



In this, one option that you can take is to hire an agency to do all the work, from ideation, analysis, research, development, to maintenance and upkeep. Your task will be to keep an eye on everything while the development and designing team will take care of the core aspects giving you more time on your hands to focus on how to build your business.



Building Your Online Multi-Vendor Marketplace

Build Using an Open-Source Platform

Just like you will allow vendors to come and sell their products from your platform, there are platforms that allow you to build your marketplace and run it from their platform. These are the open-source platforms like WooCommerce, Magento, and others.

All you have to do is pay a fee, build your platform with drag and drop functionality, add the elements you want, and start selling. Everything that you will otherwise do, like vendor onboarding, product listing, payment receiving, delivery, inventory, and so on, can be taken care of from these ready-made online multi-vendor marketplaces.



Building Your Online Multi-Vendor Marketplace

Build Using an Open-Source Platform

Pros	Cons
Because these are platforms where you only have to fill in your marketplace details and edit the premade templates, it takes a lot less time to actually create them and start delivering the products	Yes, there are some drag and drop functions, but open-source code means you may have to handle some sort of coding to fully customise the platform as per your requirements. In other words, if you are an amateur or have no knowledge about coding, it is better that you go with the first option and hire a team to build your platform for you.
There is only a subscription fee and other additional fees if you wish to add the integrations and features to create a better user experience.	Another aspect where the open-source systems lack is security. These are like public parks; anyone can come in and use the same park (code) for their purposes. This creates a high risk of security and authenticity. Thefts, transferring of the virus, data leak are some common issues that you might face with this method for building an online multi-vendor marketplace.
Most of the providers do not keep a lock-in period as they do not want to deter their customers from paying extra fees and not use the system. You can leave the platform whenever you want. This means that even if the business does not bloom, not a lot of investment will be utilised.	



Building an online multi-vendor marketplace is not enough. You also should know which are the most important features that must be added to the platform. Without these features, the platform might look or feel incomplete.



Building Your Online Multi-Vendor Marketplace

Leveraging the Abilities of Yelo

Yelo helps you build a strategically sound and highly efficient Multi-Vendor Marketplace without any coding or setup fees. You can start creating your store in the morning and sell your first product before you go to sleep at night.

It has pre-built modules for ordering, customer mobile applications, ordering website, and merchant apps. All these features have several connected functions including multiple payment system integration, setting access control permissions, creating browsing lists, ratings and reviews, search filters, inventory management, delivery fleet management, proof of delivery, and much more.

For a themed marketplace, Yelo has inbuilt themes and aesthetics elements that help you create a unique brand value. All of the creative aspects are highly personalized, built to enhance the user experience, and designed by professionals. Last but not least, Yelo gives you access to more than 500 integrations, 100+ payment gateways, and ability to build your marketplace in more than 50 languages.

On top of this, there are plenty of resources like Academy, Yelo Guide, Blogs, and Business Ideas to help entrepreneurs without any coding experience build their own marketplace from scratch in record time and saving on costs.



Vital Features to Add in an Online Multi-Vendor Marketplace

We are going to list out the core features that you must include in the MVP or Most Viable Product version of your online marketplace segregated into;

- For Customers
- For Vendors
- For Admins



Vital Features to Add in an Online Multi-Vendor Marketplace - For Customers

Ease of Navigation

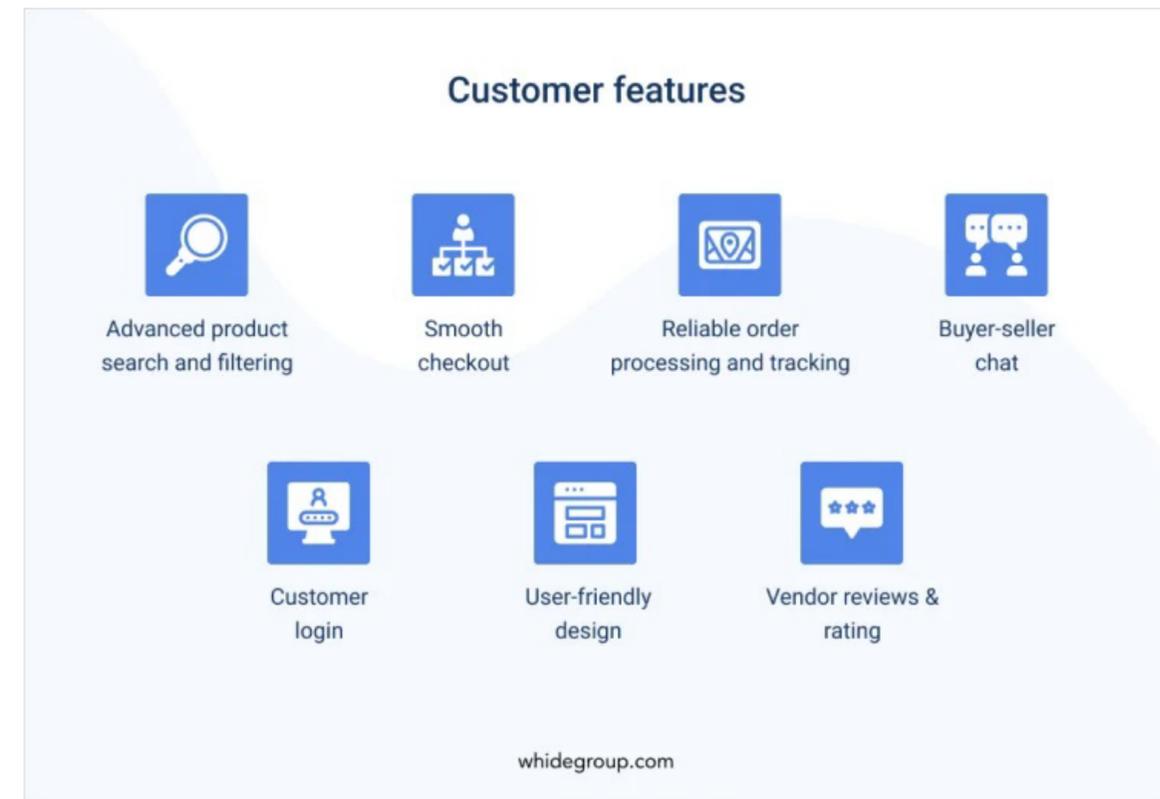
Make it super easy for your customers to find the product they need. Your aim should be to smooth out their experience and not find glitches. Assure intuitive navigability and a user-friendly interface.

Advanced Search and Filters

The thing is, you do not know what type of customers you will get. Some customers may have just an idea about what they want while others exactly know what they want down to the last detail. Your search algorithm has to cover for both. Add as many filters as you can starting from the most obvious to the most detail-oriented.

In-App Chat

Another way to enhance the user experience for your customers is by adding in-app chat support for them. Multi-vendor marketplaces have a variety of products coming from different sellers. Now your job is to make the selection process for your customers seamless. Adding chat support means that you will be able to help them talk to the vendors or customer representatives and get detailed information about the product before they can buy.



Vital Features to Add in an Online Multi-Vendor Marketplace - For Customers

Hassle-Free Checkout

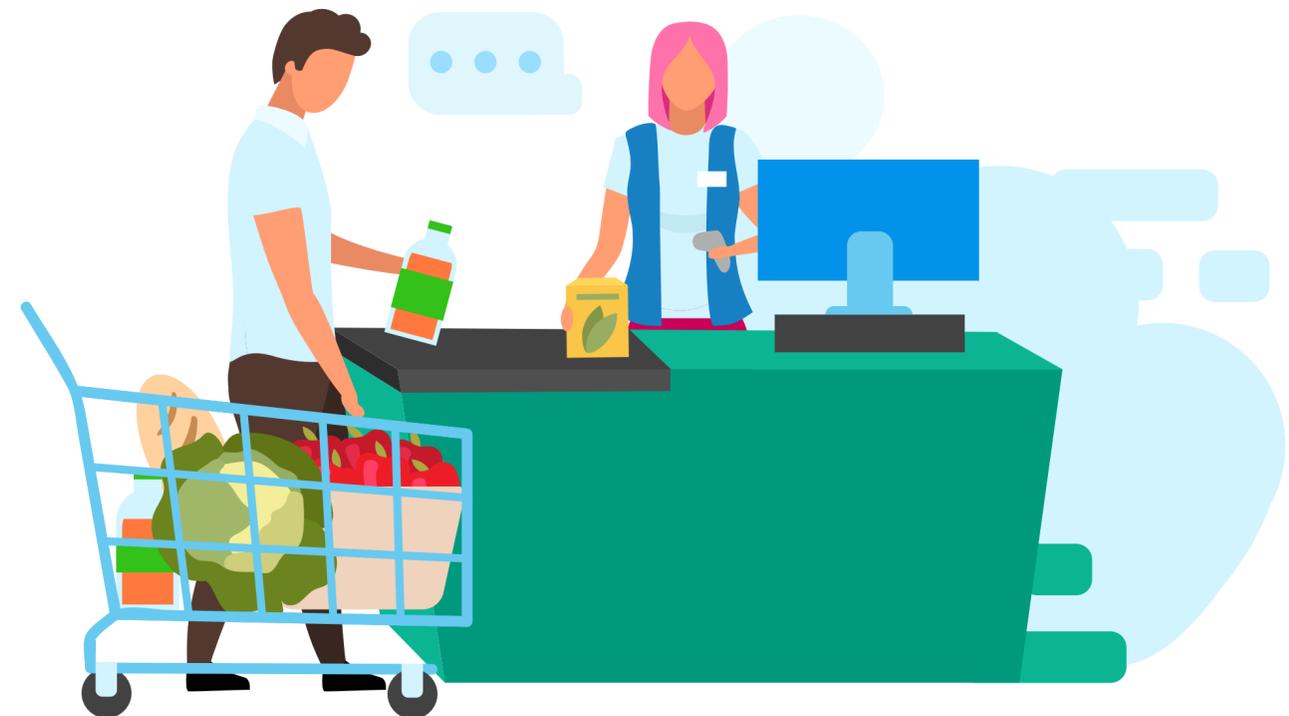
Just a few months back, Amazon added a feature in their mobile app, where the customer has to just swipe from left to right to buy the product. This is a prime example of customer convenience. Similarly, you need to provide a seamless checkout service to your customers. Along with this, add multiple payment options to ensure that no customer faces any issue with the payment.

Login and Profile Creation

Ensure one-click login by integrating the login process via Google or Facebook. Every customer must have their profile connected to either their mobile number or email ID. This is important for storing the customer information, purchase history, wishlist and providing relevant product recommendations.

Rating and Reviews

Another aspect that is essential to build trust is allowing your customers to leave reviews for the vendors as well as the products. This will help you create a platform-based user community that is there to answer each other's queries about the products.



Vital Features to Add in an Online Multi-Vendor Marketplace - Vendor-Specific Features

Convenient Onboarding

Do not create a webbed onboarding process that has endless scrolling forms and asks for every bit of detail upfront. Allow the vendors to do a simple registration and get their profile ready under minutes. As for the other aspects, allow them to fill them as they are navigating through the platform. For a better experience, gamify the entire exercise by creating goals and objectives, each of which is attached with a reward or a token of appreciation.

Product Management

Your vendors need a simple and secure way to sell their products. So, while you build a multi-vendor online marketplace allow them to add, edit, delete and modify their products quickly. Moreover, it is not fixed that one vendor must stick to one marketplace. These vendors have registered on different marketplaces so they must get the best experience with your platform if you want them to stick around.

Push Notifications

This goes for everyone associated with the platform, the customers, admins, and the vendors. As soon as an order is placed, each of the participants must receive notifications on their respective platforms about the same. Not only this, they shall also get notified when the products are packed, shipped, and delivered.

Vendor features



Quick onboarding



Easy product management



Convenient order processing



Intuitive dashboard design



Listing promotion feature



Buyer-seller chat

whidegroup.com



Vital Features to Add in an Online Multi-Vendor Marketplace - Features for Admins

CRM Integration

For you, as the manager or the operational head of the platform, integrate your platform with a CRM or Customer Relationship Manager to take care of the customer profiling, information, and data. Not only this helps keep a track record but also assists with customer retargeting.

Management Tools

Add the marketplace with modern-day management tools and functions. This will help you monitor, track, and optimise the platform plus the operations to make it more intuitive and friendly.

Delivery Tracking

This is important if you are taking care of the delivery yourself. It is imperative to create an amazing fleet with technology to track their every move and make them more efficient. Modern-day delivery tracking systems go as far as predicting the delivery fleet's health and operational capacity along with route optimisation. Use these aspects to create a well-integrated system for your marketplace.

Admin features



Marketplace operations management tools



SEO management tools



Multilingual / multi-currency support



Sufficient choice of payment options

whidegroup.com



Vital Features to Add in an Online Multi-Vendor Marketplace

We hope that you have got a complete understanding of how to build a multi-vendor marketplace now. It is pivotal to your success that you understand the entire process and implement it as per your industry standards and market where you will operate.

Now we are only left with two other important aspects of building an online marketplace, customer acquisition and performance measuring.



How to Acquire Your First Customer and Keep Doing That?

Customer acquisition is easier said than done in the online marketplace. Because there isn't one such platform that is operational. There are probably hundreds if not thousands of systems already running and many more under development.

So, you are not only looking to get new customers, but you have to get them before others. There are multiple ways to acquire customers, which can be divided into organic methods and paid campaigns.

Where paid campaigns include running online advertisements on Google, Youtube, Facebook, Instagram, LinkedIn or any other relevant platform, organic methods include blogging and running social media accounts.

In both the methods, the results depend on what type of marketing efforts you are putting into your work. Our focus is to help you get your first customer without paying for advertisements. So, here are the ways to do that;



How to Acquire Your First Customer and Keep Doing That?



Content Marketing or Blogging

The thing with content marketing is that you can escalate the marketing efforts to any level you want and reduce the same as per your requirements. Apart from blogging, there are emails, newsletters, ebooks, guides, affiliate content, and so much more in content. You can leverage any of these strategies to create your own content marketing strategy mix. For instance, REI is an online and offline retailer which is present on Amazon and at the same time has its dedicated platforms.

Now REI competes with Amazon to address their customers directly by using content marketing. If you would visit REI, they have a huge amount of content available on their website in the form of guides about the products. This attracts the customers to get authentic and complete information about the products they require instantly and informatively.

So, create a content plan and write articles with organic and target-worthy keywords that are relevant to your region or operation.



Social Media Posting

This is different from running paid social media ads that bring out your product or services in front of the customers in their feed. On Instagram, wherever you see the tag "Sponsored," that post is an ad and not from a page that you might have liked.

Social media posts are a great way to increase your brand awareness for free, as you do not need to pay anything to Facebook for posting or to Instagram for that matter. Another benefit of this exercise is you can modify your targeting practices to understand your audience and really listen to their preferences.

Lastly, you should use your social media presence to create a loyal fanbase, who will not only become your free promoters but also help you provide better product offerings.



How to Acquire Your First Customer and Keep Doing That?

We can create a whole new ebook on marketing for your multi-vendor marketplace, but let's stick to these two cost-effective methods for now.

We need to cover another thing connected to marketing, and that is measuring your performance. There is no point in running endless social media campaigns and hiring numerous writers to create and publish content if you are not able to measure your efforts.

So, before we end this guide on how to build a multi-vendor marketplace, let's take a look at the core metrics that will help you measure performance.



Measuring the Success of Your Marketplace

It is important to set some KPIs or Key Performance Indicators for your marketplace if you want to understand the impact of the work you are doing. No matter what kind of business or what category of the marketplace you are operating, without knowing how long you have jumped, there is no point in shooting blind arrows.

Not only do these metrics help you measure your performance, but they also assist in creating better targeting campaigns. Like if you are running a campaign or a marketing tactic to increase sales and you are not able to achieve them, measuring it with a KPI will help you understand where do you lack and which areas are to be addressed for creating a better outcome.

So, here are a few metrics that you should always measure and address;



Measuring the Success of Your Marketplace

Number of Users (Active and New)

By knowing how many active users are still engaging with the platform, you are able to comprehend and predict the transactional amount. Also, by knowing the number of new users joining your platform every month, you get to know the impact of the marketing campaigns targeted towards this purpose.

Time Spent

More time spent on the marketplace means that the users are either undecided about what they want or they are not able to find the product they want. In either case, your task is to improve your product finding, recommendation algorithms, and help the potential customers do not bounce off without buying anything. If these were the user-centric metrics, a marketplace also needs to measure some business-oriented metrics that help understand the business side of the platform.

Gross Merchandise Value

GMV refers to the total amount of sales through an eCommerce platform in a certain time period. During the initial phase, you should not measure the total sales volume but stick to GMV as it provides a better picture than the former.



Measuring the Success of Your Marketplace

Customer Acquisition Cost

Focus on lowering the customer acquisition cost for your platform. To find it out, divide the total amount of money spent on sales with the number of new customers acquired in a certain time period.

Number of Repeat Customers

This is one of the most promising ways to measure the performance as it not only shows that your platform is booming but also helps you obtain the free word of mouth marketing.

Supply-Demand Ratio

Always aim for a balance between the number of suppliers registered on your platform and the number of customers. Balance is essential because if the scales are skewing on either side, there will arise a demand and supply gap situation, which is not good for you as the marketplace owner.



Measuring the Success of Your Marketplace

All these metrics are also imperative to measure your return on investment (ROI). Higher ROI means that you are going in the right direction, and scaling things will be easier. However, lower ROI shows the inefficient side of your business.

Customer satisfaction is not something that you can measure with one or two metrics. It is the most extensive and the most important metric that you need to look out for, because everything depends on how happy your customer is after they have made a purchase from your marketplace.

So, one aspect of your work must always be focussed on creating a better customer experience.



Conclusion

To build an online multi-vendor marketplace, you need the perfect mix of several aspects. Starting from the right ideas to the right vertical, customer segment, product, vendors, coding team, marketing team, designing team, and others; everyone and everything must work synergistically to help you build a platform that keeps the customers happy.

A marketplace is one of the most profitable and scalable business ideas going into the future, but to ensure its sustainable growth and profitable development, you need to do it the right way. The article is a detailed account of how to ideate, build, market, and measure your multi-vendor marketplace in a cost-effective manner. Yes, there will be challenges along the way, but they all are tameable provided you have the right mindset to build a business. So, capitalise on the time that you have on your hands right now and start building a product that is worthy of competing with the giants like Amazon or eBay.

Building an online marketplace can be a complex bull to tame. That is why we recommend that you read through the guide to understand the ebbs and flows of this industry. This guide features some ideal features and functions essential to have in an online multi-vendor marketplace.

Yelo gives you the ability to do all this in one go and without coding. Start working with Yelo and opt for the 14-day Free Trial period. This way you can always switch your platform if things do not work out. So, what are you waiting for, let us help you understand more about this product and help you build your business from scratch.

Not ready to face it yet, just give us a little nudge, and we will help you get there.

