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5 FACTORS TO CONSIDER
IN CHOOSING THE
RIGHT ONLINE

MARKETPLACE

+ how you can logically pick
the best one for your business

Online marketplaces

thrive for a variety of reasons. For one, setting up your shop at an established marketplace often takes less time, effort, and money to do.

For another, online marketplaces can provide you with a regular stream of visitors from the get go, whereas building up a regular flow of customers to your own online webstore can take months or years to accomplish.

For many small business owners, selling at an online marketplace is the obvious choice.

But with the smorgasbord of mainstream online selling platforms at your disposal, how can you logically pick the best one for your business?

factors to consider when

CHOOSING A MARKETPLACE

1. type of product

The type of products you're selling is the biggest factor to consider when choosing a marketplace. Mass-market products tend to do better in a marketplace with stiffer competition — as long as you make sure that your online marketing efforts can give your own products a boost. Most people who look for mass-market products also tend to search for them on established places like Amazon or eBay, so you're ensured sufficient exposure when you sell in these marketplaces.

Niche products do better on specialty stores like Etsy or CafePress since visitors to these marketplaces know that they cater especially to handmade sellers or sellers with a specific market in mind. Specialty stores also lend a sense of exclusivity to your products. If you're looking for this "limited-edition" type of branding, you're better off in a more exclusive marketplace.



2. seller fees



Comparing costs across marketplaces can be complicated because they don't really adopt the same type of pricing. Some are commission based, some charge a percentage of the final selling price, others charge fixed prices for every sale, still others charge a fixed membership fee, and so on. To compare costs more accurately, check the percentage of the final sale price that goes to fees and compare from there.

Don't be stingy when it comes to seller fees either. While it's important to get the most value for your money, don't expect to pay unrealistically low fees. Most marketplaces would charge somewhere in the 12% - 15% margin. In the end, it's all about cross-comparing the value that the marketplace gives you to the fees they charge in return.

3. traffic and competition

Traffic and competition generally go hand-in-hand. That is, the more traffic a marketplace generates, the tougher the competition in that particular marketplace is. Take Amazon versus Bonanza for example. Bonanza has millions of users, but Amazon has hundreds of millions of users.

Obviously you'll face stiffer competition in Amazon, not to mention be required to impress a tougher crowd, but your product will also receive as many as 100x more views in return. With the right strategy, you can convert these views into sales more easily as well.

4. listing customization options

The ability to customize your listings is incredibly important when selling at a crowded marketplace because it affords you the opportunity to set your products apart. Having the option to upload as many good photos or even videos of your product, provide a well-written and comprehensive product description, and edit certain SEO aspects like meta descriptions can give you a major marketing boost.

5. inventory management and other seller features

While you would admittedly be required to put in a lot of time and effort into building and monitoring your online store, you don't want to have to exert more effort than necessary. Test out the different inventory management options of each marketplace and give a lot of thought into which ones seem more user-friendly and intuitive to you. Remember, managing your products should be simple and quick; it shouldn't be a chore.

comparing the top

online marketplaces

To get you started on creating your online marketplace accounts, here's a run-through of some of the top virtual marketplaces to sell on today:



Amazon is the largest, and arguably most popular, online marketplace today. Many online shoppers flock to Amazon because of their top-notch customer service, wide selection of items, and familiar and easy-to-use interface. To uphold the quality of their marketplace and protect their customers, Amazon places stringent measures against bogus sellers, so you don't have to worry about competition from cheap, shoddy sellers. Even so, competition is still quite tough on Amazon, and seller fees are higher than most.

Unique monthly visitors: 146 million, or around 116 per seller

Fees: About 15% of sale price, \$0.99 per listing for individual accounts; 15% of sale price and \$39.99 monthly fee for business accounts



Like Amazon, eBay sellers offer practically almost anything under the sun. One of its main differences with Amazon is that you can auction off your items instead of sell them at a fixed price. Setting up an eBay account is very easy, and maintaining a small store on the site is not a challenge. However, this ease-of-use has lead to very stiff competition. On eBay, you'll be competing against large, well-known sellers and a regular person who wanted to get rid of an unwanted gift.

Unique monthly visitors: 71.5 million, or around 8 per seller

Fees: 10% of sale price + a monthly membership fee from \$0 - \$299.95 a month + a listing fee from \$0.05 - \$0.05; membership fee and listing fee are inversely proportional



Etsy



Etsy is a specialized marketplace that caters to sellers of unique and mostly handmade items. Despite being a niche marketplace, Etsy has grown globally and has become the most well-known marketplace in its category. Fees on Etsy are lower than most marketplaces which benefits both sellers and buyers on the site.

Unique monthly visitors: 22.9 million, or around 18 per seller

Fees: 3.5% of sale price + \$0.20 per listing



Bonanza might not be as big as the aforementioned marketplaces, but this also means that competition won't be as tough. Among the four marketplaces compared here, Bonanza offers the highest number of unique monthly visitors per seller. This means that your products have better chances of reaching more individuals in Bonanza than in the other marketplaces.

Unique monthly visitors: 8.2 million, or around 205 per seller

Fees: 3.5% of sale price + a membership fee from \$0 - \$166 a month

MULTIPLE LISTINGS?

In general, it's advisable to establish your profile and build up your reputation as a trustworthy seller in one marketplace than to sell your products in tons of marketplaces. That said, it's also a good idea to test out a couple of marketplaces before settling on the one you're going to focus your efforts on.

Using the tips above, pick out around three marketplaces to conduct experiments on. After a few months, see which one seems to work best for you and put all your efforts on building your store on that marketplace first. Once you have established your store in that marketplace, you can turn your attention to other venues or even put up your own eCommerce website.

Choosing a marketplace is no easy task. You have to put in the time and effort to research each marketplace and test the waters for some time. To make the endeavour easier, you can also consider bringing in an expert into the situation. Perhaps a reliable virtual assistant with experience in this industry. This is especially helpful if you're going for multi-channel listings. With professional help and advice, you're less likely to commit financially dangerous mistakes.

If you wish to learn more about the benefits of hiring a virtual assistant, we can help you like we've helped hundreds of clients from all over the world.

Call us at +1 (443) 856-4882 for an obligation free quote. You can also send us an email at info@20four7va.com.