

B2B Marketplace Maturity Model™

by McFadyen Digital¹



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Where are you now?
And where can you go tomorrow?

THINKING ABOUT STARTING A MARKETPLACE?

Use this maturity model to see where you are and what you'll need to level up.



WHAT IS A MARKETPLACE?

A marketplace is an eCommerce site where customers can choose from many products from multiple third-party sellers. Iconic B2B examples include Amazon Business and Alibaba.



As of early 2019, only **56 percent** of B2B companies had an eCommerce site² — and only **11 percent** had a marketplace.³



By 2023, at least **70 percent** of enterprise marketplaces launched will serve B2B transactions.⁴

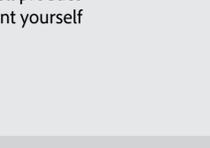
Level 1: Traditional Commerce

You're at level 1 if you:

Have a fully functional eCommerce site that offers only your products

Manage all product listings — including imagery, copy, pricing, etc. — yourself

Handle all product fulfillment yourself



PROS

At level 1, you can:

- Serve digital-native business buyers who expect online shopping
- Manage only one set of products

CONSIDERATIONS

At level 1, you may:

- Grow slowly, because you only offer one set of products
- Struggle to monetize web traffic, because customers leave your website to research related or adjacent products

How to get started



Choose a flexible eCommerce platform that you can integrate with other key systems, like your ERP, product information management (PIM) system, CRM, etc.

Level 2: Dropship

You're at level 2 if you:

Have a fully functional eCommerce site that offers products made by your brand and by third parties

Manage all product listings — including imagery, copy, pricing, etc. — yourself

Negotiate unique contracts with each participating vendor

Fulfill some orders yourself and rely on vendors for others, depending on the terms of each agreement



PROS

At level 2, you can:

- Keep customers on your website for longer
- Offer more product choices and categories without the need to carry additional inventory or handle fulfillment

CONSIDERATIONS

At level 2, you will have to:

- Design and manage multiple unique vendor agreements
- Create and manage all product listings, including artwork, copy, etc.

You may not be able to scale offerings due to cumbersome manual processes for onboarding any paying new sellers.

How to get started



Choose a handful of reliable third-party vendors.

Make sure your eCommerce and order management platforms can integrate with third-party fulfillment systems.

Level 3: Multi-Vendor Marketplace

You're at level 3 if you:

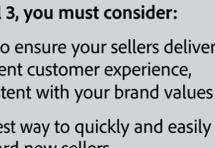
Sell products from your brand and from third parties

Offer a standardized agreement for all sellers

Give sellers control over their product listings

Earn a commission for every third-party sale that passes through your marketplace

Require sellers to manage their own fulfillment



PROS

At level 3, you can:

- Dramatically expand the range of products and product categories you offer
- Earn more in commissions than you would in margins on stocked inventory or drop-shipped products
- Rapidly add third-party sellers at scale thanks to automated onboarding, catalog management, and payment processes

CONSIDERATIONS

At level 3, you must consider:

- How to ensure your sellers deliver an excellent customer experience, consistent with your brand values
- The best way to quickly and easily onboard new sellers
- What new roles and responsibilities are needed to mature from traditional e-commerce to the online marketplace model

How to get started



Think through the business aspects of your marketplace, such as who will sell on it, how you will promote it, how you will avoid channel conflict, etc.

Choose a marketplace platform that will play nicely with your existing eCommerce platform.

Level 4: Quantitatively Managed Marketplace

You're at level 4 if you:

Monitor KPIs from your marketplace like buyer:seller ratio, platform leakage, seller performance, total offers, etc.

Use the KPIs from your marketplace to inform your marketing strategy or product roadmap

Offer marketplaces for businesses and consumers

Are rapidly expanding your product offerings



PROS

At level 4, you can:

- Use your own customer data to make decisions that increase both profits and customer loyalty
- Match customers with sellers they are more likely to buy from with sophisticated analytics

CONSIDERATIONS

At level 4, you may consider:

- Phasing out your less profitable product lines and replacing them with third-party sellers on your marketplace
- Adding your own private-label products in categories that are very successful on your marketplace

How to get started



Make sure your eCommerce and marketplace platforms are integrated with your business intelligence software.

Consider applying machine learning to your marketplace data.

Level 5: Constantly Optimizing Marketplace

You're at level 5 if you:

Continue to pursue new business opportunities uncovered by marketplace data

Streamline and automate seller onboarding, payment, and other processes

Offer services to your sellers, such as advertising, merchandising, product content optimization, supply chain management, etc.

Adopt omnichannel strategies that integrate sellers' physical stores, such as in-store pick-ups and returns

Offer third-party services like installation or travel experiences

Offer local language product specs and content



CONSIDERATIONS

At level 5, you may consider:

- Making your marketplace central to your business model
- Continuing to adjust your business mix in response to changing customer data

Further streamlining processes to increase margins

How to get started



Add omnichannel capabilities to your eCommerce and marketplace platforms.

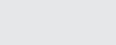
Develop detailed functional requirements as needed to support new opportunities—and identify an experienced technology partner.

Ready to learn more?



Adobe

Magento Commerce, Adobe's commerce platform, works seamlessly with all kinds of marketplaces and delivers an exceptional eCommerce experience. [Learn more >](#)



McFadyen Digital is a global digital commerce agency with a 30-year history of e-commerce and marketplace innovation for more some of the world's top brands. [Learn more >](#)

Mirakl is powering the platform economy by providing the technology, expertise, and partner ecosystem needed to launch an eCommerce marketplace. [Learn more >](#)

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¹This infographic is based on the Marketplace Maturity Model™ by McFadyen Digital (mcfadyen.com/mmm).

^{2,3}www.gartner.com/en/documents/3892869. ⁴11 Imperatives When Building an Enterprise Marketplace, Gartner, December 2019.