

Target partners with Shopify to expand its online marketplace, boost its retail media business

Article

The news: Target is partnering with **Shopify** to expand the number of sellers and products available on its Target Plus online marketplace.

- US Shopify merchants can apply to sell on Target Plus via the retailer's Marketplace Connect app.
- In a unique twist, Target plans to bring some Target Plus brands into select stores to broaden their exposure and drive additional sales.

The background: While Target launched its online marketplace in 2019, it took a very different approach from other platforms by keeping it invitation-only.

- The strategy enabled it to add third-party sellers such as **Ruggable** and **Crocs**, along with Shopify sellers **True Classic** and **Caden Lane**, without the headache of having to police its platform for [third-party sellers hawking counterfeit goods](#).
- “Our team has incredibly high standards, not just around quality and value, but how and where products are sourced too,” said **Prat Vemana**, chief digital and product officer, in an interview on Target's corporate site.
- However, those tight reins have undoubtedly limited its growth.

The opportunity: Target Plus currently features about 2 million SKUs from more than 1,200 sellers. That's a far cry from **Walmart**, which said [earlier this month](#) that its marketplace has over 400 million SKUs, and the **Amazon** marketplace, which features about 600 million SKUs from about 9 million sellers (5 million of whom are in the US), per AMZScout.

- Target sees a big opportunity to expand its online marketplace selection to boost its bottom line. It more than doubled the number of partners and products on Target Plus in the past year and it sees plenty of runway ahead.
- Marketplaces like Target Plus enable retailers to rapidly expand their selections and grow their margins via services and advertising.

The big takeaway: US online marketplace sales will grow 12.7% this year, according to our [forecast](#)—a significantly faster clip than overall US ecommerce sales (8.2%) and overall retail sales (2.8%).

- That's true at Walmart where the retailer's marketplace is one of the fastest-growing parts of the business with several categories growing 20% or 30% year over year, said CFO **John David Rainey** earlier this month.

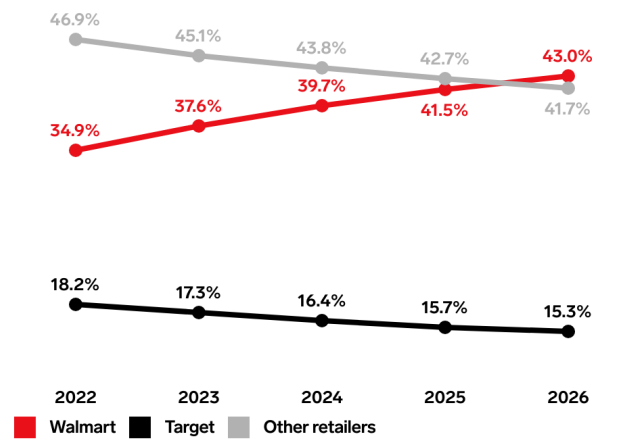
- The more that sales and competition on a platform like Walmart’s marketplace grows, the more that sellers feel compelled to boost spend on retail media to ensure consumers see their listings. That helps explain why Walmart’s search ad revenues will increase 30.4% this year—almost twice as fast as Target’s and Amazon’s.

Target hopes to take a page from Walmart, while also maintaining the curated feel of its marketplace.

Go further: Read our *Retail Media Search Forecast and Trends 2024* report.

Walmart Is on Track to Take Half of Non-Amazon Retail Media Search Ad Spending

% of non-Amazon US retail media search ad spending, by retailer, 2022-2026



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices; includes contextual text links, paid inclusion, and paid listings (paid search); includes ads purchased through retail media networks that may not appear on ecommerce sites or apps; non-Amazon retail media search ad spending is calculated using the Amazon search ad revenues and total retail media search ad spending forecasts
Source: EMARKETER Analysis; EMARKETER Forecast, March 2024

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