

# Lessons from Macy's, Michaels, and H&M for launching a third-party marketplace

Article

As brands seek to diversify the number of places they sell their goods, retailers should consider building out a marketplace model that can help brands reach more customers while

also cutting down on retailer costs and creating new revenue streams.

**Marketplaces are on the rise:** Last year, the number of businesses that began selling on marketplaces increased 31% YoY, per data from Mirakl. In addition, over half (53%) of marketplace sellers said they were selling more on marketplaces than they were a year ago and 62% plan to expand their presence across additional marketplaces in the next 12 months.

Where brands go, the money will follow.

- Retail marketplace sales will grow 10.2% YoY to reach \$384.57 billion this year, per our [US Retail Ecommerce Marketplaces Forecast 2023](#) report.
- That number will continue to grow by double digits through 2027 when it will reach \$603.20 billion.

**The price is right:** Retailers with a marketplace model are able to offer an expanded product assortment to their audience without having to manage additional inventories or incur other costs.

- Marketplace enablement partners can help retailers that don't have the time or resources to build out their own proprietary platform.
- Retailers looking to create new revenue streams can offer add-on services like fulfillment, retail media, and membership programs.

**Who's on top?** Unsurprisingly, Amazon dominates the US retail marketplace space.

- The ecommerce giant will generate \$277.91 billion in US marketplace sales this year, representing 72.4% of total retail marketplace sales.
- eBay brings in 9.2% of total marketplace sales, with Walmart Inc. at 2.2%, Etsy at 2.0%, and Poshmark at 0.5%.

**But there's something for everyone:** Retailers don't need to reach Amazon's level of success to consider launching a marketplace. In fact, sometimes a more curated marketplace is better because of its ability to bring in a more engaged, targeted audience.

Here are a few examples of other marketplaces that have cropped up recently.

## 1. Macy's

**Macy's launched its online marketplace in September 2022**, adding 400 new brands in 20 categories to its product assortment.

- Now, Macy's offers approximately 1,350 brands on the platform and grew its gross merchandise value by over 116% from Q1 2023, according to Tony Spring, president and incoming CEO on a Q2 earnings call.
- This success has led Macy's to soft-launch Bloomingdale's Marketplace this past July.

The marketplace model allows Macy's to "test quickly, introduce brands and ideas that we haven't had at Macy's or Bloomingdale's before, and then we can move quickly, whether we add those things to our stores or whether we keep them just as a part of the marketplace," said Spring.

## 2. Michaels

Launched earlier this year, **Michaels' Makerplace more than quadrupled the retailer's online assortment**.

"We went from having around 200,000 SKUs online to adding another 1.3 million," said Heather Bennett, executive vice president of marketing and ecommerce at Michaels, at an August eTail event in Boston.

There were two major factors in getting Michaels marketplace up and running, said Bennet — executive buy-in and the right talent.

"It's really easy to abandon things ... you have to have that perseverance to say, 'We will get this done, we are going to invest in it,'" she said, noting that investment included "talent that had experience, specifically in bringing startups and new businesses to life."

## 3. H&M

The fast-fashion retailer is **expanding its third-party marketplace** to see more brands in stores and online in order to help it double its revenues by 2023, CEO Helena Helmersson told Reuters.

Helmersson noted that the marketplace has been effective at getting shoppers to spend more with H&M, though expanding into new markets will require the right supply chain and

organizational capabilities, which could impact the bottom line.

It's unclear whether investing more in its third-party marketplace will help H&M gain an edge in the battle for fast-fashion dominance. Though it's facing mounting competition from all sides, including powerhouses Amazon and Shein, H&M's brand partnerships could be a differentiating factor.

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