

Repeat Buyers Favor Marketplaces Over Retailers

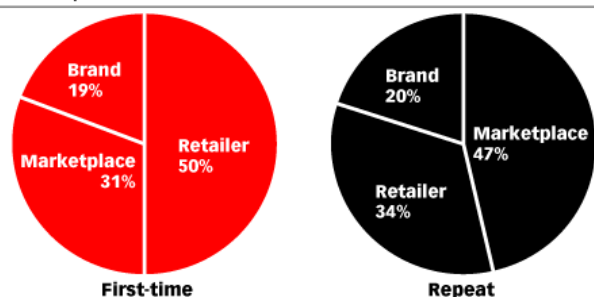
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Global online marketplaces like Amazon and Alibaba's Tmall have risen to prominence and are becoming a competitive threat to retailers and brands around the world.

According to a 2018 [Salesforce](#) survey, merchants have reason to be concerned. Online buyers are starting their hunt for products on marketplaces with increased frequency. In 2018, 28% started their searches on platforms like eBay or Amazon, up from 22% in 2017.

Where Do Shoppers Worldwide Prefer to Buy First-Time vs. Repeat Purchases? May 2018
% of respondents



*Note: ages 18+; figures may not add up to 100% due to rounding.
Source: Salesforce and Publicis.Sapient, "Shopper-First Retailing," Aug 14, 2018*

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When internet users worldwide were asked where they would go to buy an item the first time, half said a retailer while 31% cited a

marketplace. But when going to buy the same item a second time, the channels were reversed: 47% said they would purchase on a marketplace and retailers received 34% of subsequent buys. Brands had lower levels in both scenarios.

Marketplaces won first and foremost on price (56%). Once a shopper knows what they want, they seek out lower prices regardless of channel. Consumers also turn to marketplaces for product variety (51%), availability (50%) and inspiration (48%).

Price was also the leading factor for shopping on a marketplace instead of a retailer or brand in an April 2018 [UPS](#) and [comScore](#) study of five regions and countries. However, US shoppers were less likely to be swayed by free and discounted shipping (42%) than most, likely because there already is an expectation for free shipping from US retailers. The US also had the lowest number who cited broader product selection (28%) as a motivation.

What can retailers offer that marketplaces don't? Retailers received high marks for customer service (57%). And while brands weren't the first choice for shoppers, they stood apart from both marketplaces and retailers on quality (60%), innovation (58%) and uniqueness (48%).

Among brand marketers worldwide surveyed by CMO Council in Q2 2018, [conflict and cannibalization of traditional retail channels](#) was the leading concern regarding shoppers making more and more purchases from marketplaces. These marketers were trying to differentiate themselves through the use of more visually engaging content (52%) and smarter applications of customer data and shopper intelligence (36%).

Retailers have tactics at their disposal like personalized offers to build loyalty, staying on consumers' radars with retargeted ads and offering merchandise that is unique rather than commoditized. The ability to customize products was a leading differentiator in the Salesforce study; 59% said they would be swayed by a brand or retailer like Levi's that offers customer-chosen monograms, embroidery, and studs and buttons, as well as American Girl, which provides build-a-doll capabilities.