

RETAIL

## Online marketplaces next chapter of ecommerce: Mastercard

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*Bloomingdale's will soon have its own curated online marketplace. Image credit: Bloomingdale's*

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Nearly two full years into the COVID-19 pandemic, many retailers and brands have successfully expanded their digital offerings but they will have to continue innovating to reach hyper-connected consumers.

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According to Mastercard's "[Retail Trends of 2022](#)" report, more consumers are gravitating towards online marketplaces because of the added flexibility. Retailers will also have to adapt to other residual effects of COVID, including ongoing supply chain issues, new payment methods and demand for sustainability.

### Balancing act

As retailers continue making progress on digital commerce, the distinction between online and offline shopping will become less clear.

With the acceleration of ecommerce online sales in August 2021 were up 82 percent from August 2019 comes a shift towards online marketplaces in the tradition of Amazon and eBay.



*Luxury marketplace Farfetch continues to see growing revenues. Image courtesy of Farfetch*

Tier-2 marketplaces those with less than \$1.5 billion in annual revenue grew 84 percent globally from 2019 to 2020, with more than half concentrated in North America and Europe.

In some instances, these online marketplaces originated from traditional bricks-and-mortar retailers welcoming third-party sellers to their ecommerce platform.

Bloomingdale's parent Macy's Inc. is looking to accelerate its ecommerce growth with the launch of a curated digital marketplace.

The new marketplace will build on the group's reputation as an omnichannel retailer by allowing select third-party merchants to sell their goods on Macys.com and Bloomingdales.com. The marketplace platform is expected to debut in the second half of 2022 ([see story](#)).

Interest in secondhand retail has also allowed online marketplaces to thrive, as many focus areas such as resale or vintage goods. These marketplaces also benefit smaller, emerging brands by allowing them to experiment with omnichannel models in an increasingly competitive market.

Acceptance of ecommerce has also made consumers more comfortable using various payment methods. This goes beyond contactless payments and includes biometrics, digital currencies and QR codes.

Retailers will need to adopt these new payment technologies to keep up with consumer appetites.

Both retailers and consumers are starting to consider digital and physical stores as cohesive and complementary experiences, rather than distinct channels. Almost eight in 10 consumers prefer to shop at stores with both in-person and online presences, according to Mastercard's New Payment Index.

This change has also pushed the retail sector to become more experiential, both in-store and online.

For instance, livestreaming is picking up steam as a way to extend aspects of the in-store experience to digital channels. Others are rethinking their physical retail formats, introducing concept stores that emphasize "phygital" models.

Supply chain challenges will continue into 2022, although it is expected to ease by mid-year as consumers resist paying higher prices and opt for more experiential spending. In the meantime, retailers are investing in commercial real estate to create more efficient distribution hubs for online shoppers.



*Livestreams have seen widespread adoption in Asia. Image credit: China Luxury Advisors*

Brands and retailers will also have to balance demand for consumer privacy with interest in personalized experiences.

Google and other technology companies have been moving away from third-party cookies, which gather cross-site information from internet users. Third-party cookies can help digital advertisers understand user behavior, allowing brands to improve user experiences and audience targeting ([see story](#)).

Personalization is also essential in fostering brand relationships, particularly as consumers are less brand loyal. To cut through the noise, marketers will need to enhance loyalty programs with personalized offers, digital ads and innovative products and rewards while remaining mindful of privacy.

Purposeful consumption

Sustainability and inclusivity are also enduring concerns for consumers.

Globally, 62 percent of consumers believe it has become more important for businesses to behave in sustainable and eco-friendly ways.

A growing number of affluent consumers are also acknowledging the grave consequences of climate change, with the majority making lifestyle changes as a result. According to Altiant's "Special COP26: Climate Change and The Wealthy" report, 61 percent of affluents are willing to adhere to stricter environmental recommendations set by world leaders ([see story](#)).

Resale is a popular way for both retailers and shoppers to experiment with more sustainable shopping while also reflecting the growing importance of online marketplaces.

In summer 2021, British department chain Harrods launched a Rental Edit in partnership with My Wardrobe HQ, allowing customers to rent a curated selection of Harrods designers through the platform ([see story](#)). My Wardrobe HQ also welcomed British fashion house Burberry to its platform late last year ([see story](#)).

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