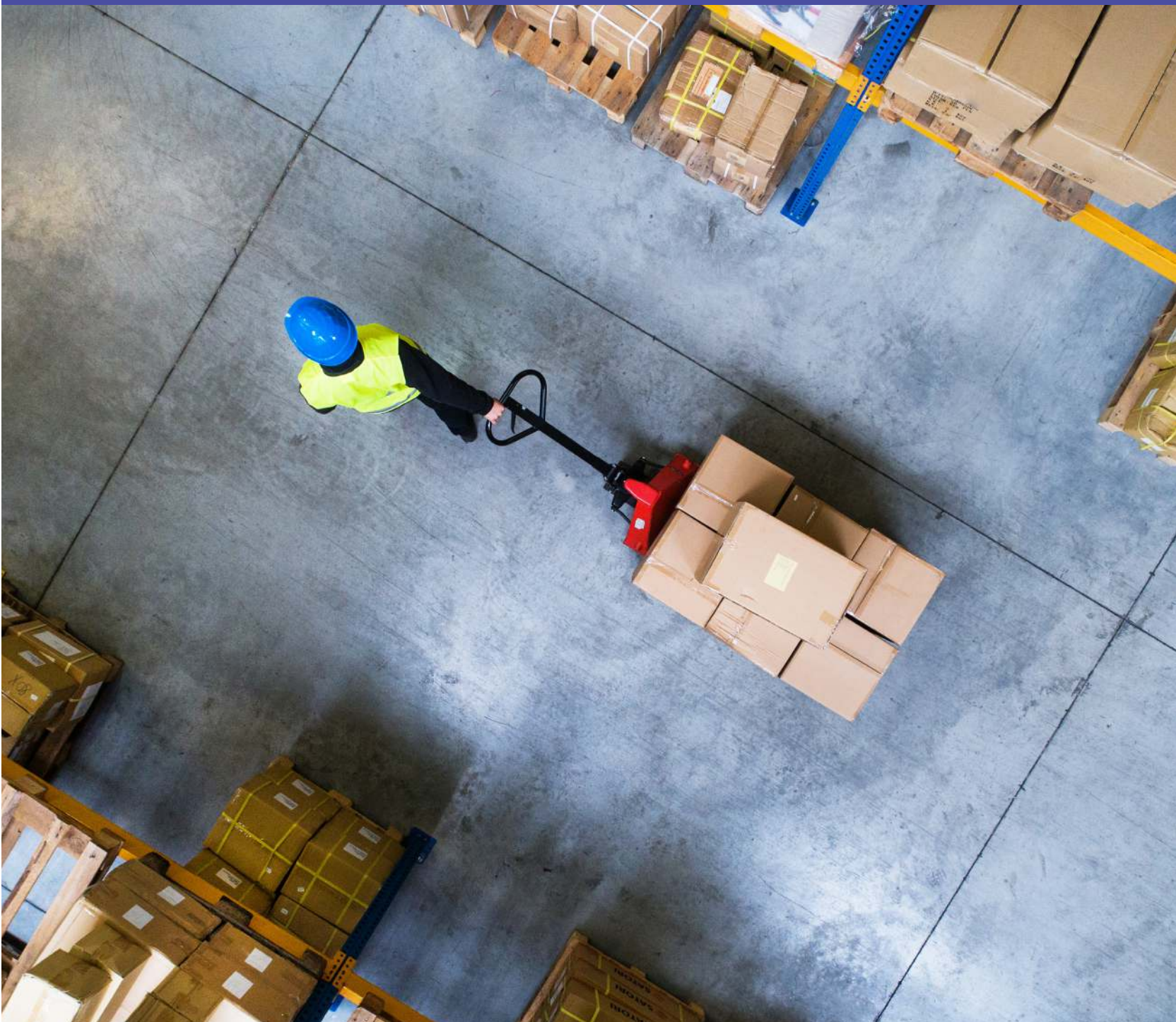


# Newegg Seller Summit 2018

The Rise of the Marketplace



**WORLD  
FIRST**

Traditional brick-and-mortar retailers operating in the US face significant cost pressures in running their store estates and now see their revenue growth driven by online channels, while emerging pure-plays continue to disrupt the market at a rapid pace.

National Retail Federation (NRF) research forecast the US retail industry to grow between 3.7% and 4.2% year on year in 2017, while online and other non-store sales were expected to increase between 8% and 12%. It is clear what is driving industry revenues. According to Internet Retailer, in Q4 and 2017 as a whole, US online retailer grew its fastest since 2011. Ecommerce represented 13% of total retail sales in 2017 and experienced 49% growth.

Official government figures show that over the last decade, ecommerce has moved from having a 3.5% share of the overall US retail market to around 8.5% today. It is expected to continue to grow as a percentage of the total market, underlined by an encouraging demand from consumers and an increased level of sophistication in terms of ecommerce technology.

Research from business intelligence group Internet Retailer estimates ecommerce sales in the US totalled around \$453.46 billion in 2017, maintaining the country's status as the world's second largest regional ecommerce market behind Asia-Pacific.

The region will see consistent double-digit growth through 2020 fuelled by spending from existing digital buyers, further expansion into new categories such as grocery, and continuing growth in mobile commerce.

Early pioneers such as Amazon and eBay marketplaces are mighty forces in online retailing, but a 2016 eMarketer list of the biggest ecommerce companies showed 18 of the top 25 players were traditional brick and mortar businesses. Staples, Apple, Walmart and Macy's are now among the leading lights in terms of online sales, although its questionable if they can maintain such positions in the mid-long term.

Market dynamics are changing all of the time, and new online retailers emerge on the scene week by week. There are also a growing number of new platforms from which retailers can reach their target audience, such as other online marketplaces.

These portals are increasingly providing retailers and brands with a relevant route to the end-shopper.

## The Rise of the Marketplace

Although some brands have avoided marketplaces, the channel has grown too large to ignore. A recent Coresight Research study cited Juniper Research data estimating that global marketplace revenues were \$18.7 billion in 2017 and will more than double to \$40.1 billion by 2022. This growth is being driven not just by the big three marketplaces, but also by sharing economy sites like Airbnb and Rent the Runway. According to a report on Internet Retailer released in 2016, nearly \$100 billion was transacted on marketplaces in the US alone in 2015, representing almost a third of the nation's total ecommerce sales.

Successful international omni-channel retailers and pure plays, especially those operating in fashion, footwear and accessories, are thinking globally to develop their brands and maintain top-line growth as their home markets become saturated. As they do, the online marketplace route to the consumer is an increasingly major attraction.

International expansion is not just a case of replicating a domestic business in a new territory; it requires knowledge of specific local factors around pricing and proposition, fulfilment and foreign currencies, search engines and social media.

Online marketplaces provide all this local knowledge and expertise, as well as a captive, and often loyal shopper audience. UK retailers and brands from Next to N Brown Group, Superdry to Sports Direct, and Dune Group to Dyson are among those that have seen the benefits of using marketplaces to build a presence outside of their home country.

At a recent event, N Brown's head of new business development, Simon Taylor, put forward the case for online marketplaces.

"With many international markets, despite the best will in the world, there are preventative measures to stop you having your own platform – including logistics and legal," he said.

"Marketplaces offer you the best opportunity to sell the majority of your products in those markets."

Marketplaces are the dominant retail players in many countries. In a similar pattern to usage of the leading global social media websites, consumers visit these platforms on a daily basis – attracted by the possibility of completing all their shopping in one single convenient place.



Retailers entering new territories for the first time would be unwise to rule out the leading local marketplaces as part of their launch strategies.

## Selling in the US

As the second biggest online market geographically, the US is receiving significant focus from UK retailers and brands looking to grow internationally and benefit from a common language and a huge consumer sentiment for buying British. European retailers, too, are looking stateside as their home markets continue to face challenging times.

UK and European businesses see the US as a suitable market due to its easy-to-access consumer, its straightforward shipping regulations, its transparent pricing structure and its growing number of online shoppers.

There's a huge market to target. According to Pew Research 79% of US consumers shop online – up from just 20% at the turn of the century.

The US online marketplace scene is continuing to develop. The platforms serving the US market are investing in their websites, using new technology to improve the customer experience and using their significant marketing budgets to acquire new shoppers.

Online marketplaces can be more cost effective for retailers than opening concessions, opening in department stores or developing a physical store presence. The websites operating in the US know the country's consumers inside out and they can provide an ideal route for brands looking to test the waters before rolling out a wide scale bricks-and-clicks launch strategy in a new territory.

“Consumers visit these platforms on a daily basis – attracted by the possibility of completing all their shopping in one single convenient place”







## Newegg

Ten years after its formation, consumer electronics e-tailer Newegg burst on to the online marketplace scene by opening up its website to third-party sellers in 2011.

The invite-only portal sits comfortably alongside the longer-running marketplaces as a go-to destination for brands and retailers looking to sell into the US and cross-border to new markets globally. And since its launch, it has increased the number of categories it sells such as drones, home automation, office supplies, virtual reality, home living and outdoors, sporting goods and automotive electronics.

Commission rates for third-party sellers on Newegg are competitive and often times lower than the other major online marketplaces, ranging from 8% on Cell Phones and Video Game Consoles up to 14% on Apparel & Accessories.

Worth knowing... Quality control measures for sellers on Newegg mean they must meet a 30-day satisfaction guarantee and they have a 72-hour window for fulfilling an order otherwise it will be cancelled. Acknowledging the need to provide its marketplace sellers third-party partners with additional value services, Newegg Marketplace has run its own fulfilment service called Shipped by Newegg for a number of years with rates that save sellers up to 18% more compared to other similar third-party fulfilment services offered by other competing marketplaces.

Building on that tool – and leveraging its two decades of expertise in ecommerce – Newegg also operates its standalone 3PL services, helping third party partners and other organisations streamline their order fulfilment, shipment and returns.

Newegg also runs a customer loyalty programme, Newegg Premier, which enables customers to get free three-day-or-sooner shipping with a \$49.99 annual fee.

At the start of every year Newegg hosts the Eggie Awards, which recognise and thank the partners who helped contribute to its growth over the previous 12 months. It provides a chance for vendors, partners, sellers, and customers to be recognised for the contribution they make to Newegg and the growth of their own business as a result of each special partnership.

## How access to the right financial tools will open up global trade for small businesses

E-commerce and online marketplaces like Amazon, Newegg and Rakuten have opened up a world of opportunities for budding entrepreneurs. Marketplaces in particular have created a new digital economy where any business can trade across countries and continents and global businesses can be made in makeshift offices set around the kitchen table or a spare bedroom. All you need to become a Global CEO these days is access to wifi and an Amazon account.

The global e-commerce market is coming of age. A United Nations report on global e-commerce sales recently revealed that worldwide B2C sales topped US\$1,589 billion in 2014 and is forecast to nearly treble to US\$3,394 billion by 2020. And the SME's is in pole position to take advantage.

At WorldFirst, we're proud to support thousands of online sellers who have found international success by trading on online marketplaces, reaching the digitally-savvy consumers who flock to platforms like Amazon, eBay and Etsy to get the product they need within a few clicks.

It's worth remembering that many of these businesses are sole traders or family run, big on ambition but light on staff. Many will employ just a few people to help with all aspects of operating an international enterprise, taking on the roles of accountant, tax planner, shipping and logistics operator and customer service adviser as well.

They're able to do this because of the impact technology has had in reshaping these industries with bespoke financial advice and accounting software available to everyone at great value, and the logistics industry making inroads to cater for the movement of goods across borders safely, quickly and affordable.

However, one aspect of international trading seemingly lags behind; international payments. International banking remains difficult, complicated, expensive and time intensive for many small businesses. Ultimately, for online marketplace sellers, this can stifle their ability to grow.

For example, online sellers trying to trade on one of Amazon's international sites and reach new customers have to provide a bank account number for the country they are trying to sell into – in other words, sell into the US and you'll need to provide details of a US bank account. That can be a very time consuming and expensive process. For some, it can be impossible.

By being unable to open in country bank accounts, businesses have to pay unnecessary fees with every transfers and can often find it difficult to manage their cash flow for supplier payments.

However, at the moment, SMEs and Sofa CEOs don't have access to the same financial networks as larger companies. This not only frustrates them but also reduces the positive impact they can have on the economy as a whole.

The FinTech industry is starting to provide solutions to these issues. WorldFirst recently launched a brand new platform – World Account – to address the dearth of international banking solutions for the agile retailers who may be small in size but big in reach and ambition.

World Account will allow businesses to open local bank accounts around the world with no fees, hold balances, receive incoming and make outgoing local payments, all from one easy-to-use platform. This will give them the ability to scale more rapidly over time.

**“At WorldFirst, we're proud to support thousands of online sellers who have found international success by trading on online marketplaces”**

# Newegg Seller Summit 2017

- **180 Attendees** with excellent relevant press & social media coverage held at the Crystal
- A great mix of morning **Keynote Talks** and an afternoon of **panel discussions**, fireside chats and breakout sessions
- Morning & afternoon **Seller 1-2-1 meetings**

**“World First really enjoyed being an anchor sponsor of the 2017 Newegg Seller Day. We felt the content, conversations and insights from the day were hugely beneficial to our client base and as a result it was a great event for us. We also experienced a good level of interest in our products and services and as a result we’re very happy to return to the event in 2018 as a Sponsor.”**

- Fletcher Novis  
Head of Partnerships, World First

# Newegg Seller Summit 2018

The Newegg Seller Summit will be a full-day informational seminar and networking event, covering relevant and e-commerce industry-specific topics such as cross-border selling opportunities, international shipping best practices, emerging markets and more.

You will hear from our distinguished line-up of speakers and panellists, from our sponsors World First, BoxC, Avalara, Feefo, DIT, London & Partners, Google as well as having a chance to meet us, your Newegg Global team.

## For more information:

- <https://pivot.international>
- [www.worldfirst.com/Newegg](http://www.worldfirst.com/Newegg)







