EXCERPT

The Full Report is Available to Gartner Clients Only.

Gartner

Intelligence

Localization 2019: Global Marketplaces

Key Trends in Scaling E-Commerce Across Markets

December 2019

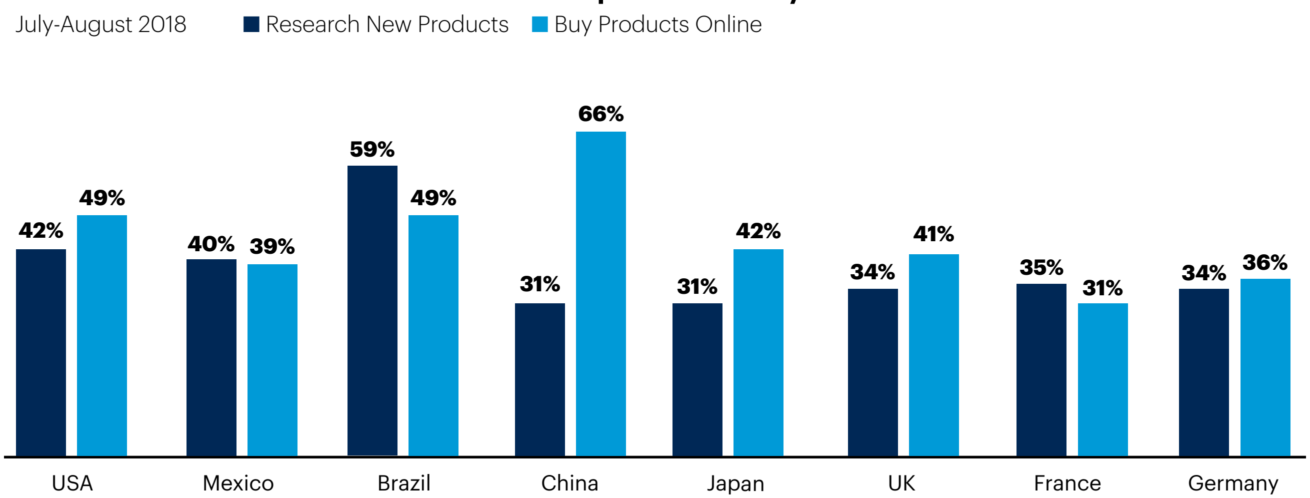
Executive Summary

The global economy continues to serve as a digital engine of growth for U.S.-based brands, as recent improvements to logistical and payment technology now allow for an increasing number of retailers who can digitally engage with customers across geographic areas. Brands have moved slowly to cater to global audiences. This is present with cultural differences, decentralized digital marketing and merchandising issues holding back region-dependent growth targets. Around the world, the largest e-commerce sites are now digital marketplaces striving to have the largest product assortment and best prices — roughly catering to 4.2B visits each month in 2018.[1] Despite marketplaces' uniform dominance over DTC brands in desktop and mobile site visits, understanding key differentiators and competitive dynamics are paramount for brands (see "Understanding Competitive Dynamics of Key Marketplaces"). As technology around cross-border logistics and payments continue proliferating, customer expectations in different geographies converge to being digital-first. The largest consumer markets in the world all see over one in three consumers researching products online using their smartphones. On the other hand, close to 40% of respondents in major markets in the United States and Europe engage in m-commerce.

1. An e-commerce site where product information is provided by either first or third parties, but transactions are processed by the marketplace operator.

Localization: E-Commerce-Related Smartphone Activity in 2018

July-August 2018



n = 8,886 Smartphone Users
Source: Gartner Consumer Values and Lifestyle Survey (September 2018)

Adriel Tey | Senior Specialist, Research, Intelligence
Lakshmi Kalluri | Specialist, Research, Amazon Intelligence
Evan Neufeld | MVP, Research, Intelligence
Elena Akulova | Sr. Designer

Introduction

Key Findings

- Globally, shoppers actively leverage mobile tools to both research and buy products online. Consumers in China are the notable power mobile shoppers: While 31% use smartphones for new product research, a whopping 66% purchase products online.[2]
- Between 48% and 63% of shoppers in major e-commerce markets feel that online shopping is best for comparing prices, but less than one in five prioritize it when they need a product urgently,[3] showing that same-day shipping remains a stumbling block for e-commerce.
- Asian marketplaces more heavily rely on discounts as part of their loyalty programs to attract and retain customers. In Japanese marketplaces, an average discount of 2% is given in the form of points, while China's Tmall gives its 88VIP members up to 5% off partner brands.
- Activewear brands are the most proliferated category across marketplaces. Brands control upward of 78% of top ten organic listings for their brand and brand-product search terms across major marketplaces.
- Ninety-five percent of Beauty, 41% of Luxury Fashion and 51% of Watches & Jewelry brands now have an official store on the Tmall platform, illustrating the importance of marketplace support for international brands that operate in the Chinese market.

2. "Gartner Consumer Values and Lifestyle Survey," Gartner's Consumer Insights Research Team.
3. "Gartner Retail Survey," Gartner's Consumer Insights Research Team.

Key Recommendations

- **Divide and Conquer:** As marketplaces lead brands' mobile sites in both features and site traffic — up to 10 times the cumulative traffic of the largest DTC brands — best-in-class brands use marketplaces to attract and retain new and existing customers. They deploy their content assets on the platform to provide consumers with consistent messaging and offer up more digital purchase avenues.
- **Race to the Bottom:** Fulfillment is expensive for brands. As marketplaces like Amazon, Alibaba and Otto continue investing heavily in fulfillment capabilities, brands should focus on partnering with marketplaces to streamline inventory management so they can capitalize on quicker delivery capabilities.
- **Do as the Romans Do:** Brands must integrate with marketplace loyalty programs, such as Tmall's 88VIP and Rakuten's Super Points, where possible. They must account for how regional loyalty perks like discounts or points can be used to increase sales or trial new product strategies.
- **Serve and Protect:** Brands need to protect their organic marketplace search results by investing in paid levers — such as sponsored products and banner ads — to control real estate on the grid page, or risk conquesting from competitors and indie and private-label brands.
- **Take the Inside Line:** When expanding into mainland China, brands must rely on marketplaces like Tmall to quickly scale and navigate market nuances.

Localization: Marketplace User and Selling Guide

September 2019

Source: Gartner L2 Intelligence Report: Global Marketplaces (December 2019)

Marketplace	Net Revenue	Active Buyers (Million)	Commission	Selling Fees	Fulfillment Service	Notes
Amazon	$42.8B	300	12 – 20%	$39.99 per Month	✓	—
Tmall/Taobao	$3B	500+	0.5 – 5%	—		$25,000 Deposit
Otto	$3.5B	9	15 – 50%	$5,000 – $10,000	✓	$10,000 Registration Fee
Rakuten	$4B	100	8 – 12%	¥19,550 – 100,000	✓	Requires Sellers to Register in Japan
Mercado Livre	$866M	44	10 – 16%	—		—

BRAND LIST

Activewear

adidas
Asics
Lululemon
New Balance
Nike
Puma
Reebok
The North Face
Timberland
Tory Sport
Under Armour
Vans

Beauty

Benefit Cosmetics
Burberry Beauty
Chanel Beauty
Chloé Fragrance
Clarins
Clé de Peau Beauté
Clinique
Dior Beauty
Estée Lauder
Giorgio Armani Beauty
Guerlain
Kiehl's
L'Occitane en Provence
L'Oréal Paris
Lancôme
MAC Cosmetics
Maybelline
Nars
Olay
Shiseido
Shu Uemura
SK-II
SulWhaSoo
Tom Ford Beauty
Urban Decay
YSL Beauty

Fashion

Alexander McQueen
Balenciaga
Bottega Veneta
Burberry
Calvin Klein
Canada Goose
Chanel
Christian Louboutin
Coach
Cole Haan
Dior
Dolce & Gabbana
Fendi
Giorgio Armani
Gucci
Hermès
Louis Vuitton
Max Mara
Michael Kors
Mode Creation Munich
Moncler
Prada
Ralph Lauren
Saint Laurent
Salvatore Ferragamo
Tommy Hilfiger
Valentino
Versace

Home Care, Personal Care

Burt's Bees
Cetaphil
Charmin
Clorox
Colgate
Dove
Gillette
Glade
Huggies
Kleenex
Neutrogena
Nivea
Pampers
Tide
Vaseline
Vicks

Marketplaces

Amazon
Otto
Rakuten
Tmall
Mercado Libre

Watches & Jewelry

Bulova
Bvlgari
Cartier
Chaumet
Citizen
De Beers
Forevermark
Harry Winston
Hublot
IWC Schaffhausen
Jaeger-LeCoultre
Mikimoto
Montblanci
Officine Panerai
Omega
Patek Philippe
Piaget
Rolex
Seiko
Swarovski
Tag Heuer
Tiffany & Co
Tissot
Van Cleef & Arpels

METHODOLOGY

Gartner L2 looked at the selling and advertising features of the five largest global and regional B2C marketplaces (Amazon, Tmall, Rakuten, Otto, Mercado Livre) in the United States, United Kingdom, Germany, France, China, Japan and Brazil. Studies were based on site visits and market share for identifying how brands might formulate best-in-class distribution strategies on such marketplaces. To supplement this assessment, Gartner L2 also looked at the top 10 product listings within search results of branded search terms for 250 brands in Activewear, Beauty, Consumer Packaged Goods, Luxury Fashion and Watches & Jewelry. This helped identify which brands were being sold through first- or third-party sellers over July and August 2019. Where applicable, other features like marketplace brand pages, loyalty points and shipping time estimates were also tracked within relevant sectors.

Gartner Retail Survey, January 2019:
This research was conducted via an online survey of consumers age 15 and older, with 1,000 respondents in U.S., China, Japan, France, U.K. and Germany between December 2018 and January 2019. Respondents for this survey were selected from those who volunteered or registered to participate in online surveys.

Gartner Consumer Values and Lifestyle Survey, September 2018:
This research was conducted via an online survey of consumers age 15 and older between July and August 2018. The survey was completed by 3,237 consumers in the U.S. and approximately 1,000 consumers in Mexico, Brazil, China, Japan, the U.K., France and Germany. Respondents for this survey were selected from among those who volunteered or registered to participate in online surveys. Smartphone users are representative of general population in the U.S., Germany, Japan, France, the U.K.; representative of online population in Brazil, China, Mexico.

Marketplaces: Branded & Category Search

Amazon (US, UK, FR, DE, JP):

- Brand Visibility
- Brand Ownership
- Product Rating
- Product Price
- Sponsored Products
- Points Earned (JP)

Rakuten (JP):

- Brand Visibility
- Brand Ownership
- Shipping Cost
- Points Earned
- Seller/Shop Name

Otto (DE):

- Brand Visibility
- Brand Ownership
- Original Price
- Sale Price
- Seller/Shop Name
- Number of Reviews

Tmall (CN):

- Brand Visibility
- Brand Ownership
- Product Price
- Number of Reviews
- Sponsored Products
- Brand Stores

Mercado Livre (BR):

- Brand Visibility
- Brand Ownership
- Original Price
- Sale Price
- Free Shipping

Gartner's Consumer Insights Research Team Surveys

Values and Lifestyles (2018):

- Seven Countries (U.S., JP, CN, U.K., FR, DE, BR)
- Stratified Sampling, Weighted to Mimic Population Distribution (or Internet Population)
- 1000 Respondents per Country, 3000 for US

Sensor Tower (July. 2018-June 2019):

- Amazon, Tmall, Rakuten, Otto
- Number of Downloads on iOS
- Time Spent In-App

Web Traffic and iOS Downloads

SimilarWeb (July 2018 to June 2019):

- Total Desktop Site Visits
- Time Spent on Pages
- Bounce Rate

Sensor Tower (July 2018 to June 2019)

- Amazon, Tmall, Rakuten, Otto Number of Downloads (iOS)
- Time Spent In-App

Inform decisions with data-driven benchmarking, expert advice and peer-sourced insights.

Data-Driven Benchmarking

- Digital performance of 2,200+ brands across four dimensions
- Multimodal surveys and advanced data science

Expert Advice

- Industry experts and marketing practitioners
- Quantitative and qualitative research

Peer-Sourced Insights

- 750+ marketing organizations provide a rich perspective
- Documented, benchmarked and validated best practices

Gartner for Marketers provides the objective, expert advice and proven tools you need to seize the right opportunities with clarity and confidence.

Benchmark
your performance with data-driven insights

Prioritize
investments and areas of improvement

Execute
your mission-critical priorities with speed and confidence

Stay Ahead
of trends that matter

Connect
with peers

Gartner®

CONTACT INFO:

740 Broadway, 4th Floor
New York, NY 10003

L2inc.com
info@L2inc.com