



CHECKLIST:

Key Decisions for a Multi-Vendor Marketplace

Run through these ten questions with your team when you're getting started with a multi-vendor marketplace. Making these decisions now will save you time and frustration in the long run.



1. What are your goals for each phase?

Taking a phased approach to launching a marketplace is the surest way to success. It allows you to validate the business model quickly so you can learn and iterate.

We often talk about the crawl, walk, run approach to launching a marketplace, because it helps scope out each stage in a manageable way. The key to success here is setting realistic goals and time frames.



2. Do you need to hire more team members?

When launching a marketplace, technology is only part of the equation. The success of your marketplace also depends heavily on your team and organizational structure.

Some roles to consider if you're using a marketplace platform for launch include:

- Project Manager
- Frontend Developers
- Product Manager

You may also want to consider working with a service integrations partner to complement your existing in-house engineering and development teams.



3. What revenue model will you use?

As an operator, how are you planning to make money? You need to consider if you'll charge a percentage-based commission or a flat fee. If you opt for the former, what rate will you charge vendors? If the latter appeals to you, who's footing the bill — vendors or buyers?

Discounts are also a powerful marketing tool. But, you need to consider how you'll manage them to ensure it doesn't affect vendors' profitability.



4. How will you onboard and manage vendors?

Vendors are essential to the success of your marketplace. But they won't appear out of thin air, and they also won't manage themselves. As a marketplace operator, you need to have a strategy in place for attracting, onboarding, and retaining the right vendors.

We recommend breaking this down into the following steps:

- Create a process for sellers to sign up for your marketplace
- Put in place a process and tools for verifying vendor identity and preventing fraud
- Develop criteria for evaluating vendors
- Understand what vendors will need as they're going through onboarding
- Identify the ways you can automate communication with vendors at each stage of onboarding
- Establish if you'll approve products before they're listed



5. What's your process for vendor payouts?

How you payout your vendors is a critical consideration. You need to have an understanding of what system you'll use to allocate payments (eg. Stripe Connect, wire, etc.), and how often you'll pay out vendors.

In addition to sales, how do you want to handle returns and chargebacks when it comes to paying out vendors?



6. How will customers check out?

B2B purchases can get complex quickly.

Some things you need to decide before getting up and running on a marketplace include:

- Does check-out require a login?
- Can customers place orders directly from the storefront, or do they need to request a quote or make an offer first?
- What payment methods will you accept?



7. How will you handle warehousing and fulfillment?

One of the benefits of a marketplace is that you don't need to physically hold inventory. But you do still need to work out the logistics of how products are being stored and how orders are being shipped.

You can decide to offer your own warehousing and fulfillment services, or ask vendors to handle the storage and shipping themselves.

Regardless, it's on you as the marketplace operator to provide customers with real-time updates on the status of orders, decide what countries you'll ship to, how you'll manage returns, etc. Plus, if you are handling shipping, which carriers and rates you'll use.



8. What kind of support will you provide to customers and vendors?

It's essential to decide what support you'll have available to both buyers and sellers. For customers, you'll want to consider channels like email, phone, or chat support to help with any inquiries or challenges. For vendors, it's also important to have things like dashboards and analytics allowing them to access valuable data on their sales.

Adding another layer to the mix, now's the time to consider how you'll handle disputes between buyers and sellers. As an operator, you're the mediator in the situation. Getting policies in place from the start will save you a lot of headaches down the road.



9. How will you ensure tax compliance?

Taxes can get tricky, and everyone involved in a marketplace holds some responsibility to pay applicable taxes. The nexus (or original shipping location) determines whether the seller or the operator is responsible for paying taxes.

It's best practice to use a third-party tax integrator, like Avalara AvaTax, to ensure compliance with tax regulations.



10. What existing tools do you want to integrate with your marketplace platform?

Building a marketplace doesn't need to mean ripping out your existing systems. It's important to assess your current tools, any gaps, and how your new marketplace platform will work for you. Being clear about this upfront will help you get the best results when you start building your marketplace.



For more information on how to start a marketplace, [talk to a Nautical expert](#) or [check out our blog](#).