

# Marketplaces Strategies: Overview



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How to start selling on international marketplaces and set up your business for success from the very beginning? You need to choose the right strategy.

Bottom-up and top-down strategies are **two different approaches** to selling on marketplaces, and picking one or the other should depend on your situation, particular needs, and ultimate goals. A top-down approach goes from general to specific, and a bottom-up approach starts with specific and continues to general.

## Bottom-up strategy

A bottom-up strategy might also be called a **“test and learn” approach** to marketplaces.

A business will begin testing its product portfolio in specific markets. The idea is to **start small** and better understand customer preferences, purchase behavior, and the market’s competitiveness before committing to a more significant investment and gradually expanding market presence.

This allows for minimizing the risk of failure through investing in a product or market that may turn out not to be profitable. By dipping a toe in the water, a seller can gain valuable insights and make informed, data-driven decisions about where to focus their efforts and how to grow their online presence.

A bottom-up strategy can benefit businesses with an extensive inventory that struggle to find where else to sell it. It can also benefit stores with limited resources that must be cautious about allocating their budget.

## Example

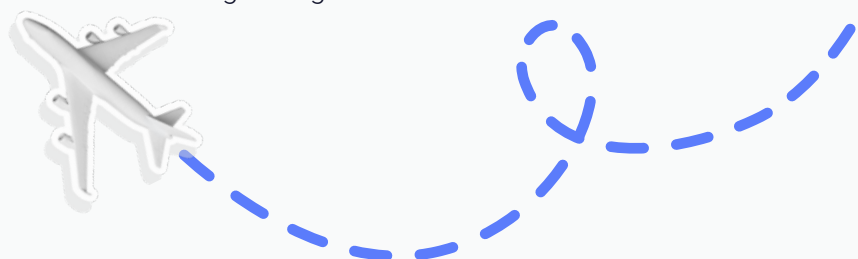
A store may start by listing a small selection of products on a new market and experimenting with different pricing options. As it gains more data and insights, the seller can decide which products to continue selling and at what price point.

## Advantages

- Allows businesses to test different products, pricing options, and marketplaces before committing to a specific one
- Minimizes the risk of failure by allowing businesses to gain valuable insights and knowledge before making a big investment
- Allows businesses to test the waters with a small budget
- Allows businesses to test different marketplaces and sales channels

## Disadvantages

- Can be time-consuming and resource-intensive, as businesses need to test multiple options before committing to a specific one
- Can be challenging to scale up, as businesses may need to invest in multiple marketplaces and sales channels before finding the right ones



## Top-down strategy

A top-down strategy, on the other hand, is an approach where a business starts by researching a specific market or marketplace before committing to selling on it. It's meant to be an **in-depth analysis** that targets one particular scenario for expansion, not to test it out, but to go all in and get it right on the first try.

A top-down strategy can benefit businesses looking to make a more significant investment. A multifaceted analysis will help them gain a deep understanding of a new market and minimize the risks of the endeavor. Here, **caution wins with curiosity** – there's no place for experimenting.

This strategy is built on **knowledge and understanding** – it allows businesses to deeply trust a specific market or marketplace before committing to selling on it. As this implies a comprehensive exploration, it's best to focus on one particular market first – you don't want to drown in analyzing too many aspects of too many cases.



## Advantages

- Can be more efficient, as businesses can focus their efforts on a specific market or marketplace that is most likely to be successful
- Can be more cost-effective, as businesses can make a larger investment in a specific market or marketplace that is most likely to be profitable

## Disadvantages

- Requires a more significant entry investment
- Could be risky, as businesses are making a big investment based just on research i.e, theoretical knowledge about the market or marketplace
- Could limit a business's growth, as they may miss out on other potential markets or marketplaces that could be profitable

Every strategy has its own set of benefits and disadvantages. Businesses must consider their resources, goals, and risk tolerance when deciding which to follow.





# Barriers to Selling Internationally: key challenges

## Complexity of cross-border trade

Selling online internationally can be a complex process, as it involves **juggling the knowledge of various intricacies** specific to each market.

It is an ongoing process of adapting to each country's constantly evolving ecommerce reality. Things can still change even when you gain knowledge and get acquainted with a market. Quite drastically even – think of the initial chaos that Brexit caused.

When venturing into a new market, you should always keep a few things in mind. Pay attention to

- **Tax laws** (e.g., VAT, GST, etc.)
- **Customs**
- **Other legal regulations** (e.g., environmental ones like EPR)

Once you get a lay of the land of a particular market, its opportunities and challenges, you must navigate its laws and regulations to sail the logistics of shipping and customs smoothly. Each country has its own regulations regarding the aspects mentioned above.

But there's even **more nuance** to it. If you want to set up your business for international success, you should also pay attention to

- the general **geopolitical climate**,
- **currency rate** complexities,
- language and **cultural differences**

All the complex matters that are market-specific can and should be **thoroughly researched**. The only question is: how much time will it take? What kind of resources will you need, and will you have access to them? It can be time-consuming not just to conduct the research itself, but also to find trustworthy sources.

To improve efficiency, you might consider turning to a third-party company with the proper tools, solutions, experience, and knowledge (both historical and up-to-date information).



There is a significant number of ecommerce businesses that are missing out on opportunities by not being present on international marketplaces. Going -international may seem complicated and expensive. However, with the right strategy and partnership, expanding to new markets can be seamless and successful.

Some brands may lack understanding of how to market their products effectively, and others may think that marketing their products will be too expensive or complicated. This does not necessarily have to be the case. By optimizing their listings and focusing on quality over quantity, sellers can build a successful presence on marketplaces. Increasing their brand credibility, together with building an attractive, market-specific inventory, is a recipe for global growth.



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