How to Create an Online Marketplace in 2022: Key Features and Cost Estimate | Black hat world

Have an idea for an **online platform**? Read our in-depth guide on how to set up an online **marketplace**. and obtain an estimated development time as well as a cost estimate.

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- What is an **online marketplace**?
- Online marketplace business: why should you start one?
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Key takeaways:

- Begin with a discovery phase to ensure that your marketplace app idea is viable and worth investing in.
- Consider outsourcing **marketplace development** to free up time for strategic work on your startup.
- Adopt an Agile methodology to enable incremental improvements through regular releases. Being adaptable in development also allows you to respond to market changes faster than your competitors.
- In recent years, the term "sharing economy" has become popular. It's about sharing assets you own but aren't currently using with people who need them.

Exchanging goods and services is not a new concept. The digital evolution, on the other hand, has made the sharing economy massive and **international** through online marketplace websites.

Brian Chesky and Joe Gebbia, two young men, moved to San Francisco in 2007 with one goal in mind: to become part of the rapidly developing tech industry. They were barely able to pay their rent, so they began looking for quick ways to make money. During this time, their city hosted the Industry **[Design Conference](#)**. Brian and Joe decided to provide airbeds and breakfast in their rented apartment to conference attendees who had not been able to secure a hotel room. The first three customers arrived quickly, demonstrating that sharing free space in a flat or house is possible.

Brian Chesky and Joe Gebbia grew their idea from humble beginnings into one of the most successful startups of our time: Airbnb.

Many modern e-commerce trends are influenced by well-known marketplace websites, and the buzz surrounding the sharing economy has thousands of entrepreneurs considering how to launch a **marketplace**. If you're one of them, be warned: the road ahead is long and rocky. Having a dependable technical advisor by your side, on the other hand, will help you cross the finish line.

This guide will walk you through the process of launching a **marketplace website** and entering the fascinating world of startups.

What is an online marketplace?

An **online marketplace** enables providers of goods and services to present those goods and services to potential customers directly. The peer-to-peer, or P2P, business model is essential to a marketplace like Airbnb. This means that anyone (not just businesses) can be both a provider and a customer, switching back and forth.

Online marketplace business: why should you start one?

The terms online marketplace and **online store** are frequently used interchangeably. They are not, however, synonymous.

An online marketplace connects sellers and buyers.

Unlike an online store, which sells products from a single producer or distributor, a marketplace website allows multiple producers or distributors to sell items at the same time. Existing retailers and producers frequently expand and launch online marketplace businesses because they provide more opportunities for growth and diversification. This is how it might work:

Assume you have a woodworking shop where you make one-of-a-kind furniture. You decide to expand and begin **selling online**. When you research the market, you discover that many other businesses in your niche are ready to offer their products.or **services online** but lack a platform to do so.

If you decide to build a home improvement online marketplace, you can kill two birds with one stone:

Increase your sales by contacting more potential **customers online**.

Create a marketplace where other businesses can promote their products and services.

A marketplace provides an additional source of revenue with enormous scalability. You have the option of becoming a fully **digital business** or running an online marketplace website while expanding your carpentry workshop.

A platform like this caters to the needs of two types of users: buyers and sellers. And both have compelling reasons to use your services.

Joining a marketplace website is a good decision for a business owner striving to sell online for a few reasons:

- No need to hire dedicated developers to build an online store
- No need to support and maintain a website
- No need to pay for advertising and marketing campaigns
- Constant flow of potential buyers
- It's obvious that the majority of small business owners would prefer a simple, fast, and cheap way to start selling online. And in most cases, it will be joining an online marketplace for services or products.
- Buyers also have a few good reasons to shop on a marketplace website:
- Wide selection of brands and products on a single platform
- Easy communication and transactions
- Unified payment and delivery policies
- Centralised review system for products and/or sellers

Step 1. Fill in the business model canvas

A business model canvas is a **template** that you should fill out when you are planning your new digital business. It will assist you in answering **critical questions**, avoiding rash decisions, and gaining a clear vision of the platform you intend to build.

A business model canvas summarises information about your startup's platform, users, expenses, and revenue sources. To answer the following questions, conduct research and brainstorm with your co-founders or external consultants:

What is your value proposition?

Formulate the real issue and how you intend to solve it with your app. Because we're talking about a two-sided **marketplace**, you must define the problem and the solution for both potential sellers and buyers.

Who are your partners?

Describe all of the **partnerships** required to launch your business. It's time to consider your co-founders, development team, vendors, suppliers, and so on.

What are your resources?

Consider your financial resources as well as the available **material** resources, such as real estate, equipment, and transportation.

Who are your customers?

You will have to deal with two major **groups** of users. Describe each of them in as much detail as you can. Before you create a marketplace website, make sure you define your buyer personas and understand your buyers' needs and desires.
What activities will help you attract customers?
Your main task here is to solve the chicken and egg problem. Which will you attract first: buyers or sellers? Which strategy will be most effective in your specific situation? You make the decision.

How will you work with customers?

Supporting your customers on their journey through your **marketplace** is just as important as attracting them. Plan your communication with platform users ahead of time.

What are the channels where you can reach your users?

Define your target audience's preferred devices, **social media channels**, news websites, and online streaming services. Knowing their preferences allows you to more easily reach them.

What is the possible cost structure of your company?

Estimate the costs of creating an **online marketplace** ahead of time. Consider the operating expenses, salaries, app development costs, monthly marketing expenses, and so on.

What are the possible revenue streams for your company?

Before you create a **marketplace**, consider how you can monetize your app. You must comprehend where your money will come from. Consider alternative revenue streams such as banner advertising or a white label model in addition to traditional **marketplace** monetization models. Consider how you might attract investors to your platform.

Step 2. Research your competition

In an ideal world, you'd like to have your idea in a big blue ocean with no competitors. But the reality is quite different. Almost everything you can think of has already been invented. That is why it is critical to comprehend your competitors. This will allow you to build an **online marketplace** that can compete with them.

Basic competitor research consists of four steps:

Find marketplaces that offer similar services.
Examine those marketplaces by browsing their **websites**, examining their features, and reading user reviews. It will also help to become a customer and make a few purchases. This allows you to go through the user journey and identify strong and weak points.
Determine the weaknesses of competing **services** and consider how your marketplace platform can overcome them.
Conduct a SWOT **analysis** on your future product to identify its strengths, weaknesses, opportunities, and threats.

Conclusion

Although the **sharing economy** is not a new idea, it has grown in popularity in the digital age. Modern marketplace websites connect providers of goods and services with customers all over the world in seconds, providing enormous opportunities for everyone.
Etsy, Airbnb, Couchsurfing, Uber, BlaBlaCar, and Lyft demonstrate that if an idea solves a user's existing problem, it has a bright future. If an **idea** can stand out in a crowd of competitors, it has a better chance of succeeding. It is worthwhile to implement an idea if it has the potential for monetization by improving people's lives.