

## **Introduction**

One of the key trends for the future of our industry, that we see, remains „omnichannel“. Whereas our industry used to sell and buy mainly through local and often relationship based sales channels, digitalisation does open new opportunities. Our guidance for members remains the same: while direct sales and a relationship with the ultimate customer, is certainly the most desirable, we must be open to sell our services via a multitude of channels and intermediaries, seizing opportunities for expansion, aiming to reach all customers that might have an interest in them. Marketplaces thereby take a particular role, as they can be considered „transparent intermediaries“, where the actual contract party that is providing the service to the customer, remains visible and thus they do allow for service differentiation.

## **The fear of cannibalisation**

A very old subject and a constant concern, remains the fear of losing direct customers to marketplace platforms and by selling via marketplaces, thus many remain reluctant to go there. However, it is clear that marketplace concepts do satisfy a customer demand for comparison of price and service, while often enabling a standard interface and process, which is attractive to smaller and less experienced clients. Thus boycott in order to avoid cannibalisation, from our view, seems not a valid option, as firstly it neglects an opportunity for new business and secondly, does not prevent from being cannibalised by others that offer via such platforms and meet that customer requirement. However, retail serves as a good example for an area much advanced in selling omnichannel and pricing as well as product differentiation between different channels are viable instruments.

## **Price comparison and race to the bottom**

Instead of fearing the race to the bottom and looking at marketplaces primarily from the angle of price transparency, embrace the opportunity of quality transparency. Today the measurement for quality in our industry remains very subjective and thus often hard to gauge, some marketplaces enable transparent customer rating systems on objective criteria, allowing quality differentiation, which also enables differentiated pricing and thus constitute an opportunity.

## **Auction vs. tariff based marketplaces**

In principle there are existing tariff based marketplaces, that are built based on tariffs from different vendors, which then are being used as basis to make quotations for customers upon their enquiry. The alternative are auction based marketplaces, where a customer posts their requirement, similar to a tender process and a range of vendors offer for it. The advantage of tariff based marketplaces is that those lead to instant quotations for the client, the disadvantage being, that those tariff based quotations can not consider potential opportunities for more competitive offerings, e.g. based on available free space in a consol box or triangulation of full container shipments. There are some hybrid models existing, that try to employ advantages of both. However the amount of truly dynamic pricing models remain very limited to date.

## **Learning opportunity**

The future of our industry, no doubt, will be digital. Interacting with marketplaces does provide a learning opportunity, in regards to the future of freight technology and customer interaction through digital means, not lastly supporting the learning for own and direct digital offerings.

Currently customers on marketplaces are still for a large part early adopters or customers that lack experience in transportation and relationships to suppliers. One of the key areas for marketplaces today, remains the trucking space, where more efficient matching of trucks and loads constitute a win-win for carriers and customers, especially given truck and driver shortages in many parts of the world. On the maritime side, it remains early days as the backend of many suppliers is not yet digital and it is certainly a long game, but platforms continue to grow gradually and in times of the pandemic see an acceleration.

## Key elements to pay attention to when dealing with marketplaces

- **Neutrality and strategic direction:** Ensure the operator and capital of the marketplace is neutral, e.g. not financed by a competitor or strategic interest in the field, which might turn the brand of the marketplace into a longterm competitor. Some might look neutral but are not.
- **Transparency:** Pricing model and vendors are clearly visible to customers.
- **Vendor Quality & Service differentiation:** This relates not only to the onboarding process and the quality of vendors on the platform (curating), but also to rating systems for service quality, search priorities other than price, etc.
- **Process Integration:** Working via the marketplace should suit your process, API's and other tools should be available to integrate with your backend system, maximising your internal efficiency. Having a „manual“ bridge between your organisation and the marketplace does not make sense longer term.
- **Scope:** The global matrix of end to end transportation, transport modes, etc remains vast, thus different marketplace concepts approach from different corners and for different target audiences, e.g. some allow NVOCCs to sell to forwarders, some focus on direct customers, or on particular transport modes. Therefore they are also a space for procurement, not only for sales.
- **Feedback:** A beneficial marketplace should be able to provide you feedback and metrics to measure your success and constantly adjust your offering. How many clients are on the platform, how many had your offering displayed, number of clicks, percentage of total sales on a tradelane, etc. Page two on a Google search is rarely viewed, marketplace results are not different and thus active management of the sales channel based on feedback is essential.
- **Special offers:** Some marketplaces offer possibilities to highlight special promotions, or advertisement to seek attention.
- **Just a sales channel:** Always bear in mind that a marketplace just forms a new sales and service channel to reach customers. In an increasingly customer centric world, we must accept that clients might come through different doors. Each sales channel, requires to be managed and nurtured, while through each, the company has a cost of acquisition and customer maintenance that must be considered. Digital channels do have an advantage on the cost side, compared to traditional relationship sales. Most marketplaces operate on a margin of the total freight cost, thus the cost is very transparent and only applies for shipments secured.

## The marketplace interface

We must be aware that price comparison remains a key need of the customer and logging into a multitude of online portals of service providers, self-quoting rates, comparing those and then making a buying decision is cumbersome and certainly no desirable customer experience. A marketplace does make this easier for the customer, whilst he might still choose to directly integrate with his key vendors and obtain tariffs, quotations or even manage shipments through a TMS solution. In fact, the customer can continue working in his own system, while the system is obtaining the quotations and communicating with the different vendor systems on his behalf. Thus we need to be aware that the future of a marketplace, be it one driven by the customer himself or operated by a third party, might not contain any actual user interface anymore but be entirely virtual, connecting buyers and sellers digitally.

## A increasingly crowded field

We must also appreciate that the ingredients to create an eForwarder SaaS solution, a TMS, a tariff management system or a marketplace are largely the same. Thus any player in any of these dimensions can and likely will increasingly compete in any of these product categories. Different front-end solutions, operated by the same backend systems. There is little doubt, that once digital sales hits a tipping point in terms of, marketplaces will get a significant push.

## Recommendations

*- Some marketplaces where members and friends reported positive experiences*

The field of marketplaces remains vast, with new ones coming and others going, thus it is a moveable feast. Please appreciate that the following list is focusing on ocean freight and neither complete nor does OceanX take any responsibility for the offering of those suppliers.

- Agreefreight / NVO2NVO: [www.agreefreight.com](http://www.agreefreight.com) and [www.nvo2nvo.com](http://www.nvo2nvo.com)
- ColoadX: <https://www.coloadx.com>
- Cogoport: <http://cogoport.com>
- FreightOS Marketplace: [www.shipfreightos.com](http://www.shipfreightos.com)
- Hashmove: [www.hashmove.com](http://www.hashmove.com)
- SimpliShip: [www.simpliship.com](http://www.simpliship.com)
- Transpare: <https://transpare.eu>
- Transpoteca: <https://transporteca.co.uk>

As the number of our members that is selling through marketplaces increases, we might consider to do a regular poll in the future, starting to rank the list more objectively and introduce member ratings of them, for the moment we shall stay in alphabetical order.

To share any experiences in the field, feel free to contact us.  
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