![Plugins & Snippets logo]

HOW TO BUILD A DIGITAL PRODUCT MARKETPLACE IN WORDPRESS

A comprehensive guidebook how to setup and operate a digital product marketplace with Easy Digital Downloads on WordPress

Version 1.0

Plugins &
Snippets

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Charts, Tables and Illustrations

1 Introduction

You might have heard of CodeCanyon[1], Creative Market[2], or Theme Forest[3], the biggest WordPress theme marketplace on the web – right? Other than each of them being a huge success garnering over 50 million digital sales and 5 million members, you know what they have in common? They are all **Digital Product Marketplaces.**
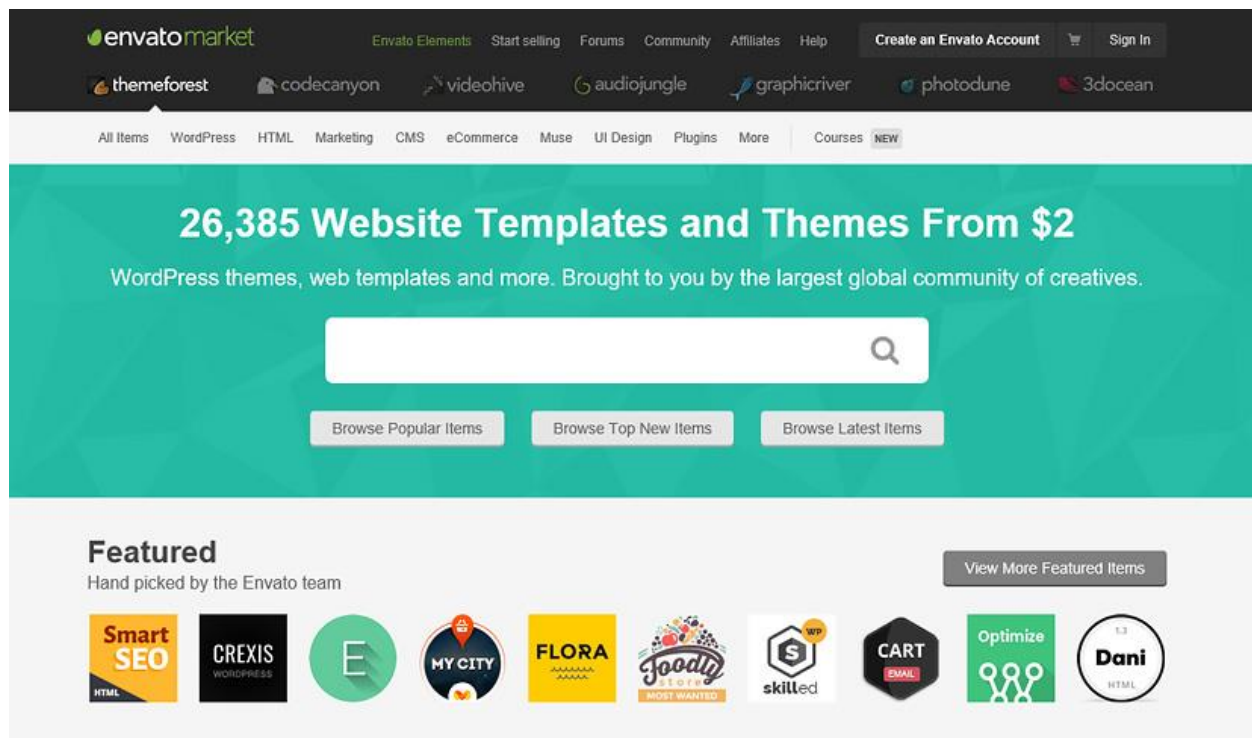
Figure 1 – Example marketplace, Source: www.themeforest.net

[1] https://codecanyon.net
[2] https://creativemarket.com
[3] https://themeforest.net

P5 Plugins & Snippets

2 Why creating a Digital Product Marketplace?

WHY CREATE A DIGITAL PRODUCT MARKETPLACE?
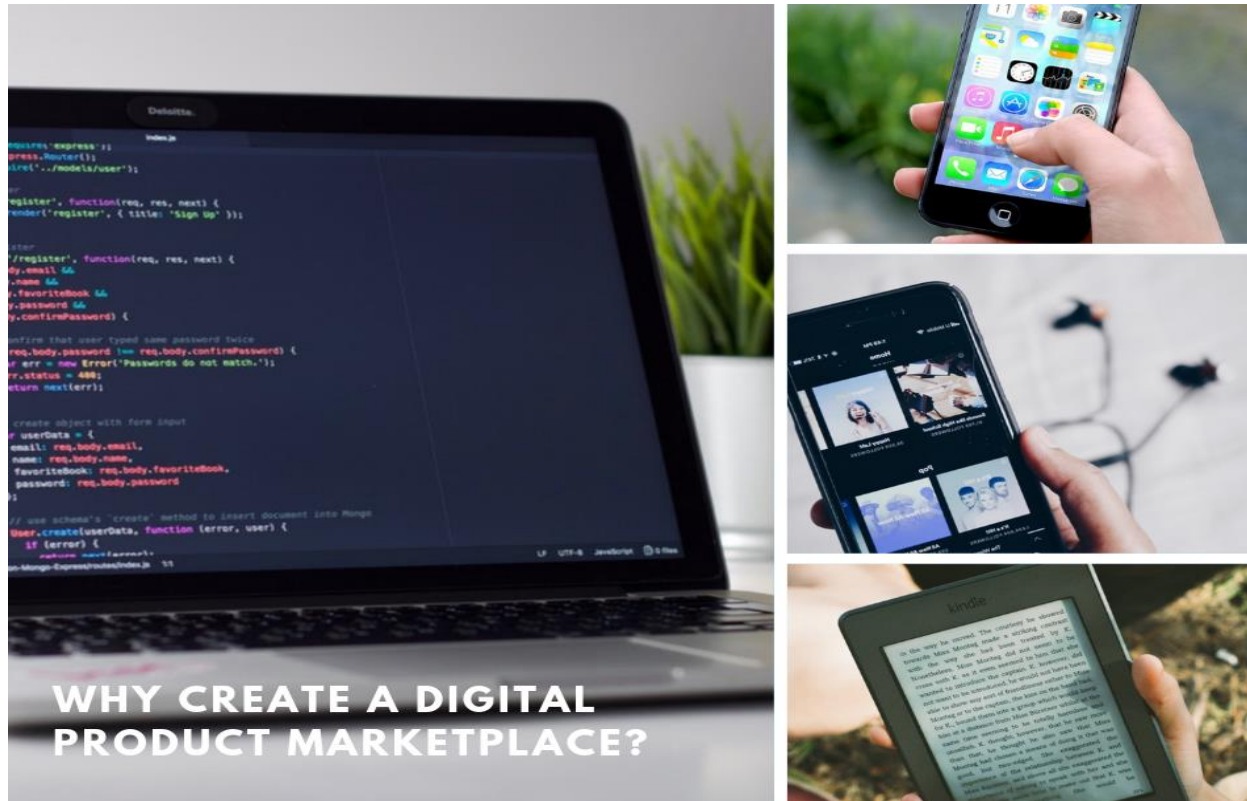
2.1 The opportunity in eCommerce

As per Shopify[4], retail eCommerce alone expects to reach $4.9 trillion in sales by 2021 while as per Mobile Marketer[5] online commerce will grow more than 6x the rate of in-store retail sales and will reach $5.8 trillion by 2022. The growth is also driven by mobile users who increasingly use their smartphones to order products online. As per SmartInsights[6], eMarketer[7] and Statista[8], 65% of internet users will buy on the internet, turning 1.66bn (2017) into 2.14bn Digital buyers worldwide by 2021.

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[4] *https://www.shopify.com/enterprise/global-ecommerce-statistics*
[5] *https://www.mobilemarketer.com/news/study-mobile-commerce-to-overtake-e-commerce-by-next-year/532125/*
[6] *https://www.smartinsights.com/digital-marketing-strategy/online-retail-sales-growth/*
[7] *https://www.smartinsights.com/digital-marketing-strategy/online-retail-sales-growth/*
[8] *https://www.statista.com/statistics/251666/number-of-digital-buyers-worldwide/*

# of Digital Buyers (in Billions) Worldwide

Figure 2 - Number of Digital Buyers Worldwide, Source: Smartinsights 2017 based on eMarketer

Therefore, there is a growing number of internet users who are ready to purchase online.

2.2   Selling Digital vs. Physical Products

Why should your first choice be to sell a digital product and not a physical product? – Well we have listed the arguments before[9]. In short, selling a digital product is a much smarter idea than selling a physical product. Here are the three main reasons why:

- **No Inventory Needed** – unlike selling physical products, selling digital products does not require any inventory, therefore no investment needed in inventory and will never run out of stock.
- **Shipping** – one of the greatest pain of selling a physical product is having to deal with shipping and handling, the logistics and the fees relating to it. By selling digital products you do not have to worry about shipping cost or worry about your customer not getting the product on time as delivery is almost immediate once payment has been received. Easy Digital Download or EDD Stores make it easy to transact business.
- **Selling Worldwide** – as long as your customers have access to the internet, you can sell worldwide in an instant. Selling physical products worldwide is much more difficult as every country will have its own customs regime and, in some countries, post services can be quite unreliable – including excessive shipping times – or expensive.

So this means it's less hassle to sell a digital product than selling a physical product and also from a capital outlay perspective less investment is required.

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[9] https://www.pluginsandsnippets.com/1756/what-to-sell-in-your-online-stores/

2.3   Multi-Vendor Marketplaces vs. Single-Vendor Websites

When selling digital products, a creator will have the choice to either sell his digital products on his own website or use a marketplace. Creating a digital product store is not that difficult per se but difficult are the following two aspects:

▪   Attracting traffic
▪   Technical maintenance of the site

As per nchannel[10], 63% of online sellers surveyed said that they will only sell via a digital marketplace. Having your own webstore is easy but to make it successful is difficult. This means there is a large opportunity of interested sellers who look to sell their items via marketplace instead. Sellers not only look to sell their products but also services. The following graphic shows the types of digital eCommerce stores:

Types Digital eCommerce		
Items	**Single Vendor**	**Multi-Vendor**
Products	Proprietary Products	Third-party products from Multi-Vendors
Services	Proprietary Services	Services or Gigs from Third-parties

Figure 3 - Types of digital eCommerce, Source: Pluginsandsnippets.com

As per McFadyen[11], marketplaces will be the main beneficiary of the fourth wave in eCommerce. Sales are for marketplaces are expected to more than double from $18.7 billion in 2017 to $40.1 billion in 2022. The drivers of this growth trajectory are the following ones:

▪   Buyers feel more confident to make first-time purchases online
▪   Trend towards the sharing economy
▪   Trend towards specialist marketplaces
▪   Buyers feel confident to order abroad

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[10] https://www.nchannel.com/blog/retail-data-ecommerce-statistics/
[11] https://mcfadyen.com/2018/06/28/the-marketplace-model-boom-4-trillion-by-2020/

During the May 2018 survey made by Statista[12], 50 percent of global shoppers stated that they preferred to make first-time purchases at a retailer, whereas 47 percent of repeat buyers preferred online marketplaces. As per Statista[13] two of the top three reasons for purchasing at a marketplace instead of a retailer were more competitive prices and a broader selection of products available. Also 38% of all online shoppers in 2017 ordered from abroad[14].

2.4   Why Marketplaces are Attractive Business Models

As we have seen there is a trend by consumers of using a marketplace. Now we would like to review the operator and perspective, why marketplaces can become quite an attractive business model. As per Izberg[15], marketplaces can have the following advantages:

- **Customers receive a broader product selection** – multi-vendors can contribute more products than single vendors
- **Scalability** – marketplaces are easier to scale up than single-vendor websites since new products can be sourced from multi-vendors, it is easier to target long-tail keywords for SEO purposes with Marketplaces than with a single-vendor store. It is also easier to be of interest to followers on Social Media with a broader product range.
- **Launch Costs** – the costs of launching a marketplace is nearly the same as launching a single-vendor store
- **Low fixed costs** – you don't need much staff at the beginning to launch and operate a marketplace.
- **Early break-even** – in many cases revenues and costs are a percentage of sales, therefore it can be easier for a marketplace to achieve break-even and become cash flow positive.
- **Sell 24/7 with ease** – marketplaces are better suited to fit the image of being always online and available

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[12] *https://www.statista.com/statistics/897678/online-shopper-preference-for-first-time-repeat-purchases-platform-global/*
[13] *https://www.statista.com/statistics/896021/tops-reasons-online-shoppers-regions-purchase-marketplace-over-retailer/*
[14] *https://medium.com/@virtua/the-european-e-commerce-report-marketplaces-commerce-and-strategies-75348a417f6b*
[15] *https://www.izberg-marketplace.com/10-huge-differences-between-marketplaces-and-e-commerce-websites/*

2.5   The Reasons to Start a Digital Marketplace

You should only start a digital product marketplace in a niche you are familiar with as this will save you time and it allows you to find solutions to problems quicker than when you know nothing about an industry. Some people also say you need a large amount of passion. We think it cannot hurt and will only help you if you actually care for the products you will sell on your digital product marketplace.

We can now summarize the main reasons why it is a good idea to start a digital marketplace by bringing buyers and sellers together:

- Leverage skills and experiences of yours
- Selling a digital product is easier than selling a physical product
- Trend towards niche marketplaces
- Buyers like the choice a marketplace offers them
- Larger inventory possible with a multi-vendor marketplace
- Same launch costs as single-vendor website
- Low fixed costs enhancing chances of achieving break-even early on
- Scalable business models with benefits in obtaining traffic (e.g. SEO and Social Media)

3 Defining the Marketplace Concept and Strategy

Conducting market research is the very first step we must work on and do before even building and starting our Digital Product Marketplace. The objectives of our market research are the following ones:

- Learn about closest competitors and their product offerings
- Compare pricing and differentiating factors
- Identify the one niche which is not served and you believe you can service better than anybody else
- Identify the key elements of your business strategy
- Minimize the risk of wasting your time and enhance your chances of success

We cannot stress enough, it is important to first do a thorough market research and study the essential factors which can affect and contribute to the success of our business plan of starting a digital product marketplace. We have seen it many times, entrepreneurs who skipped this step might very often find out that the marketplace they tried to build already exists in some other form somewhere else or the niche is dominated by established players with whom it's very difficult to compete unless there is a unique differentiating factor. Therefore, this is to avoid making any basic mistakes and helps us to maximize our chances of making our new digital product marketplace successful.

In terms of market research, we normally recommend to properly analyze competitors first and learn more about the market from them as they provide very practical examples how the market is being served (or not). Another important aspect of your strategy is the marketing concept. Traffic from organic sources is very attractive for digital product marketplaces, since the marketplace naturally receives a lot of content from its vendors and achieving good organic rankings in search engines normally is a very cheap and quality source of traffic. We therefore recommend to find out early on what keywords are available to target, how difficult they are to rank for (in terms of competition score) and how much monthly traffic can be obtained from them. Of course, you can also search for any market study which might be helpful to better understand your niche and estimate its potential but we normally recommend a very practical approach by finding out what product marketplaces already exists, their strengths and weaknesses and what is missing.

In terms of interviews with so called market experts, competitors or other important stakeholders keep in mind, that these are not the decision makers at the end. The real decision maker if your market place meets the demand will be your customers. Therefore, building a prototype rapidly and go to the market via a minimum viable first version of your marketplace is a much smarter approach as then you can get quality feedback from real customers who actually do have a purchase intent.

3.1   What Type of Products to Sell?

A digital product marketplace is a special kind of online store as it brings buyers and sellers together. Marketplaces enable sellers to create their own shop windows, post products and collect payments from customers all over the world. The most important function of having and operating a Digital Product Marketplace is to easily connect your marketplace vendors straight to your buyers and/or customers.

You can provide the ability for content creators (authors) to upload their own products to your marketplace so that they benefit from your brand recognition, infrastructure, marketing customer based and audience.

For digital products, not all products might be suitable to be posted on a marketplace. Tailor-made products are much more difficult to administer and to sell via a marketplace than standardized products. Below we present a selection of potentially suitable type of products to be sold via a digital product marketplace:

- **eBooks:** Especially eBooks related to a niche where know-how is truly important and where it's not possible to find the same content on other marketplaces such as Amazon.

- **Templates:** Templates can offer valuable time-savings and best practices how to do things. Common examples are:

    o **Design and Graphic Templates:** Source files related to flyers, marketing brochures, posters, logos, graphics, icons, fonts. One example of a marketplace which offers these digital products is Creative Market[16].
    o **PowerPoint Templates:** Company presentations, marketing presentations, market research templates, etc.
    o **Word Templates:** CVs, Legal documents, Letters, etc.
    o **Excel Templates:** Spreadsheets, Invoice Templates, etc.
    o **Others:** Templates related to any software product

- **WordPress Themes:** This is one of the top digital product which is commonly and widely sold by digital product marketplaces. Some examples of those huge marketplaces which offers these are Themeforest[17], which boasts over 40,000 themes that have been published on the site by over 3,000 authors.

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[16] https://creativemarket.com
[17] https://themeforest.net

- **WordPress Plugins:** As plugin developers are constantly looking for new marketing channels, they might be interested to become listed on additional niche marketplaces other than the standard ones such as e.g. CodeCanyon[18].

- **Code Snippets:** E.g. code libraries made of PHP, Javascript, Phython, HTML, but also Frontend Frameworks such as Bootstrap, CSS or any other programming language which helps to shorten development time by leveraging what already has been created.

- **Stock Photos:** Photography is a hobby many people are already into, but the best part of possessing a photography skill is that skilled photographers actually can make money by selling some of their pictures. Examples such Alamy[19] demonstrate how such digital product marketplaces work as there are more than 40,000 contributing photographers from all parts of the world on the site.

- **Videos:** Especially online learning experienced a boom, therefore new marketplaces can be created providing courses, tutorials how to master certain skills.

- **Audio files**: Especially the advertising and video creation industry is on constant lookout for new background files. In addition, music artists started to avoid the large marketplaces where their music is sold at a discounted price.

- And many more to come. The possibilities are nearly endless and whatever can be sold will become sold. So why not staying ahead of the curve and try to figure out what other digital products could be interesting to sell online.

Above is a just a preliminary list of areas where to search for digital products to sell. What we have not covered here are specialties such as subscriptions, services, etc. Some of these are more difficult to implement and will required a different approach than what we cover here in this eBook which focuses on digital products for marketplaces. E.g. selling subscriptions via a marketplace is very hard to do just from an administrative nightmare. We recommend to keep it simple and to start by selling a digital product. We hope you could come up with an idea what to sell. Now in the next chapters let's look how we can validate this idea a bit further before we actually start with the implementation.

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[18] https://codecanyon.net
[19] https://www.alamy.com

3.2   Competitor Research

An effective way to conduct a market study is by starting with the closest competitors of your digital product marketplace idea. Therefore, you need to narrow down the market segment(s) you like to service and research a list of other marketplaces – and also proprietary stores - which are currently offering similar products you are intending to market. Try to especially focus on the top 10 or top five competitors and thoroughly research their profiles to understand what and how they are doing and where market gap for a new digital product marketplace might be. Try to analyze the following:

- What do they sell?
- Number of Vendors / Products
- Price ranges of their products
- Alexa Rankings[20]
- Followers on social media
- Sources Traffic
- Strengths and weaknesses

Some marketplaces might sell services on top of their products or even generate additional income from ads or from affiliate programs. Try to understand what are the common sources of revenues and how the other marketplaces manage to generate income. The number of vendors and products will tell you more about the quality of their website and if it's legit or not. Same for the Alexa Ranking. Having a low Alexa Rank normally is an indicator of the quality of the site and that it is not a fake website. In addition, you can also check with many free SEO tools available how many keywords are indexed in Google and how many backlinks each competitor has. You should then also check the social media profiles of each competitor and check how many followers they have the level of engagement they receive.

Researching the social media profiles of competitors to find out how many followers on social media they have and how likely their posts receive engagement allows you to validate your social media marketing strategy early on.

Another topic you need to clarify is where do these websites get their traffic from as this will help you tremendously later on when you have to implement your own marketing strategy. All eCommerce websites rely on receiving traffic from somewhere. In principle, there are several sources possible: Direct traffic, organic search traffic, social media traffic, referral traffic, email traffic and traffic from paid ads. However, there are even more creative ways to receive traffic. Some websites even use WhatsApp groups, or work through local association to sell their products. Creativity does not know any limitations!

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[20] *https://www.alexa.com/siteinfo*

Reviewing the strength and weaknesses of competitors should not only be done in terms of how good their website appears but more in terms of how good their business model is. Is this a website / marketplace you believe can attract the interest of customers and vendors? If yes, why? What do they do well? Which points they seem to neglect or where do they show weaknesses? Where might be an untapped opportunity where the market is not served?

We normally do the competitor research by simply creating a spreadsheet and listing each competitor on a new line:

Competitor	Type	# of Products	# of Vendors	Alexa Rank	Pages indexed on Google	Facebook Follower	Twitter Followers	Strengths	Weaknesses
Competitor 1	Marketplace	7000	1000	77'000	20'000	10'000	30'000		
Competitor 2	Marketplace	4'000	40	98'000	15'000	8'000	40'000		
Competitor 3	Proprietary	100	1	127'000	5'000	4'000	5'000		
Competitor 4	Marketplace	500	100	500'000	1'200	2'000	3'000		
Competitor 5	Marketplace	100	10	1'000'000	300	1'000	1'000		

Figure 4 - Illustrative example competitor analysis, Soure: www.pluginsandsnippets.com

Doing this analysis properly will give you more information about the marketing strategies and tactics of each of the competitors and you will quickly figure out where there might be an untapped opportunity in the market which deserves to be serviced by your new digital product marketplace.

3.3   Keyword Research

Keyword research is the process of finding and analyzing actual search terms that people enter into search engines. The insight you can get into these actual search terms can help shape your content strategy as well as your overall marketing strategy.

This is something people often associate with SEO (Search Engine Optimization), and is very fundamental to all of digital product marketing. A good digital marketing strategy should be informed at every stage by the right keywords as receiving organic search traffic normally is the cheapest source of traffic in the long-term. For marketplaces, it's also a bit easier to target long-tail keywords (keywords with more than 2 words).

How can you perform a Keyword Research? You can simply purchase a subscription from one of the many keyword tracking tools out there or you can also just get started with the free tool from Neil Patel Ubersuggest[21]. There you can enter your first keyword ideas and the tool will provide you with alternative suggestions.

To widen your keyword research, first thing is to make a list of important, relevant topics based on what you know about your product niche. Well, you'd want to ask yourself: What topics do people search for that are related to my business?

Next step would be to identify some keywords that fall into your chosen relevant topics. These are keyword phrases you think are important to rank for in the SERPs (search engine results pages) because your target customer is probably conducting searches for those specific terms.

Another great way to fill out those lists especially when you're struggling to think of more keywords people might be searching about a specific topic is to go and take a look at the related search terms that appear when you plug in a keyword.

Targeting long-tail keywords can help you especially at the beginning rank and drive traffic to your website. Note that these keywords aren't about "word length." These are search queries with low individual search volume, but usually have a huge total search demand as a group. The easiest way to find long-tail keywords is to look at your competitors' traffic generating pages.

What you will want to understand are the following metrics per keyword:

- Search Volume – The number of searches a particular keyword has per month
- SEO Difficulty – Estimated competition in organic search
- Paid Difficulty – Estimated competition in paid search
- Cost per click (CPC) – Average cost per click of the keyword

The **objective of your keyword research** will be to figure out **which keywords would be easy to rank with, have decent volume and show only a low level of competition**.

When done right, this fundamental SEO activity can help rank your pages for more keywords and consequently get you more traffic, thus getting you more visitors for your page.

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[21] https://neilpatel.com/ubersuggest

3.4 Defining your Strategy

Based on the steps outlined before it should be possible to develop a digital product marketplace concept which focuses on market gap currently not served well by any of the competitors and offering an opportunity to rank in search engines in a decent amount of time and receiving organic traffic.

You will then need to come up with a strategy which should answer the following key questions:

- What will make your marketplace unique?
- Why will customers visit your website?
- Why will vendors choose to list their products with you?
- How can you make money in a way which allows you to become profitable not too long into the future?

This is just a simple but very practical way to come up with a first strategy to get started. We strongly believe that it's very important to test your digital product marketplace as soon as possible and get input from real customers which will then allow you to fine-tune all the details of your strategy going forward. This way you can ensure that your strategy strictly focuses on customer needs and customers (which will bring the money) always come first.

3.5 Marketplace Commission Fees

Digital product marketplaces normally will charge a fee for selling products via them. When setting up your digital product marketplace you will have to specify yourself how much this fee shall be.

Envato[22], the company behind ThemeForest[23], uses quite a complex system for its commissions fees[24]. As per the date of creating this document the fees were as follows:

- Non-Exclusive Author Fee 55%
- Exclusive Author Fee 12.5% - 37.5%

As you can see above the non-exclusive author fee is quite high. Giving away 55% of revenues is not really encouraging for any vendor. However, Envato does this because they want to bring their vendors to list their products exclusively with them. Envato can only do this as long as authors do not have any better choice or decide to sell outside of Envato.

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[22] https://envato.com
[23] https://themeforest.net/
[24] https://help.author.envato.com/hc/en-us/articles/360000472943-Envato-Author-Fee-Schedule

For exclusive authors, Envato uses a tiered system of vendor fees depending on their sales volume. This is to reward the best-selling authors and provide an incentive to sell more through Envato.

We think you will to start with a fee charged to vendors on your digital product marketplace somewhere between 10% and 30%. So before deciding what it will be, please check first how much potential competitors are charging to their vendors and see that your fees are in line with the market terms for your market segment.

3.6   Specify the Minimum Marketplace Setup needed to go to Market

You might have heard about the Lean Startup Method from Eric Ries[25]. What he is saying is, the key to making a startup successful is to establish as soon as possible a build-measure-learn feedback loop. In order to do this you will need to build a prototype or a first version of your digital product marketplace as soon as possible. This means you should be up and running within 4 to 6 weeks when using off-the-shelf software such as Easy Digital Downloads.

Therefore you will need to recheck your concept and eliminate all things which are nice to have but are not essential for a launch of the minimum viable marketplace which should be able to attract some first sales. Therefore try to make your concept as simple as you can so that it allows you to get up and running quickly and test the market with a first version of your digital product marketplace platform.

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[25] http://theleanstartup.com

4 How to Setup a Multi-Vendor Marketplace

Just like in starting a simple Digital Downloads eCommerce WordPress Website[26], the very first thing to do is to choose your **Domain Name URL** and a **Web Hosting Provider**.

The Domain Name URL is the internet address where Internet users can access your website. Registering domains will cost from $10 per year upward[27], depending on registrar and top-level domain (TLD). The next task will then be to select a suitable web hosting provider which will host your website. You can choose between a shared and a private server. If you have plans to make your website large, you might be better off starting with a private server as otherwise you will have to move your website away from a shared account as soon as you get more traffic.

4.1   Open Source, WordPress based Easy Digital Downloads

You will need an eCommerce suite specialized on digital products and equipped with marketplace functionality. In this Book we will cover setting up a Multi-Vendor Marketplace based on WordPress and Easy Digital Downloads.

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[26] https://www.pluginsandsnippets.com/1813/how-to-start-your-digital-downloads-ecommerce-wordpress-website/
[27] See www.godaddy.com

WordPress is the most famous open-source program for Websites powering more than 30% of all Websites[28]. It's quick to learn, easy to use and there exists thousands of developers offering themes, plugins and scripts as well as customization services. The advantage is it's well tested, there is a community where you can always get help and the website can be put together in a modular way while reserving full flexibility to adapt it to specific needs as needed.

Easy Digital Downloads[29] (EDD) will be the eCommerce Plugin of choice to power our Digital Product Marketplace. EDD, created by Pippin Williamson, is a free WordPress eCommerce plugin that focuses purely on digital products. Its primary goal is to make selling digital products simple and complete. EDD has its own Marketplace Functionality offering WordPress plugins that are very essential in creating and operating a digital product marketplace. Later on, we will discuss those important plugins and features one must possess in order to keep an online marketplace running.

EDD, behind WooCommerce[30], is the second largest open-source eCommerce solution for WordPress. The main difference to WooCommerce is that EDD does not have the legacy which comes with any platform who initially was made to sell physical goods (e.g. shipping workflow) and instead offers a lot of expertise and focus on selling digital goods. The fact that there are many developers who use Easy Digital Downloads to sell WooCommerce plugins is evidence enough that this is the right tool to use.

Another good feature on using Easy Digital Downloads is that it is an open source solution, meaning you have full control over the source code and can modify it as needed. If you would use other people's software you have more limitations what you can do with it especially when you want to scale up your website.

Once you have installed WordPress on your web server, next step is to install and configure Easy Digital Downloads (EDD). For this we refer to the setup guides provided by EDD[31].

4.2   Installing a Multi-Vendor WordPress Marketplace Theme

The next step will be to install a Theme in WordPress for your new store. There are free and paid themes available. What you need to watch out for is to install a theme which supports the Frontend Submissions (FES)[32] plugin in EDD. In case your chosen theme would not support FES, that you could still install but then you would have to manually develop designs for frontend vendor pages which is costly and time-

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[28] *https://w3techs.com*
[29] *https://easydigitaldownloads.com*
[30] *https://woocommerce.com/*
[31] *https://docs.easydigitaldownloads.com/article/1191-setting-up-your-first-edd-store*
[32] *https://easydigitaldownloads.com/downloads/frontend-submissions/*

consuming to do. Therefore, better use a theme which already supports FES. Normally paid themes offer better design and sales conversion ability than using a free theme but it always depends on your specific products and circumstance. Paid themes are still affordable if you compare their costs (normally between $50 to $90) than having to spend hours improving a less stylish free theme. Launching your own multi-author online store is now much simpler and more effortless.

On our blog[33], we have compiled a list of available EDD themes, analyzed the page load times of their demo pages and therefore as a starting point, the following themes can offer a starting point when trying to setup a digital product marketplace:

- **Olam** (paid)
- **Checkout** (paid)
- **Market** (paid)
- **Marketify** (paid)
- **Vendd** (free)

The best marketplace themes in this collection have designs that are built for enhancing conversion rates. They also feature front-end forms and templates for your registration, account, and reporting pages, helping to give your multi-vendor eCommerce store a professional look and feel throughout.

Please note, the theme just needs to serve the purpose to get you off the ground. You will have to rework your website many times during the operations of your digital product marketplace. So we are not looking for the perfect solution, we just need something to start with and which makes your marketplace presentable which will lead to attracting customers and vendors.

4.3 Essential EDD Plugins for your Digital Products Marketplace

So after you have selected your WordPress theme, we need to install several specific plugins of importance to operating a marketplace.

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[33] *https://www.pluginsandsnippets.com/933/the-best-converting-easy-digital-downloads-wordpress-themes/*

4.3.1   Frontend Submissions (FES) Plugin
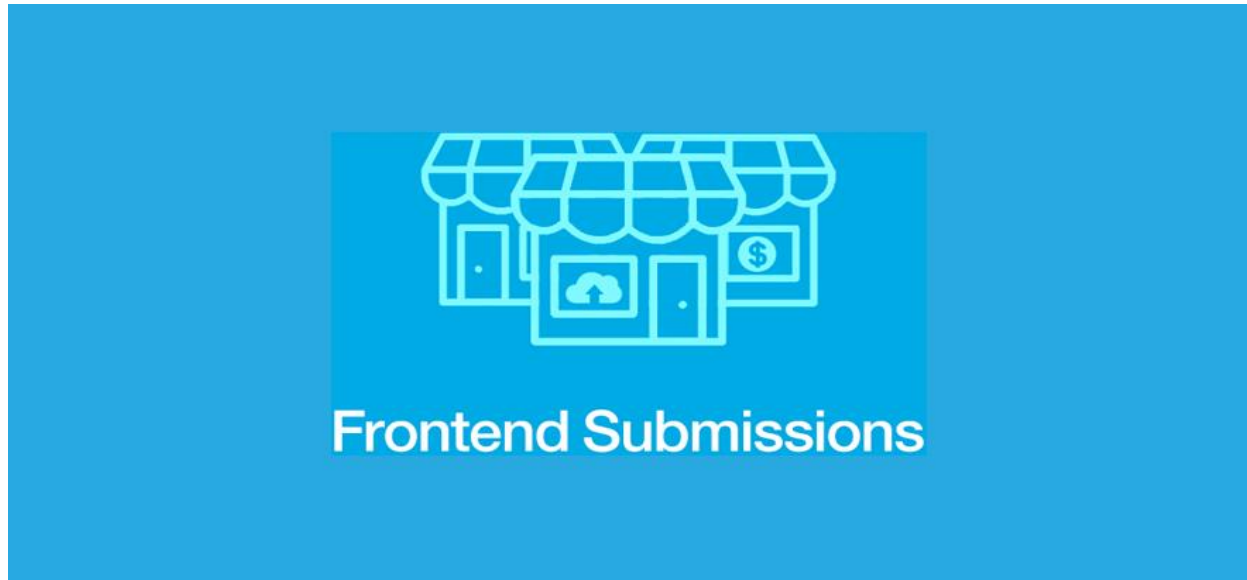
Frontend Submissions[34] provides a full-featured front-end package to turn your Easy Digital Downloads powered website into a complete multi-vendor marketplace. It allows you to accept download submissions from third-party authors or vendors and allows them to list their products in your Easy Digital Downloads webstore. This is how the digital marketplace is created:

Here are the features of the Frontend Submissions extension:

- **Vendor registration page** – a shortcode which allows you to create a form to accept applications from third-party vendors. The form can be easily customized and you can choose which fields are required and which ones are optional. Add additional registration fields as needed.
- **Vendor Dashboard** – a set of pages where third-party vendors can add, edit and administer their products. Only vendors will have access to this dashboard while for all others it shows a vendor registration form.
- **Integrations** – FES is well integrated with other extensions such as the EDD Commissions extension to allow store owners to easily track and record vendor commissions on products sold in the marketplace. Further integrations include reviews, bookings, messaging system, etc.
- **Backend Tools** – FES plugin allows you to run and administer your marketplace as you like. You can either automatically approve all vendor applications or implement a strict vetting process with approvals required on all stages with vendor and product moderations to ensure a high product quality of your digital product marketplace.

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[34] https://easydigitaldownloads.com/downloads/frontend-submissions/

By using the FES plugin on top of your EDD plugin, you can build a store where vendors and creators can sign up, list their products for sale, and manage their own accounts, all from within your WordPress website.

In order to setup Frontend Submissions extension, you will need to upload and activate Frontend Submissions just like any other WordPress plugin. Afterwards work your way through the settings and configure them as it best fits your marketplace concept.

4.3.2   Commissions
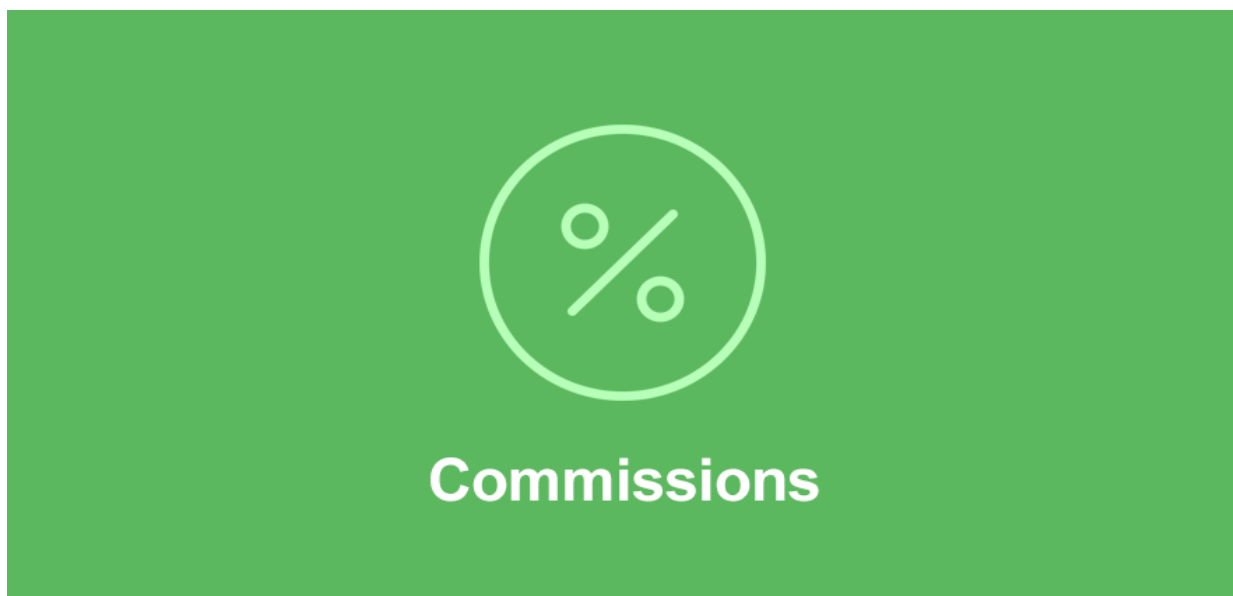
Commissions[35] is the extension you need to administer the revenue split between your platform and third-party vendors. The way it works is that you need to define the percentage of sales (the commission) your third-party vendors get on every sale on this platform. For digital product marketplaces, commissions should be between 70% and 90%, meaning you keep 10% - 30% of every sale as income for operating the digital products marketplace.

Here are the Commissions Extension features:

- This extension allows you to easily record user commissions when a sale is made.
- Enables you to split revenues between multiple users and vendors.
- Has the ability to generate a CSV file of all unpaid commissions, or unpaid commissions over a specific date range that you can then upload to PayPal's mass payment system, or use to process the commission payouts however you wish.

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[35] *https://easydigitaldownloads.com/downloads/commissions*

- New commissions-paid-per-month graph on the Reports page that allows you to see exactly how much you are paying out in commissions over time.
- Also includes several shortcodes to better show and explain the earned commissions to your vendors.

The Commissions add-on is often paired with Frontend Submissions, but it can also work perfectly on its own. Commissions can be paid to any WordPress user at either a flat rate or a percentage of the sale.

Here's the general workflow to implement commissions on your digital product marketplace:

1. Install the Commissions extension and activate your license key.
2. Configure all settings under Downloads → Settings → Extensions → Commissions
3. For every download product page, you will need to set the applicable commission rates and specify to whom it shall be paid
4. Unless commissions are not paid automatically via the PayPal adaptive payments plugin[36], you will need to manually pay commissions to vendors on a regular basis (e.g. monthly or weekly).

4.3.3   PayPal Adaptive Payments

PayPal Adaptive Payments[37] is a key plugin to use when running a multi-vendor marketplace as it automatically splits payments received between you and third-party vendors. This way, it avoids a lot of administrative work as the payment of third-party revenue can be done instantly and it saves significant time. This plugin is a tested and true time-saver for all multi-vendor Easy Digital Downloads stores.

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[36] *https://www.pluginsandsnippets.com/downloads/edd-paypal-adaptive-payments/*
[37] *https://www.pluginsandsnippets.com/downloads/edd-paypal-adaptive-payments/*

The plugin connects Easy Digital Downloads to the versatile PayPal Adaptive Payments gateway. With the PayPal Adaptive Payments gateway integration, you can easily split payments with up to 6 different receivers at the same time. You can set each receiver up with a specific percentage of the payment within the settings for this gateway. Also, you can determine whether you would like to use chained or parallel payments.

We do really like to recommend you to use the PayPal Adaptive Payments Plugin and benefit from its very helpful and straightforward features. We have customers who spent lot of time executing payments to vendors manually every month, and is simply a lot of work which you do not need to do if you have an automated solution. PayPal Adaptive Payment Gateway[38] is not actively promoted anymore by PayPal and you will need an approval from PayPal before you can implement it. Nevertheless, we recommend using it as it saves a lot of time and as far as we are aware PayPal still accepts new users into its program. You just have to ask.

4.3.4   Product Reviews

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[38] https://developer.paypal.com/docs/classic/adaptive-payments/integration-guide/APIntro/
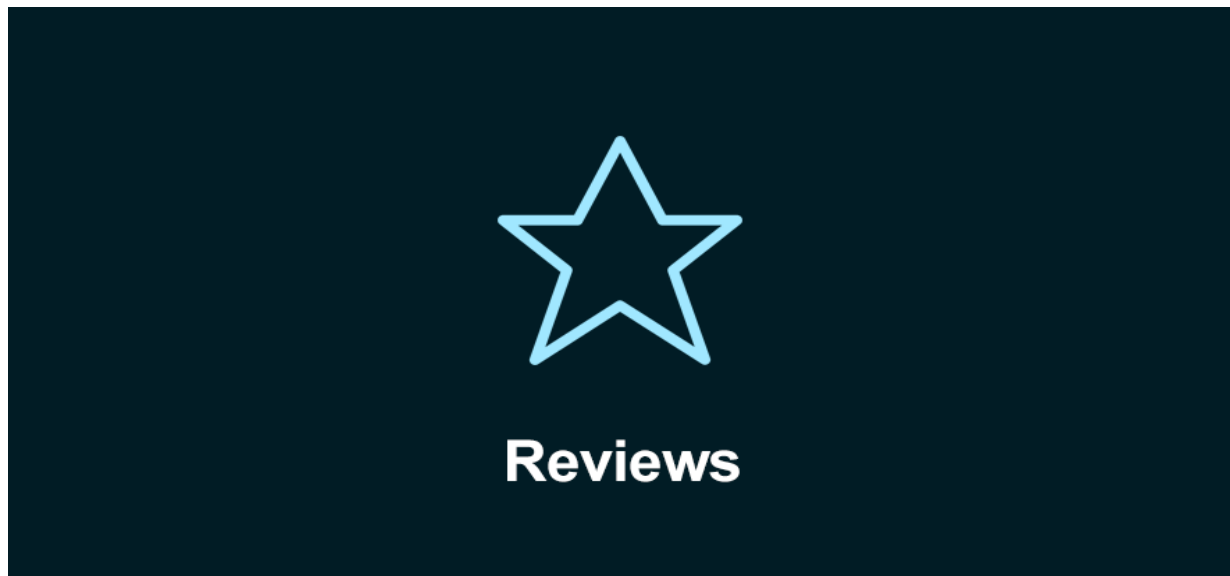
The Reviews[39] plugin from Easy Digital Downloads makes it quick and easy for your visitors and customers to review the products offered on your website and leave a rating.

Here are the features of the Review Extension:

- Customer reviews can be enabled or disabled on each product individually and options are included to control exactly who can leave reviews on products.
- Can be limited to verified customers, logged-in users, or even left open to everyone to provide a review.
- Store owners are given a complete management interface for moderating, approving, deleting, and replying to product reviews from within the WordPress admin area.
- Includes an option to incentivize customers to leave reviews by automatically sending the customer a discount code after a review is submitted.
- Request a review which help encourage customers to leave reviews on products they purchased.

In order to setup Reviews extension, you will need to upload and activate Reviews just like any other plugin. Afterwards configure Downloads → Settings → Extensions → Reviews.

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[39] https://easydigitaldownloads.com/downloads/product-reviews/

5 How to Source First Vendors for Your Digital Product Marketplace

After you have successfully set up your digital product marketplace and installed all specific plugins needed to serve your marketplace purpose, next essential step to take is to be able to fill up your catalogue with products, but how? The answer is, we first need vendors to get onboard with us. It wouldn't be a marketplace if there were no vendors. This means we will have to organize our first vendors who will contribute the digital products for sale on our marketplace.

From where can you now obtain first vendors willing to sell their products with you? Based on our experience, you can try several things.

5.1 Create your Own Products

Many times, marketplace owners get started by selling their own digital products first. This is the best way to get your digital product marketplace filled up with products at the beginning and especially you will have something to show to your first visitors, specifically customers and future vendors upon landing on your page.

It is an advantage on your part to establish first a good business experience with customers, and more proof of sales to get new vendor signups. This builds trust and confidence for your vendors that may afterwards contact you to work and join your digital product marketplace.

5.2   Partner with Vendors You Know Personally

The next place to look for vendors is to speak with potential vendors who you know personally and who trust you. Normally these are friends, partners, former work colleagues or other acquaintances that you already know and who are working in the same field so that they might be interested to sell their own digital products via your new marketplace. All you need to do is to put live a first version of your digital product marketplace, then you can simply reach out them and invite them to give it a try. Be aware, getting listed on your marketplace might just not be a top priority for them, so you need to be prepared to do several rounds of follow ups and show some persistence until they are motivated to list their products with you.

5.3   Reaching out to Potential Vendors

Once you have exhausted your personal network you will have to find new parties who could be interested to sell their products via your digital product marketplace. In that case you will have to reach out pro-actively to potentially interested vendors and invite them to join your digital product marketplace.

Below we present a direct method how to do this which can be executed in a cost-effective way.

5.3.1   Researching a list of Potentially Interested Vendors

Your first task is to research a list of potentially interested vendors. This requires that you first come up with a target profile with the characteristics such parties should have.

- Who would be interested to sell their templates via your platform?
- Why would they be interested?
- Where can you find such parties?

Your target vendor profile may consist of individuals that are also new in the digital product industry, work as freelancers and require some help as well to get started and have their products and services advertised. However, identifying those people is somewhat more challenging.

Try searching on search engines, social networks such as Twitter[40], Facebook[41], Pinterest[42] and LinkedIn[43] to identify these people? Who tweets about the topics which will be covered by your digital product marketplace? Who posts on Facebook on related matters? Who writes articles on LinkedIn and fits the desired target profile? If you search for target keywords who does show up in Google or LinkedIn? You

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[40] https://twitter.com/
[41] https://www.facebook.com
[42] https://www.pinterest.com
[43] https://www.linkedin.com

can also hire a data research services company or Freelancer to get this information for you, but this will likely add significant costs to your search. You will need to compile a list including the social media profile of potential vendors, their company and contact information.

LinkedIn is usually used for building and maintaining professional relationships. However, it can also be used for building up a targeted prospect list. If you're searching for individuals, you can look through your first-degree connections' pages and note the "people also viewed" and "people similar to" sections on the right side of the page. Or simply search for people with the required attributes or industry experience on LinkedIn.

Another thing, if you have published a content or blog in your website, you are already building a targeted prospect list composed of your site's visitors. Post interesting, well-written, and shareable content to your site and social media accounts to gain followers and readers. Then, you can have visitors sign up to join your mailing list. At this stage, have them input their information so that you can add them to your prospect list.

Try to do your research well, so that you have a high chance that the people you approach later on actually will be interested in your digital product marketplace offering.

5.3.2   Connecting via Social Media

Once you have researched and built a first list of target vendors potentially interested in your digital product marketplace, establish a connection via social media. Follow them and regularly check in to follow important discussions. On most some platforms they will be notified that you followed them and they might be interested to checkout your page. Therefore, ensure that you have social media profiles up and running and also ensure there is short but precise information in there what you are doing and what benefit it offers. You might be surprised it actually works and can bring quality vendor prospects on your digital marketplace as these people themselves are always on the lookout for new sales channels and for new ideas how to do things.

5.3.3   Using Cold Emails

You could either call potential vendors or send them a cold email to take your vendor outreach to the next level. You most likely will find out that it is very costly and time-consuming to call all your prospects individually. Therefore, sending a cold email can be a much more efficient approach and also you can better keep track of how many emails you sent and what was the response rate.

We therefore suggest sending your target prospective vendors a cold email with an invitation to try your digital product marketplace. Here there are important aspects to consider when using this approach:

- **Don't use an Email Service such as Mailchimp** – Services such as Mailchimp will not be of great help since they do not wish to send out unsolicited mass emails. They have to protect their reputation and in case recipients should complain they will ban you from using their service. Don't get us wrong, it's not like that intentionally try to spam people but at the beginning you will have no other choice other than hassling until you get first vendors onboarded. You will have to push for it and fight to get new vendors.

- **Don't send from a Gmail address -** Never send cold emails from a Gmail address as it would look unprofessional and provides an impression that you are not fully setup and ready. Only send cold-emails when you have a proper email address on your own domain available. **Send from your own domain**.

- **Introduce yourself** – State who you are and why you contact them. Also include proper contact details as a signature at the end of the email. Make it easy for your prospect to contact you back.

- **Keep it short -** Nobody bothers to read long emails from sources they don't know. Therefore, keep it short and get straight to the point. The shorter the better. Your cold email should use max 1/8 or ¼ of a page and just cover the necessary.

- **Write authentic -** People are more interested to read through something that is not clearly a pure advertisement or marketing email. You must write like you are just simply conversing with a friend or a colleague but in a professional and polite manner. This is the best way to build a good connection with each other.

- **Give them a reason to join** – Why should they sign-up as vendor on your marketplace? What can you offer what other platforms cannot? How can they benefit? Try to answer these questions in your email.

- **Personalize what you can** – Lookup their websites once more, personalize each email as good as you can and send each email individually. You only have one chance to make a first impression and you need to show them that you have gone through their website/profiles and there is a valid reason to invite them to join your digital products marketplace. If you find a press release or article you can refer to, this is great way to justify your approach.

- **End with a question** – Your email should end with a call to action or an open question. This can e.g. be a call for a sign-up as vendor or a request for feedback. This question will also be the hook to inquire for an eventual follow up later on.

- **Follow up** – Be prepared that you will not get a response on the first attempt and it will require some persistence to get vendors onboarded. However, don't exaggerate in your follow ups. Once we were approached by someone who asked to offer his design services and kept writing us at least 5 if not 6 times. We were close of marking him as Spam in Google but then decided to respect his hassle and politely told him to stop. Be aware it is their decision if they like to respond or not. For most people, not replying means, they are not interested. Do maximum 1 or 2 follow ups by sending them a short reminder and asking for their reply.

- **Be thankful for any reply you get** – Any reply you get is a small win since somebody actually took the time to respond. Some replies might not be very favorable, people can be very direct in their critiques but this offers also an opportunity to learn first-hand where the problems are with your marketplace. Always thank people in person who replied for their feedback. Then go and take their feedback and see what you do to address it. Very often it is this process which leads you to discover new ways of doing things and actually helps you to improve your digital products marketplace.

You should try different wording and seek to optimize your cold email approach. You want to follow up without annoying your targets with daily blasts. If you haven't gotten any response to your cold email, go back, revisit the wording of the email and recheck again if the prospect truly fits the target profile you have in mind. Do the necessary changes, adjust your approach and keep trying again.

The truth is that it will require time and persistence to make this work. If done strategically, measured and optimized over time, you can see amazing results, even for high-end services when using the cold email approach.

6 How to Market your Digital Product Marketplace

Once your digital product marketplace has been launched, promoting your digital product marketplace is important for gaining the attention of future customers and prospect vendors. The process of selling and promoting digital products is quite similar compared to how you would sell and promote physical products on any eCommerce website.

Now, if you are looking for ways to effectively market your digital product marketplace, here are the strategies which should be tested.

6.1 Social Media Marketing

6.1.1.1

Social media refers to websites and applications that allow users to create and share contents as well as participate in social networking with other users. Different Social Media Platforms such as Facebook, Twitter, Instagram, Youtube and many other remains a very great way to establish your brand and build an audience. It also serves in establishing credibility if somebody does a background check on your marketplace. Your goal should be to build a community which is engaging with you and helps you to share your content via their social networks. Connecting via social media is also a great way acquire vendors and customers which will help you to market your digital products marketplace.

Keep in mind, depending on your target market, there will be different social networks of relevance. E.g. management professionals you most likely find on LinkedIn, developers there are many on Twitter and Youtube, etc. So try to figure out on which social media networks your target audience is most active and these should be the social media channels to focus on.

Social media marketing is an art by itself and there are many techniques and tricks to be mastered. Most important we find is to post regularly. For this you can use a service such as Buffer[44] which allows you to put your posts in a queue so that you won't forget to post at least once per day.

Normally the tasks then are to review your posts, compare to your competitors, research and learn what can be improved and implement it. The key performance indicators (KPIs) normally are engagement received, number of followers, retweets/reposts, shares, clicks which drive traffic to your website. This all needs to be monitored on a regular basis. So be prepared for a steep learning curve and lots of trial and error until you know how to master social media marketing for your digital product marketplace.

6.2   Content Marketing
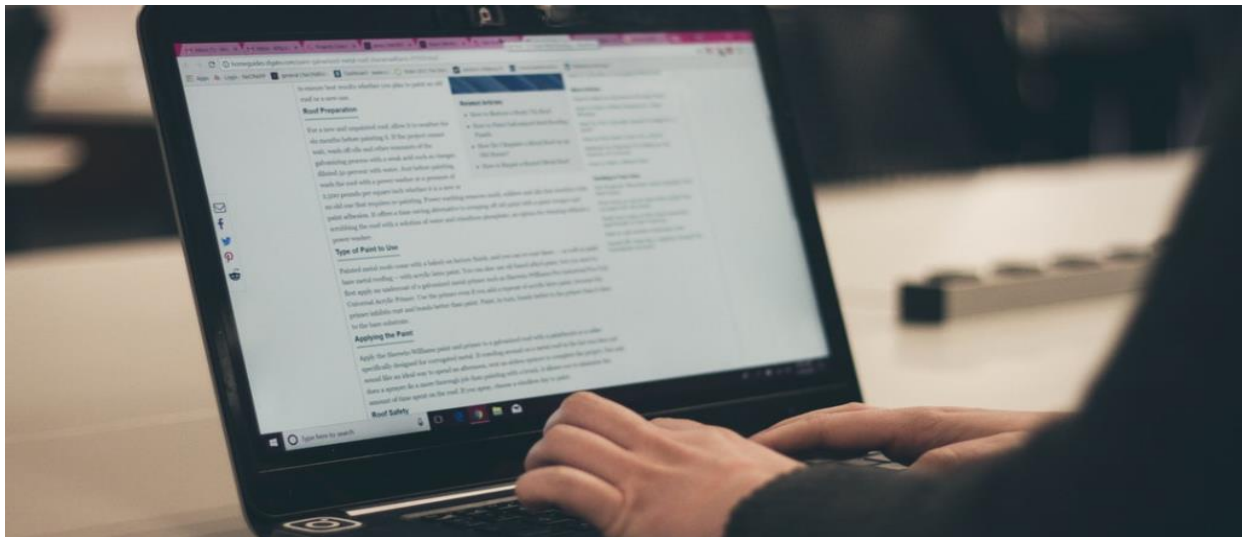
Content marketing is the process of creating online material (e.g blog posts, videos, infographics, GIFs, images, etc.) that is of interest to your target audience such as your customers and vendors and gives them a reason to visit your homepage.

The goal is to create content that will promote brand awareness, demonstrate problem solving capability, triggers audience engagement and establishes connections to acquire new customers and vendors as well as create loyal customers. How can this be done? You need to create content which demonstrate topic leadership, provides insight and helps your customers and vendors to solve their problems. The content creation should follow the line of your digital market place concept but should also focus on the target keywords you researched in preparation and where you know it will be possible to attract some search

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[44] https://buffer.com

traffic from these keywords. Once the content is created, try to share as much as possible via your social media channels.

6.3   Search Engine Optimization (SEO)

Search engine optimization (SEO) refers to the process of optimizing your website to be found by search engines. The objective is to rank on the first page such as Google, Bing or Yahoo when somebody enters a keyword in the search bar. The result will be that you will be getting free traffic from organic search results via the search engines as you will improve your website position in Search Engine Results Page (SERP).

There are two sides to any successful SEO approach SEO has two techniques to improve website position, On-Page SEO and Off-Page SEO.

6.3.1   On-Page SEO

This refers to all the optimization tasks that we do on our website such as optimization of text titles, meta descriptions, page titles, contents, image optimization by adding alt tags and descriptions, checking keyword density in text, internal linking, creating sitemaps, ease navigation, reducing page load times and many more tasks. Overall, on-page technique aims to structure and present your website in a search engine friendly manner.

This is also an essential part of marketing and you want to make sure that both your site and all of your individual product pages are fully optimized for the exact keywords your audience is searching for.

The bottom line is the content you have created is only useful if people can find it in the search engines. For that reason, you will need to optimize all your pages to make them SEO friendly[45]. This is a very important task and to be done before even thinking about working on Off-page SEO link building.

6.3.2   Off-Page SEO

Off-page SEO refers to all the activity that happens away from your website to raise your site's rankings. Building quality backlinks is at the heart of off-page SEO. Search engines use backlinks as an indication of the linked-to content quality, so a site with many high value backlinks will usually rank better than an otherwise equal site with fewer backlinks.

Working on creating quality backlinks will help to move your rankings up in search engines, so you can get more visibility and attract visitors to your marketplace who will find you through organic search. There is a kind of debate which activity is more important, on-page or off-page SEO. To us it looks as you will have to do both. We had cases where building backlinks first did not work but as soon as quality content was created, the number of visitors skyrocket. In other cases, there were good articles out but still no visitors. Our recommendation is to work with an SEO expert and they normally tell you to work on both.

These are some strategies you can use to obtain backlinks for your digital product marketplace:

- **Forum Discussions**

   Start talking about subjects and join relevant discussions about your niche topic. Keep an eye out for any news articles, or interesting opinion pieces to share in tweets and posts. Don't be afraid to join relevant conversations or to leave a comment on an article that you found really useful. In this way, you'll get yourself seen by wider audiences, particularly vendors who might be interested to work with your digital product marketplace and afterwards refer to you in their forum or website. Definitely a great way to promote what important features your marketplace can offer to your vendors as well as obtaining backlinks in the process.

- **Blogger Outreach**

   Bloggers and Influencers have a huge following, massive reach, and loyal audiences. Hence, if you want to spread your digital product marketplace, it is advisable to collaborate with relevant and trustworthy influencers to vouch for you. You can also directly approach those relevant blogs of such personalities. They are always on the lookout for new things to talk about. If your page is highly relevant to their audience, they may be interested in featuring it in a post or provide you with a guest post opportunity.

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[45] *See https://www.pluginsandsnippets.com/1907/how-to-prepare-a-seo-friendly-landing-page/*

If you have created any kind of content which is worth to be shared, then don't hesitate to reach out to influencers in your industry. Tell them to check your blog and ask for backlinks from their blog. Make sure you get the links from the relevant domains.

- **Guest Blogging**

  Guest blogging is also a useful way to reach a relevant audience.

  There are a number of good and quality blogs that are open for guest post from various authors. Write an amazing research piece and reach them with the content for guest post. Don't focus on quantity of links but rather focus the quality of the backlink. Also don't keep posting multiple times on the same guest blog site.

  Participating in industry blogs will help your name recognition and begin to build relationships with individuals who may link to you in the future.

- **Press Releases**

  Issuing a press release costs money but it can result in building a number of high-value backlinks in no time. Whenever you approach a newsworthy event, check if it might be a good idea to issue a press release. Press releases are very well indexed in search engines and in some cases can lead to a spike of traffic once they are issued. It's worth considering.

This are just some of the techniques which can be used to build backlinks. Feel free to talk with an SEO agency, they normally can provide you with additional options where to place backlinks and can also help you working on that.

6.4   Email Marketing

One goal of your marketing strategy should be to build up an email marketing list. An email marketing list can become a very effective tool of communicating with your audience and incentivize them to come back to revisit your website.

The first step in setting up your email marketing program this is to setup an onboarding process. Mostly this can be done by adding a subscription offer at the checkout page to stay updated on news and product updates. In Easy Digital Downloads this can be done by installing the Mailchimp plugin[46]. Another way is to add a widget or a popup window with subscription suggestion on your website.

Email newsletters should be sent on a regular basis (e.g. monthly) but also not overdoing it as otherwise unsubscribe rates will become high.

For digital product marketplaces here, some ideas what to put in your newsletters:

- Present new products
- Summarize new blog posts or research articles you have written
- Present select vendor achievements or story
- Present customer showcases and how your marketplace could help them
- Introduce new features of your marketplace
- Ask for user opinions on topics of interest

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[46] *https://easydigitaldownloads.com/downloads/mailchimp/*

The content should be useful, helpful and aim to trigger engagement (or reactions) among your audience so that you can build a more personal relationship. It is kind of like you are building a family. Open up about what your business is doing, introduce new features or products, and be transparent about your company. You want to relate to your customers and vendors on a level that gauges their interest and keeps them engaging with your emails. Especially vendors want to see that you help them market also their products and services in a constructive and professional way and a newsletter is a good way to remind them.

Another component of your email marketing strategy is to regularly review and compare important metrics. Such are e.g.

- Open rates
- Click-through rates
- # of Orders
- Sales attributed to each newsletter
- Average order value

Only by tracking and comparing your newsletter results you can figure out how to make your email marketing campaign more effective and which changes lead to best results among your audience. In modern newsletter software such as Mailchimp[47] you can also run A/B tests to find out what works with your audience and what doesn't. You also want to know how much traffic could be generated from your newsletter, therefore a great tool that can help you with this is Google Analytics[48], which is a free solution that gives you useful traffic and conversion data about your email marketing efforts.

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[47] https://mailchimp.com
[48] https://analytics.google.com

6.5   Affiliate Marketing

Affiliate programs are more difficult to setup for a digital product marketplace. The reason is the following: For many digital product marketplaces product prices range below $100, in most cases actually even below $50. If you sell a product at $50 it means that 80% of the revenue goes to the third-party vendor and only 20% ($10) stays with you. From this $10 of income you will still need to pay all the marketing and operating costs of your platform.

A good affiliate program pays between 25% to 50% of the ticket price to its affiliate marketers. As you can see above this won't work here as you yourself will not earn enough income to pay that. All you can do is to pay affiliate marketers a percentage based on your commission of 20%, therefore reducing the absolute amount you can offer to affiliate marketers down to maybe $3 to $5 per sale in above example.

Affiliate marketing programs are of special interest to bloggers who write about a certain niche and who can bring traffic. However, they will select the affiliate marketing programs which provides them with the highest income and there as a digital product marketplace where you actually only earn a 10% - 30% commission you will have a hard time competing with other affiliate programs which might offer a much higher commission in absolute terms to affiliate marketers.

When you do a research on the internet it is also hard to find an example of a well working affiliate program for a digital product marketplace which offers attractive incentives to bloggers and demonstrated that it can attract backlinks from quality bloggers.

We therefore have concluded that implementing an affiliate program for a digital product marketplace is not the best strategy to use. The point is rather spending time in figuring out how to make an affiliate

marketing program work for a digital product marketplace, better invest the time in optimizing other marketing activities which show better prospects of achieving results.

6.6   Paid Ads

Paid ads, or Pay-per-click advertising (PPC), is one of the most accountable forms of online advertising, and it can boost qualified traffic to your ecommerce site in the minute your ads go live. Spending money on paid ads to get traffic to your digital product marketplace is a no-brainer by itself. The two most known places to put those ads on the internet are Google Adwords[49] (shows the ads on Google Search Results Page) and Facebook Ads[50] (shows the ads between user's posts).

Now where it becomes **really tricky is to answer the question, if using paid ads is a good strategy for a digital product marketplace or not**.

Unlike organic traffic, paid ads cost you money. As long as you have a budget and can afford to spend money on paid ads you will receive traffic (but not necessarily sales). As soon as you stop the ads, the traffic won't arrive anymore. Therefore, it **is not a sustainable way of getting traffic** and it must be treated as a campaign project which needs careful monitoring and oversight rather than a steady source of traffic.

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[49] https://ads.google.com
[50] https://www.facebook.com/business/ads

As we mentioned above, receiving traffic is not the same as receiving sales. We therefore need to compare the costs of our paid campaigns vs. the revenues we can get from the paid ad campaigns. The way to do this is by comparing the **Customer Lifetime Profit (CLP) vs. the Customer Acquisition Costs (CAC)**.

Below we present an illustration of the required analysis which needs to be performed ideally for every online ad campaign you are running.
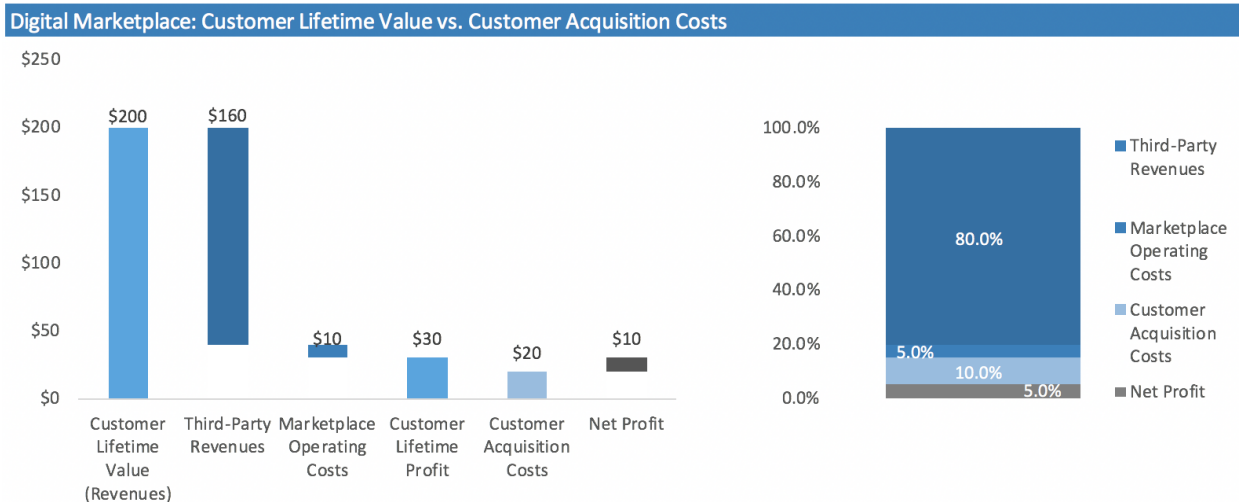
Figure 5 - Digital Marketplace: CLV vs. CAC, Source: www.pluginsandsnippets.com

The elements of our analysis are the following:

- **Customer Lifetime Value (Revenues) (CLV)**: This is an estimate based on sales data obtained from our digital product marketplace how much revenues can be obtained from a customer during his lifetime. It should include also repeat purchases. So let's say you know that on average 1 customer spends $160 per purchase and you can expect him on average to purchase 1.25x times, then the average Customer Lifetime Value would be $200.
- **Third-Party Revenes :** As a digital product marketplace operator, the majority of the money received from each customer will go to respective vendor. Here we esimtate this to be 80%, ergo $160 from the Customer Lifetime value of $200 will have to be paid to third-party vendors, therefore leaving us with $40 gross profit (over its lifteime) per customer on average.
- **Marketplace Operating Costs:** We will also have to spend money for the operations of our online marketplace, especially technical costs such as hosting, software, but also staff and overhead. Marketing costs we deduct only selectively and we have to exclude the marketing costs for paid ads in our analysis here. Lets says we estimate the operating costs to be at ca. 5% of revenues on average or $10 per customer over its lifetime.

- **Customer Lifetime Profit (CLP):** Subtracting all lifetime costs from the customer lifetime revenues leaves us with a 15% profit margin or $30 average profit per customer.
- **Customer Acquisition Costs (CAC):** We know check the costs of our latest paid ad marketing campaign and recalculate how these costs relate with respect to the number of new paying customers obtained through these campaigns. Basically, the CAC can be calculated by simply dividing all the paid ad costs spent on acquiring more customers by the number of customers acquired in the period the money was spent on paid ads. For example, if a company spent $1000 on paid ads in a year and acquired 50 paying customers in the same year, their CAC is $20.
- **Net Profit**: We now compare the Customer Lifetime Profit vs. the Customer Acquisition Costs where we want to see that we actually make a profit and not a loss.

This is a very important analysis to perform on your paid ads and the implications are significant:

- **Negative Net Profit:** If your Net Profit is negative, it means the profit you can gain from these customers will never cover their costs. This means you are pumping money down the drain. All you do is creating losses. Therefore, the course of action here is to stop the paid ad campaigns.
- **Positive Net Profit:** In this case this is good news. Every $ you spend on paid ads results in a positive net profit. Therefore, by increasing your paid ad budget you should be able to generate more profit. This now becomes very interesting because that's exactly what you have to do: **spending more money on paid so that you can achieve higher profits.** Now spending money on paid ads can basically turn into a **profit printing machine** which makes this marketing strategy very **scalable.**

In reality the limitations of above analysis will be in case the customer lifetime revenues are spread out with majority being obtained in the far future rather than in the next days or months. In that case you will have to wait a long time for the money coming in and you will run into a liquidity issue as you have to spend money on paid ads while have to wait for the revenues to materialize. In that case you should amend above analysis and should consider only revenues, costs and profits which can be obtained in a short time period such as a month. By comparing short-term profits obtained from new customers to their Customer Acquisition Costs can even tell you better if you should continue spending money on paid ads or not.

For digital product marketplaces, profit per customer is low for the reasons already mentioned in the chapter for affiliate marketing. For products selling at a $50 price pint, customer lifetime profit to the marketplace operator might be in the 10% range, therefore leaving only up to $5 profit per customer.

If you compare this to the costs of an average cost per click campaign where you can convert 2.0% of visitors into customers on your website this implies you can spend maximum $0.10 per click ($5 * 0.02) on Google or Facebook ads. On Google you will see that most keywords have higher cost per click while

on Facebook ads you can only achieve these low costs per clicks if you truly are creative with your ads (Facebook offers better prices for engaging ads).

So are we saying paid ads won't work for a digital product marketplace? No, the answer is it depends and it needs to be analyzed. It's easier to run paid aids if your digital product marketplace sells products with higher price points. If you sell items with lower price points then it's more difficult justifying paying the requested cost per clicks.

So we hope we could show you that above analysis is crucial to understand whether to go ahead with paid ads or not and what type of analysis is needed to figure it out.

7 How to Operate your Marketplace?

Now that we have successfully set up our Digital Product Marketplace and have started with vendor onboarding and get going with our marketing efforts, we need to focus our attention on the operations of our digital product marketplace.

There are actually a lot of different elements that we need to keep on our radar, constantly observe and work on in order to enhance and improve our digital product marketplace on an ongoing basis. We don't settle for what we already have on our plate, but instead, we find new ways in order to enhance our marketplace and make it more useful to our stakeholders which are our customers and our vendors.

In the following we touch on important topics to work on and which require ongoing attention when operating a digital product marketplace.

7.1 Sales Optimization

Normally the main goal of your digital product's marketplace will be the maximize sales and profits over the long-run. In eCommerce sales are determined by the following components:

- Number of Visitors (#)
- Conversion Rate into Paying Customers (%)
- Orders per Customer (#)
- Average Order Value ($)

The relationship is shown in the following graphic as well:
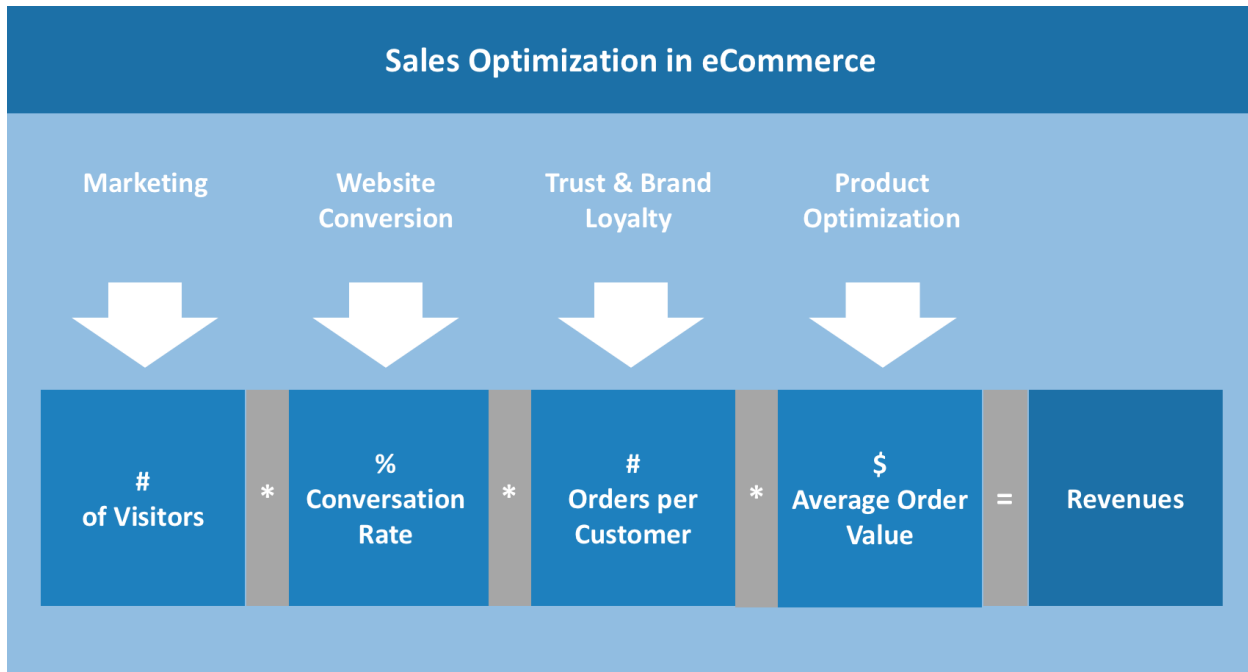
Figure 6 - Sales Optimization in eCommerce, Source www.pluginsandsnippets.com

This means you can maximize revenues of your digital product marketplace when you seek to maximize each of the 4 revenue drivers:

- **Number of Visitors** can be maximized through creative and professional. We already covered a number of common marketing strategies in the previous chapter 6 as you already will have needed them to get your marketplace going.
- **Conversion Rate** depends how well you can manage to convert visitors to your digital products marketplace website into paying customers. This mainly depends what type of market niche you are servicing and how well your website and processes are designed.
- **Orders per Customers** depends how well you manage to get existing customers to revisit and re-purchase from you. This is mostly a question of customers trusting you and the brand loyalty you can establish.
- **Average Order Value** mostly depends on the price point of your products, the quality of those and how easy/difficult it is to sell them.

In the following we will review the strategies you can apply to maximize each of the revenue drivers for your digital products eCommerce store.

7.1.1   Conversion Rate Optimization

The conversion rate for a digital product marketplace is mostly determined how well your website is put together. Below we have listed some key elements which will require optimization to increase your conversion rate:

1) **Navigation:** Customers need to see a clear and simple structure what products you offer and how your digital product marketplace works. The navigation menus should offer quick access to relevant categories so that customers easily can orientate and find the products they are interested. For multi-vendor marketplaces, proper page navigation is even more important as the product inventory can become quite large.

2) **Easy Search:** Website needs to have a good search function which leads customers to the relevant products and category pages.

3) **Product Pages:** On the product pages your customers will mostly make the decision to purchase or not. There are two aspects to this:
   - The layout and product presentation needs to be professional. The page should have a clear structure, use high-resolution images. You will also need to check that the buttons are working properly and that you can "push" users to the checkout page.
   - The content and the product descriptions need to be fair and quite detailed. Customers want to know what they are going to buy, otherwise they will not purchase from you. For a digital product marketplace, this also concerns how you get your vendors to present their products in the best possible manner.

4) **Reviews:** Having reviews shown on your product pages adds trust and credibility. Here you will need to make sure that product reviews are authentic and genuine. Don't go for fake reviews as customers will notice this sooner or later, especially as you will run out of fake reviews when your digital product marketplace has more products to list and scales up. The review part of your store starts with implement a solid system how to collect reviews and you will also need a moderation system. Because you'll going to have multiple sellers, customers need to be able to easily review them and their products so that sellers can establish a reputation. This way, customers can easily distinguish sellers and their products amongst all other in your marketplace.

5) **Customer Support:** The basic customer support needed is an email address where customers can write to get some help. Important is to ensure the customer receives a reply within a useable time period (normally 24 hours). Implementing a live chat system has become one of the best practices for any website when aiming to provide great customer support. It is vital for these websites to have

a section so that users can get help for a particular query related to platform's functionality and other related stuffs. An add-on feature to this section could be to have a contact customer support via chat. Incorporating this feature in your digital downloads marketplace will lead us towards optimal results.

6) **Website Speed:** As per Neil Patel, 40% of users abandon a website if it takes more than 3 seconds to load**,** a 1 second delay in page response can result in a 7% reduction in conversions[51]. This is truly an amazing fact found by the research of leading internet marketers. For digital product marketplace owners this means there is money on the table. Try to get your pages to load within the 3 seconds and give your customers no reason to leave your website. Providing a smooth and fast user experience adds to website conversion and to your bottom line.

7) **Checkout Page**: For any eCommerce store the checkout page is very important. Same is true for a digital product marketplace. You will need to design your checkout page in a way that it increases the probability that the intended sale actually comes through. There are various techniques for this by removing everything which could distract customers and make them leaving the page, minimizing the number of input fields to enter, etc. If you want your users to register first, you will also need to come up with a mechanism that customers can use the logins from their social media account as this is easier for customers and avoids work. Another technique is to use a tool such as Inspectlet[52] to review how customers interact with your page and remove anything which could create obstacles or problems for them.

8) **Recovering Abandoned Carts**: Abandoned carts are orders already entered on your checkout page but where for whatever reason the sale did not came through. They are so called "warm leads" as there must have been some kind of purchase intent and these customers are close of actually pulling the trigger. Therefore, one established strategy used in any eCommerce store which should also be considered for your digital product marketplace is to implement a system to systematically follow up and trying to recover abandoned carts. In Easy Digital Downloads there exists a variety of plugins[53] you can use. The way they work is that they send out an email follow up series, typically 2-3 follow-up emails during the course of up to 5 days by telling the customer that his cart would still be saved and by offering a discount when the customer decides to follow through with the purchase. When you seek to optimize conversation rates, you will have to evaluate implementing such a system as well as otherwise you would leave money on the table.

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[51] https://neilpatel.com/blog/loading-time/
[52] https://www.inspectlet.com/
[53] See e.g. https://www.pluginsandsnippets.com/downloads/edd-mailchimp-abandoned-cart-wordpress-plugin/

9) **Vendor Onboarding Process**: For digital product marketplaces, there is a big chance that some of your vendors will first have been your customers before they figure out that actually they could become a vendor and start selling products themselves. So your job as digital product marketplace owner is to identify customers who could be interested to become a vendor and motivate them to list their products on your platform. Third-party vendors need to be able to easily register and create their own product listings in no time. If it's difficult for vendors to register and list products, they won't waste their time and might just go somewhere else. They also need their own shop pages to perfectly showcase their product listings in the best possible manner.

For sure there are even more strategies and techniques how to improve conversion rates. If you know more of such techniques we are eager to hear and learn from your experiences as well.

7.1.2 Number of Orders per Customer

The number of orders per customer mostly depends on the type of customer loyalty you can create to get your customers to revisit your marketplace and purchase additional products.

The following factor affect customer loyalty:

- **Trust & Credibility** are a prerequisite for creating any type of customer loyalty. Credibility will be needed to get customers to do their purchase while trust will even be more important for repurchases. How can you create credibility? – By avoiding everything which would make your marketplace look incredible. E.g. on your website, your digital product marketplace should show a professional layout, show ratings and reviews from other customers, use well-known payment gateways which can be trusted (e.g. PayPal or Stripe). Also, you should be present on all relevant social media channels for this group having adequate number of followers and posts.

- **Brand:** Having a strong brand is essential if you want your customers coming back. Therefore all your marketing activities should aim to support building up a strong brand.

- **Quality of products:** The better your products solve problems for your customers the more likely your customers will revisit your marketplace since they know they can find a solution for their problems on your marketplace. For a digital products marketplace, the quality of products mostly depends on your vendor management (see chapter 7.2). For digital products design – apart from functionality - is an essential factor when determining product quality. So the better your vendors understand these factors, the better and unique products you will get listed on your marketplace.

- **Follow up Strategy:** You will need a solid follow-up strategy to stay in touch with your customers. This mostly will require setting up email automation series to systematically follow up on customers' purchases, new vendor onboardings and providing useful product suggestions which might be of interest to your customers.

- **Customer Service:** Some companies are famous for poor customer service and customers seriously will consider going somewhere else unless they absolute have no other choice. Your customers will get back to you with questions, suggestions or comments. Make sure you have a process and resources ready to offer help to your customers. This might also include Live Chat. Offering Live Chat assistance can be essential to assist your customers with their purchase decisions and learn from them.

7.1.3   Average Order Value (AOV)

The average order value is the last determinant of your revenue number. Important here is to be aware that your product selection will set the stage for the price points you can offer. Simple products mostly will go for low prices, while more complex ones can ask for a higher price.

When selling digital products, we can group products by their price points:

- **Low Priced Products (USD 1–40 range).** For products priced within that range most customers can afford to buy and also take the risk that a purchasing can go wrong since there is not a lot of money on the table. These are mostly products which solve a simple problem or can be easily replaced by alternative products if something goes wrong.
- **Middle Priced Products (USD 40-100 range):** These products are still affordable to some groups but some customer groups will already think twice before ordering them since they don't want to take the risk that a purchase goes wrong. Here it will require you a bit more effort to sell them.
- **High Priced Products (USD 100 beyond) -** Such products are more difficult to sell, especially when the purchaser is an individual and not a company and as required budget gets higher. Therefore, the customers will be more careful in their analysis, ask a lot of questions prior to purchase but might also expect some support after the purchase. When there are a lot of technical questions, for digital product marketplaces you might also have the questions directly answered by the third-party vendors on your store. Furthermore, your vendors will have to spend more time in describing their products in more details.

Another strategy apart from product selection to bring order values up is by having your vendors creating product bundles. They will need to specify what products will be included in the bundle and how much discount is been given. **Product bundles** can offer an easy way to bring average order values up. This can be done by Easy Digital Downloads but you will need to work with your best-selling vendors on a 1:1 basis.

7.2   Vendor Management

Running a successful digital products multi-vendor store means keeping an eye on multiple vendors. Vendors come to your store with their own ideas, expectations, and ways of doing things. You have to gather these different vendors under one store.

Your job as a store manager is to help vendors sell as much as possible as easily as possible, while still retaining the ability to make important decisions about your store. This means making vendors happy while making yourself happy as the store manager.

Although at the end of the day the store is yours, you have a duty to your vendors to help set them up for success. If you can't manage everyone, certain vendors may fall through the cracks. Others may be disappointed in your store and flock to another. Both can result in lost revenue.

Now, we're here to give you some tips on how to manage and help your vendors earn.

7.2.1   Product Curation

Most digital product marketplaces will opt for curating all products they receive from vendors for the following reasons:

- **Avoiding Harm:** Digital products are subject to harmful code additions which might not be detectible by normal users. The worst what could happen is that any form of digital code or program harms customer's computers. Therefore, it is important to review each product and know the vendors you work with as otherwise the risk may get too high.
- **Avoiding Chargebacks:** In case product descriptions would not be accurate they will have a good chance of requesting chargebacks as payment gateway providers will have the last say in such cases. It is therefore in the best interest of the marketplace operator to ensure product descriptions are accurate to avoid problems later on. Especially products listed from new vendors will require a careful review.
- **Establishing a personal relation with your Vendors:** A product curation process will also establish a more personal relationship with your vendors. As the operator of a digital product marketplace, your vendors are not simply your sellers but rather they are your business partners. Some decisions that you apply in your marketplace may directly affect them. Their selling behaviors as well as their attitudes may indirectly affect you as well. That is why it is very important to establish a good personal relationship with them. Why not use product curation as one way to do this? Especially smaller niche marketplaces have an advantage here as they can afford to deal with their vendors on a 1:1 basis.

It is very rare to see a digital product marketplace which would not use a curation process to ensure a high-quality of products are listed on its marketplace. However, we are still checking for best practices how to do this. So let us know if you know any other good example which should be listed here.

7.2.2   Monitoring How Vendors are Doing

As the operator of your marketplace, you don't simply source vendors and let them be on their own selling digital products in your website. It is very important to also monitor how your vendors are doing. You should therefore run different reports from time to time to benchmark and compare your vendors to find out what works, what doesn't and what are the best practices that might help all the vendors to sell more.

If you find vendors who are underperforming, first, check vendor profiles if all necessary information is present in so that they will have a well-established identity that your customers may see and observe. Next step is to check their product listings. Are the product descriptions accurate and are the products well presented? In case of problems, does the problem lie with the seller or with your processes? Is it easy to list products? Are there enough information fields to completely present the products? You might as well enhance and optimize your webstore's navigation and experience which would definitely help your vendors get a sale.

7.2.3   Promote your Vendors on Social Media and your Blog

Advertising and promoting your vendors, along their products, in different Social Media Channels such as Facebook and Twitter can be a good way to get visitors and help your vendors with marketing their products. Remember, if your vendors earn, you earn, so it's in your best interest to help them market their products.

As part of your digital marketplace marketing campaign, writing blog posts about vendor products can help you to create additional content for your web page and offer your vendors another platform to market their products. However, make sure the articles to be published comply with the required quality standards you need to maintain for your blog.

7.2.4   Providing Vendor Resources

Working with vendors and helping them to market their products will become an ongoing task. As such you will need a process to help your vendors. At the beginning, vendors will have a lot of questions as they will need to understand how to work with your digital product marketplace and what they will have to do to earn money.

Therefore, in order to anticipate their questions, it is advisable to follow a pro-active approach. One way to do this is to send out a series of education emails to new vendors upon sign-up. The objective is to help vendors to complete their product listings and then in a second step motivate them to list more quality products on your digital product marketplace.

7.3 Building a Team

We all know that running a Digital Product Marketplace is tough. When you're starting out with your business, you will have to do all the tasks required. From running and managing your marketplace like updating and creating products, managing vendors, paying commissions, sourcing more vendors, managing promotions, customer support, handling social media accounts, SEO Management – the list of To Dos is endless.

However, as a business owner, it's better to spend your time doing what you do best – running and growing your company. But that's not to say the routine tasks and administrative duties aren't important because they absolutely are. So depending on your budget, you will have to consider hiring people. Normally you want to hire employees in a lean manner. So apart from hiring employees you have the following alternatives when hiring people:

- Hiring Freelancers on a Project by Project Basis
- Hiring Virtual Assistants
- Hiring Employees

We are just saying, especially when your marketplace is very new you don't want to incur large costs at the beginning and first test out if there is demand and interest for the products. So you should consider outsourcing tasks first on a freelance then to virtual assistants until your marketplace produces stable revenues and profits so that you can afford hiring employees.

7.3.1 Tasks you can Outsource

It is important to know what tasks you should outsource before you start building your team – including freelancers and virtual assistants who you can work with on a more permanent basis. So when considering to outsource tasks, look for manual, time-consuming work or tasks that are repetitive, can be thought to others and where you are better off using help rather than when having to spend the time yourself.

Here are some daily tasks you should consider delegating:

- **Customer Service:** Answering emails and phone calls from customers.
- **Social Media Management:** Creating content, responding to comments, and other community management tasks.

- **Research:** Vendor research, product research, benchmark comparisons
- **Store Management:** Reviewing product descriptions, managing vendors, tracking KPIs
- **SEO:** Off-page link-building
- **Technical Operations:** Website maintenance, SEO management and other administrative tasks.
- **Data-entry:** Bookkeeping or inputting data from different sources into a spreadsheet.
- **Etc.**

7.3.2 Hiring Freelancers

Giving project to freelancers offers a fully flexible way of getting stuff done while you don't have any further responsibility to them. Using freelancers as contractors has the benefit of getting help when needed and get things done. The disadvantage is only, you can only give them tasks where you don't have to spend much time training them.

- Fiverr.com
- Freelancer.com
- Upwork.com

7.3.3 Hiring a Virtual Assistant

A virtual assistant (VA) can operate anywhere in the world via the internet and assist you on a permanent basis. There are virtual assistants who work for a variety of clients and virtual assistants who work exclusively for one client. Here we are only interested in the later one as we want the virtual assistant to work exclusively with us. The reason is that if you work permanently with somebody, it's not smart to spend your time training them when they switch back and forth between different employers. What you want is to work with somebody well trained, familiar with your processes and able to offer effective help. In order that this can happen you need somebody who is committed and not distracted from short-term money making somewhere else.

Virtual assistants normally are generalists. So this means if you need their help to get something specific done, you will have to reserve some time training them. The goal is that they can help running your website, assume all daily tasks and therefore freeing up your time to focus on the more strategic aspects of your business that can increase revenue. That's why the first "employee" many ecommerce entrepreneurs hire is a virtual assistant: someone who can take on the daily tasks and processes that are important for running your business.

It is not that easy to find good virtual assistants at affordable rates, we therefore only recommend two places:

- OnlineJobs.ph

- Upwork.com

If you know of any other good place (but marketplaces, not companies offering their proprietary assistants), kindly let us know.

7.4 Tracking Key Performance Indicators (KPIs)

If you want to know how your digital product marketplace is doing, you need to keep track of your Key Performance Indicators (KPIs). This is an important step to take to ensure that you are not going off track.

A key performance indicator – also known as "KPI" is a type of performance measurement that communicates how well an organization or individual performs against their principal objectives. This is also like milestones on the road to online success. Monitoring them will help webstore owners identify progress toward sales, marketing, and customer service goals. Focusing on crucial KPIs for your store tells you whether your business is moving towards meeting your objectives. In short, KPIs are used to evaluate factors that are crucial to the success of an organization.

For most goals there could be many performance indicators — often too many — so often people narrow it down to just two or three impactful data points known as key performance indicators. KPIs are those measurements that most accurately and succinctly show whether or not a business in progressing toward its goal.

7.4.1 Why KPIs are important?

Key Performance Indicators (KPIs) reveal the most important metrics driving the success of your business and allow you to track their progress as you grow. By monitoring and measuring these indicators on a regular basis, those involved with the site can make recommendations for improvement based on actual data.

Tracking KPIs is important to monitor the effectiveness of your strategy and tactics and for creating a solid basis for decision-making later on. Without having KPIs at hand you'd be making important decisions based on gut instinct, personal preferences or beliefs, or other unfounded hypotheses. Also, when monitoring KPIs, very often you will have to ask yourself **the question "Why"** which will help you to guide you in the right direction to dig deeper into the data and find the root-causes which can help you in solving the problems you will encounter along the way.

KPIs tell you more information about visitors, customers, vendors, products and can help you to better understand your own digital product marketplace business.

Where possible you should also try to benchmark your KPIs with publicly available KPIs from competitors and compare them. This way you can also find additional opportunities where you can improve your digital product marketplace by learning from your competitors.

By following the KPIs you can also view if your actions are working by improving them or not. Identifying the relevant KPIs for your store, gathering the data and reviewing the results can take some time, but believe us, it is worth the effort and you will definitively need them when wanting to make your digital product marketplace a success.

7.4.2   Essential KPIs you should track

KPIs for digital product marketplaces are numerous to track but important is to focus on those where any change will impact the financial result of your business. Tracking should be done at least on a monthly basis or even a weekly basis. The advantage of doing a weekly tracking is that you will find out sooner in case of any problems and have more time to take actions. If you wait until month-end, you might find out that too late that were problems and it leaves money on the table. Below we present a selection of KPIs which will be useful to consider tracking on a regular basis for a digital product marketplace.

Website Traffic (Number of Visitors)

- **Website Traffic** - The amount of traffic your site gets can easily be monitored via Google Analytics[54]. There the two key metrics are number of unique visitors and number of page views you get within a specific time period. Another metric available in Google Analytics is the bounce rate, which is the percentage of visitors who leave your website immediately after arriving. When your bounce rate is very high, it can either indicate that you get traffic from poor sources or there is a problem with your website. Bounce rate is also an important KPI for organic search traffic because Google takes this metric into consideration when deciding how to rank your site. The challenge with Google Analytic figures is that their numbers include bot traffic. You will therefore have to install filters in Google Analytics to get a better grasp on the real number of visitors visiting your website[55].

- **Average Time on Site** – Another Google Analytics indicator which in most cases is available by traffic source. The more time somebody spends on your website, the more useful your marketplace is and the higher the likelihood that this customer actually will purchase something from your digital products marketplace. It tells you something about the quality of visitors or can help you to see whether your customers are engaged by the content on your site or not. When this metric is low, it can indicate issues with your navigation or landing pages.

- **Domain and Page Authority** - This is a search engine ranking score developed by Moz that predicts how well a website will rank on search engine result pages (SERPs). A Domain Authority score ranges from one to 100, with higher scores corresponding to a greater ability to rank. Best tool to track this is the MOZ link explorer[56].

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[54] https://analytics.google.com
[55] See e.g. https://reflectivedata.com/need-know-google-analytics-filters/
[56] https://moz.com/link-explorer

- **Alexa Ranking -** is an important metric to track. The Alexa Rank is an estimate by Amazon of the most popular websites. You can simply look it up online[57]. It provides a useful indication if your website has become more popular or less popular and helps to track progress of the fruits you put into attracting more visitors to your digital products marketplace. Lowest values are best and contain websites such as Google, Facebook, etc. while higher values are less popular. For Alexa Ranks higher than 100'000 the estimate is very round and not very precise, nevertheless the metric is a very valuable indicator of the popularity of your website.

- **Social Media Followers** - tracks the number of followers you get on your social media channels. The more followers, the better you can market your products via social media. As this is a free source of traffic, it can pay off following your progress in social media closely.

Conversion Rates

- **Conversion Rate** – this is the percentage of visitors on your website who make a purchase and therefore convert from visitors into actual customers. Normally you will have to calculate this manually (total number of sales divided by the total number of visits) unless you install an additional plugin into your EDD store which helps to send your eCommerce Data to Google Analytics[58].

- **Conversion Free / Paid products -** a slight deviation of above conversion rates for digital products stores who offer free product versions. This metric is calculated on a product by product basis by dividing the number of paid purchases by the number of free downloads. It will tell you how well your vendors are doing by convincing customers to become a paying customer when receiving the free version first.

- **Cart Abandonment Rate** – this is a term used in ecommerce to refer to visitors placing items in their shopping cart, but then leaving the site without completing the purchase. According to the Baymard Institute[59], the average shopping cart abandonment rate for eCommerce sites is nearly 70 percent. You should track this rate as it would indicate in case there are any problems with your checkout page.

Orders

- **New Customer Sign ups** – tracking this metric allows to focus on new customer sign-ups. The more new customers you can get, the more sales you will have.

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[57] https://www.alexa.com/siteinfo
[58] https://aceplugins.com/plugin/edd-enhanced-ecommerce-tracking/
[59] https://baymard.com/lists/cart-abandonment-rate

- **Email list subscribers** - is also an important metric worth tracking since an email list has considerable value and offers you an opportunity to contact your customers at any time with new product suggestions which can reactivate them to visit your digital product marketplace again.

- **Number of orders** - is a no brainer to track. Here some marketplaces offer free product downloads and paid downloads, so it can make sense to track both, free and paid orders on a regular basis. You will also need this to calculate the conversion rate from free to paying customers.

Average Order Values

- **Number of products** is an indicator of your product offering. Every product increases the chance to be of interest to your visitors or attract new visitors.

- **Average Order Value** offers you another perspective as your goal is to enhance the average order value. Therefore, you want to know the effect of your different tactics of increasing the order value and if that worked or not.

Measuring KPIs on a regular basis is an important step towards professionally managing your digital products marketplace and finding the areas where you can still improve in order to achieve your business goals. To really grow your digital product marketplace, you need to monitor your webstore's performance on an ongoing basis and take actions every time KPIs, move in the wrong direction. Once you've decided which KPIs you want to track, make it a part of your weekly and/or monthly routine to follow them closely.

7.5   Corporate Development

Apart from your business development efforts targeted towards vendors and customers you should also try to grow your digital product marketplace on another level through strategic partnerships.

Strategic partnerships can be established with affiliate partners who can either offer you additional products to sell by joining their affiliate program or additional ways to market your products by taking advantage of co-marketing opportunities.

A critical element to make any joint marketing effort successful is to find the right partner. Therefore you will have to careful evaluate potential partners, contact them and find out if a partnership can be beneficial to your bottom line.

The rationale for doing a co-marketing program is expanding your reach, adding consumer value, creating buzz in the market, and saving time and money. If done well, it can be a very effective marketing tactic as well.

7.6   Automating and Improving Processes

At the beginning of your webstore, tasks are fine to deal with as they come up. But as you grow, these tasks get more and more frequent, and the demand on your time and your team's time becomes even greater. After a while, these small tasks can significantly eat into productivity; reducing output, creativity, and even profit margins.

So you will be confronted with seeking ways to automate and improve your processes as your digital product marketplaces scales up and becomes larger. The objective is to save time, money, and sell more. Ultimately, it provides gets your business ready to scale-up exponentially.

Here are some ideas to start with:

Email Automations – e.g. implementing Abandoned Cart Recovery email automation series, education series for new customers and vendors, purchase follow up series to gather feedback and reviews

▪ **Reporting** – implement better reporting plugins and solutions to save time when creating and analyzing sales reports[60].

▪ **Social Media Marketing –** Optimize your social media marketing with tools such as Buffer[61] to prepare posts in queues weeks in advance and also leverage well performing posts on several platforms.

▪ **Payment of Vendor commissions** – automatic payment of vendor commissions can be fully automated when using tools such as PayPal Adaptive Payments[62] which splits revenues instantly between the platform operator and the third-party vendor. Tools like this avoid a lot of administrative work and save huge amounts of time.

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[60] See *https://www.pluginsandsnippets.com/downloads/edd-enhanced-sales-reports-pro/*
[61] *https://buffer.com/*
[62] *https://www.pluginsandsnippets.com/downloads/edd-paypal-adaptive-payments/*

Automating tasks and improving processes is an ongoing task and there will be many more ways to save time and benefit from automated solutions and improved processing. Obtaining a sufficient level of automation is key to fully scale-up your digital product marketplace to reach its full potential.

7.7   Website Security

Another important element that most eCommerce companies need to consider from the very beginning is the eCommerce website security. If you run an eCommerce websites, you'll know that they are a major target for hackers, fraudsters and yes, even for your own competitors. Just think about the thousands of user IDs, personal information, product catalog and prices, financial information including credit card details a typical eCommerce webstore has. That's what makes eCommerce sites, big and small, so attractive to cyber criminals to exploit and competitors to leverage on.

7.7.1   Common Website Security Threats

As your digital product marketplace becomes larger you will also find that you will have to spend more time in making your infrastructure more solid and enhance the security of your marketplace. Here are some basic measures you will have to implement to keep your digital product marketplace save (among many others):

▪ **HTTPS / SSL** – today Google views it as outdated practice to use http and punishes websites still using the old HTTP protocol. Therefore, implementing a Secure Sockets Layer (SSL) certificate from the start is a must. You can purchase one from your hosting company or a reputable SSL vendor at affordable costs.

▪ **Complex Passwords –** Insist that every users has to use passwords that comply to a minimum standard.

- **Payment Gateway Security** - While it may make processing payments more convenient, having credit card numbers stored on your database is a liability. In order to save your business from this terrible fate, you should never store credit card information on your servers and ensure your payment gateways security is not at risk. Today you can easily use third-party payment processing providers such as PayPal or Stripe who will manage all sensitive Credit Card information in a professional manner.

- **Firewalls** – using firewall plugins and also configuring your server firewall is a must to protect again malicious attacks.

- **Backup your Data** - Data loss due to hardware malfunction or cyber-attacks is not uncommon. And if you don't backup your data regularly, you are at the risk of losing it for good. Employ automatic daily backup service so that even if you forget to do it manually, all your data will be backed up automatically minimum once a day.

This are just a few elements to mention and to work on. As your digital products marketplace becomes bigger, paying close attention to security becomes even more important.

8 Conclusion: Establishing a New Digital Product Marketplace is a Journey not a Destination

Building a digital marketplace is a good idea as today the trend is creating niche marketplaces which can offer better know-how and a much more focused approach than a generalist marketplace. Many buyers prefer to buy from a marketplace rather than a single vendor store.

Before you actually start the marketplace, it is of essence to do a thorough market research in order to identify a gap in the market which your new digital product marketplace can fill. You will need to define the key elements of your concept before even starting and also be very clear what the minimum viable product needs to look like. The key then is to launch a first pilot early on to get feedback from real customers and vendors in order to best focus on customer needs and make it successful.

Today open-source platforms are very popular solutions to launch a digital product marketplace as they offer full control over the source code and will allow you to adjust the marketplace as needed later on. One very popular solution is to use WordPress based Easy Digital Downloads[63] as this software is specialized on selling digital products and by installing select add-on plugins such as Frontend Submissions[64], Commissions[65] and PayPal Adaptive Payments[66] can be easily turned into a multi-vendor digital marketplace.

Before launching the marketplace, you will have to source vendors and products. In most cases to start these are digital products from vendors you know personally or in some cases you will have to create some first products yourself until the marketplace is presentable and new potential vendors can be invited to participate.

In terms of marketing, organic traffic gained from SEO normally is the cheapest form of traffic, followed by traffic from social media or email marketing. For a digital product marketplace, it can be more difficult to implement an affiliate program since the affiliate commissions paid from the marketplace commissions normally are too low to compete with other attractive affiliate programs on the market from which bloggers can choose from. Money on paid ads should only be spent if you as marketplace operator are certain that the Customer Lifetime Value and Profits exceeds the Customer Acquisition costs as otherwise you will only pump money down the drain. So proper keyword research and aiming to go for long-tail keywords normally is the marketing strategy to aim for when starting a digital products marketplace.

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[63] *https://easydigitaldownloads.com/*
[64] *https://easydigitaldownloads.com/downloads/frontend-submissions/*
[65] *https://easydigitaldownloads.com/downloads/commissions*
[66] *https://www.pluginsandsnippets.com/downloads/edd-paypal-adaptive-payments/*

Once the marketplace is up and running you will have to focus on optimizing sales. Sales are determined by four factors which are (1) the number of website visitors, (2) the Sales Conversion Rate, (3) the number of orders and (4) the average order value. So you will have to focus on activities which can enhance each of the four factors in order to maximize your sales.

Your vendors are key to make your digital product marketplace successful, therefore you will need to treat them as your business partner and seek to help them on an ongoing basis. As you scale-up your marketplace, you might also need to hire a first team. One good alternative can be to hire a virtual assistant until your marketplace becomes bigger and you have more budget available to be spent on full-time employees. Progress of your digital product marketplace should be tracked on a regular basis by measuring and monitoring Key Performance Indicators (4) related to the four factors which determine your revenues.

The work will never stop and your digital product marketplace will require ongoing attention to develop partnerships, enhance security, source new vendors and test new marketing campaigns. Normally only by keep testing and optimizing your marketplace and by exactly understanding how your marketplace business works will you be able to make it successful. **Creating a digital product marketplace therefore is not a destination but one of the most interesting journeys in eCommerce**.

We hope this guide was useful. For any feedback or comments feel free to reach out to us as we are also interested to keep learning how to make digital product marketplaces even better.

If this guide helped you to launch your next digital product marketplace, kindly drop us a note as we hope you can better succeed in launching your next digital product marketplace. Keep testing and optimizing!

Resources

Alexa Site Info	An estimated ranking of the most visited webpages (the lower the better)
Buffer	Allows you to schedule posts and tweets for your social media accounts in a queue and to post as per the selected schedule automatically
Commissions Plugin	Commissions plugin which allows to attribute any percentage of sales towards your vendors
Easy Digital Downloads	Open-Source eCommerce Suite for WordPress and specialized on selling digital products
Frontend Submissions	Frontend plugin which allows third-parties to register as vendors on your digital product marketplace
Google Analytics	A tool to measure website traffic and other webpage data
PayPal Adaptive Payments Plugin	Arranges automatic payments to your vendors
Uber Suggest	A free Keyword Research Tool by SEO Guru Neil Patel
WordPress	Leading open-source website software

Terms and Abbreviations

AOV	Average Order Value
CAC	Customer Acquisition Costs
CLP	Customer Lifetime Profit
CLV	Customer Lifetime Value
CPC	Cost per Click
EDD	Easy Digital Downloads
FES	Frontend Submissions (a WordPress plugin by EDD which allows third-parties to register on your website which effectively transforms your website into a marketplace.
KPI	Key Performance Indicator
PPC	Pay-per-click
SEO	Search Engine Optimization
SERP	Search Engine Results Page
SSL	Secure sockets layer
TLD	Top Level Domain
URL	Uniform Resource Locator
VA	Virtual Assistant

Contact Us

We are specialized in developing WordPress Plugins to optimize your Webstores. Our aim is to provide you with clever Plugins and Snippets to enhance sales Conversions and Functionalities of your webstores. We primarily offer products and services related to WordPress based open-source eCommerce solutions such as Easy Digital Downloads (EDD) and WooCommerce.

We offer proprietary plugins which we use ourselves to make our eCommerce stores better and we also offer custom plugin development services aimed to enhance store functionality and increase conversion rates.

For any comments, feedbacks or suggestions feel free to drop us a note.

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