

7 October 2022

# Transactional transformation for classified sites: Challenges and opportunities



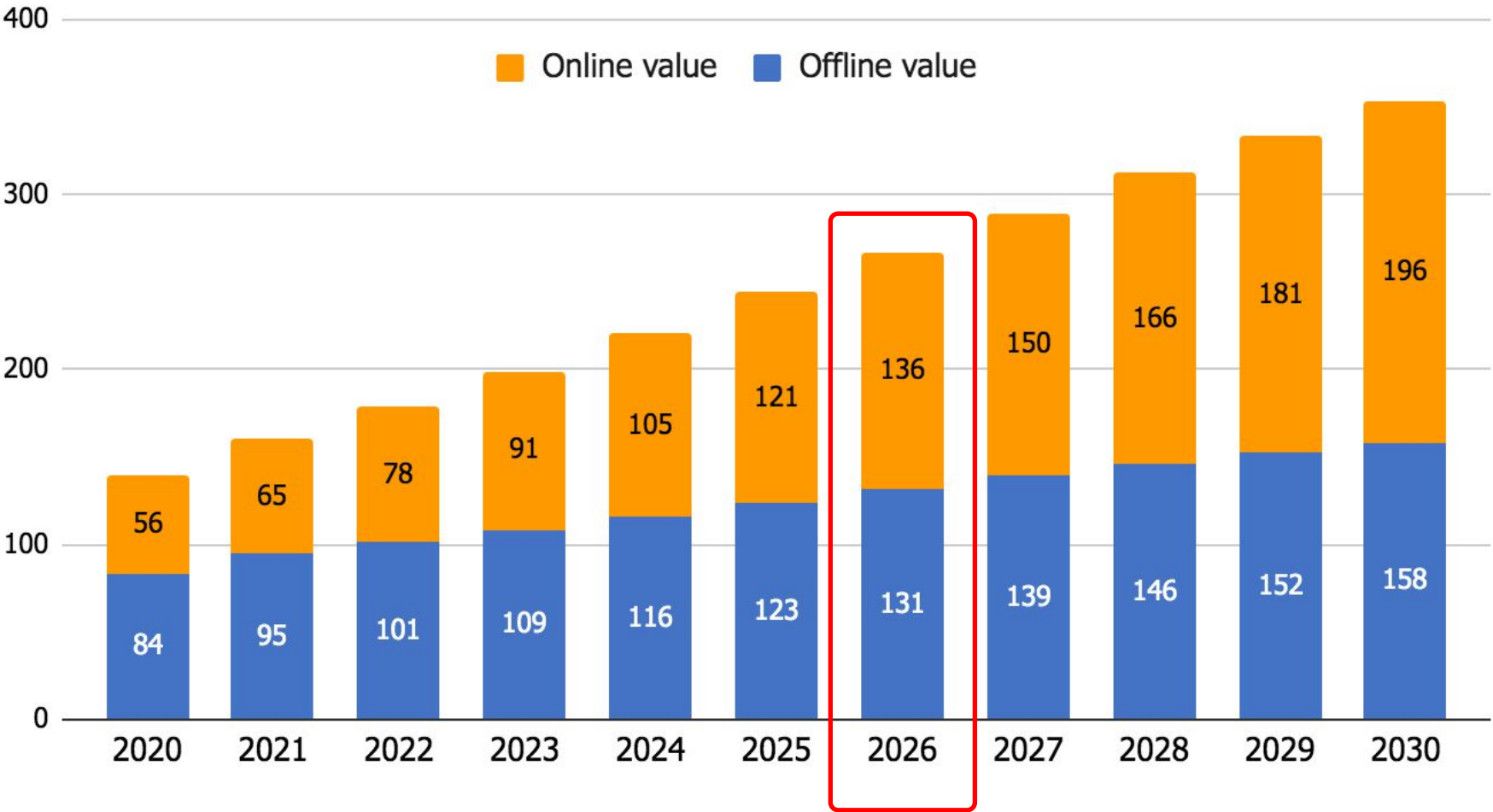
Konstantin Kalabin  
Strategy Director, AIM Group

2026

# Secondhand online market in the US to grow 2x faster than offline

AI Group

US secondhand market value, \$ billions

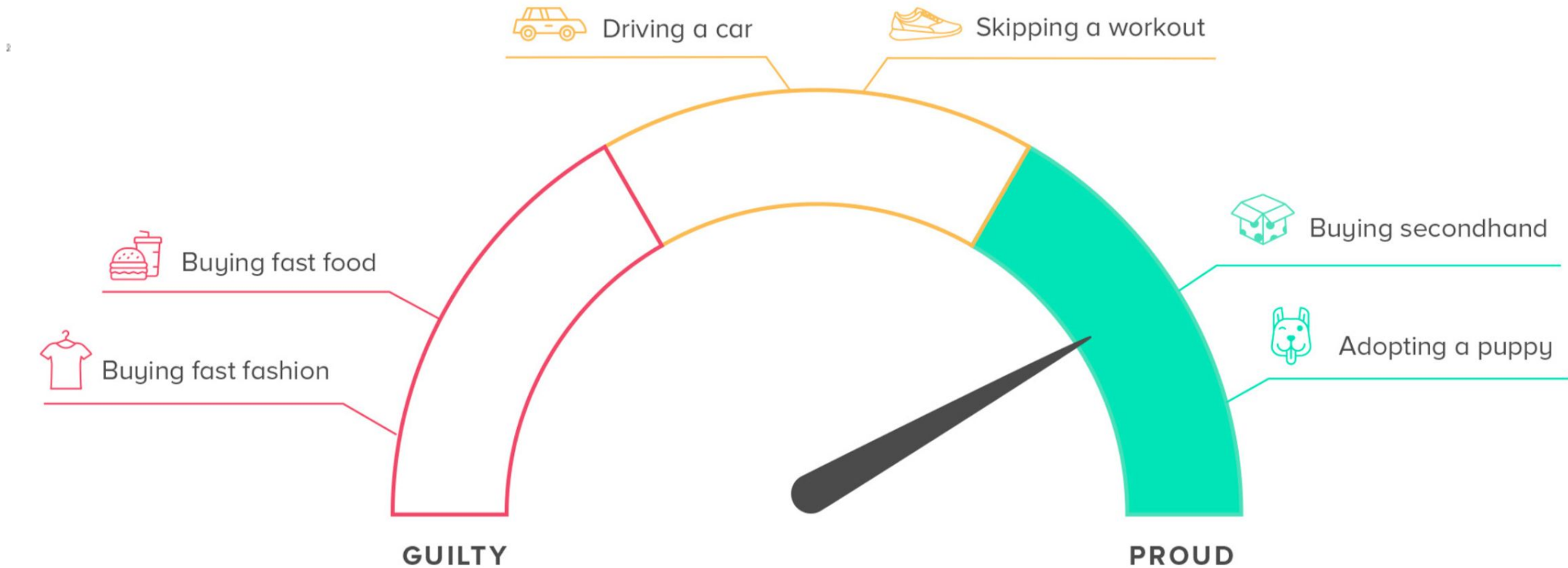


13.3%  
Online CAGR

6.6%  
Offline CAGR

Source: GlobalData / Mercari Reuse report, October 2021

# Consumers' emotions about buying secondhand



Source: GlobalData Consumer Resale Survey 2020, ThredUp

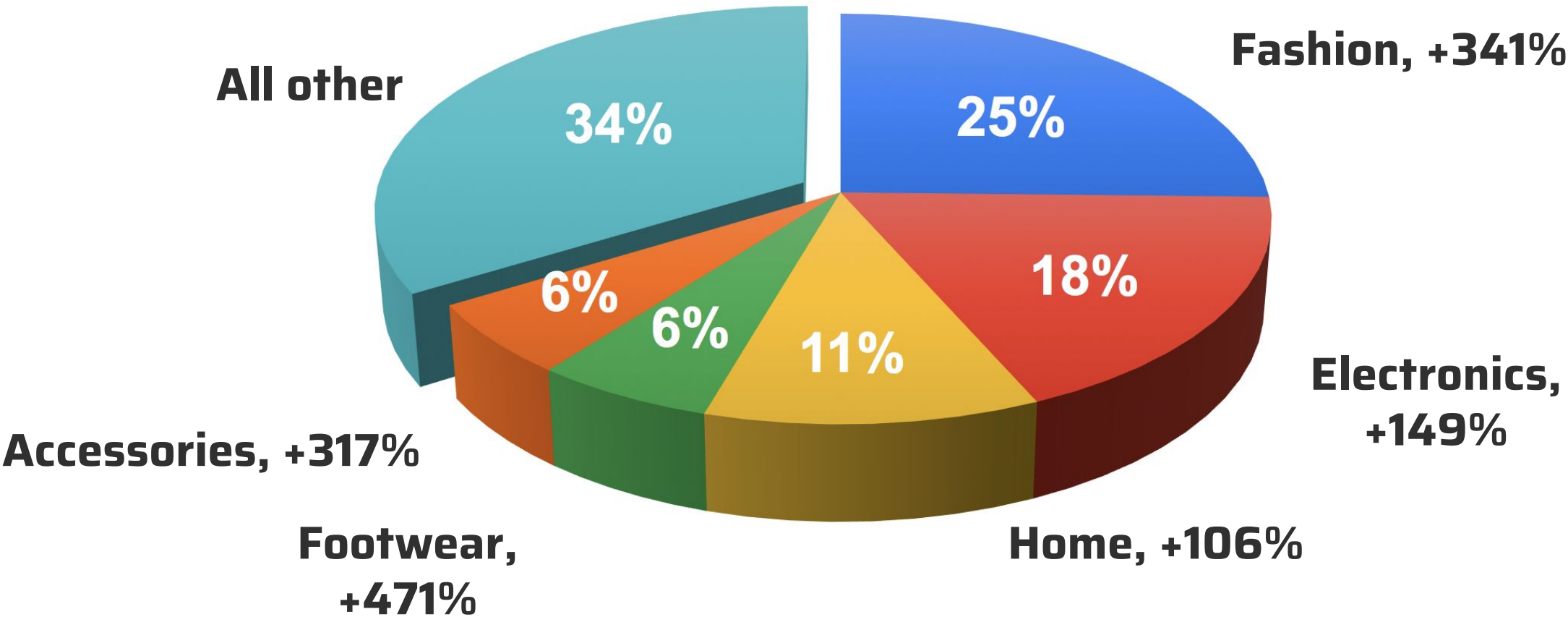
**58%**

**of consumers say buying secondhand has  
helped them in some way during a time of inflation**

# Growth

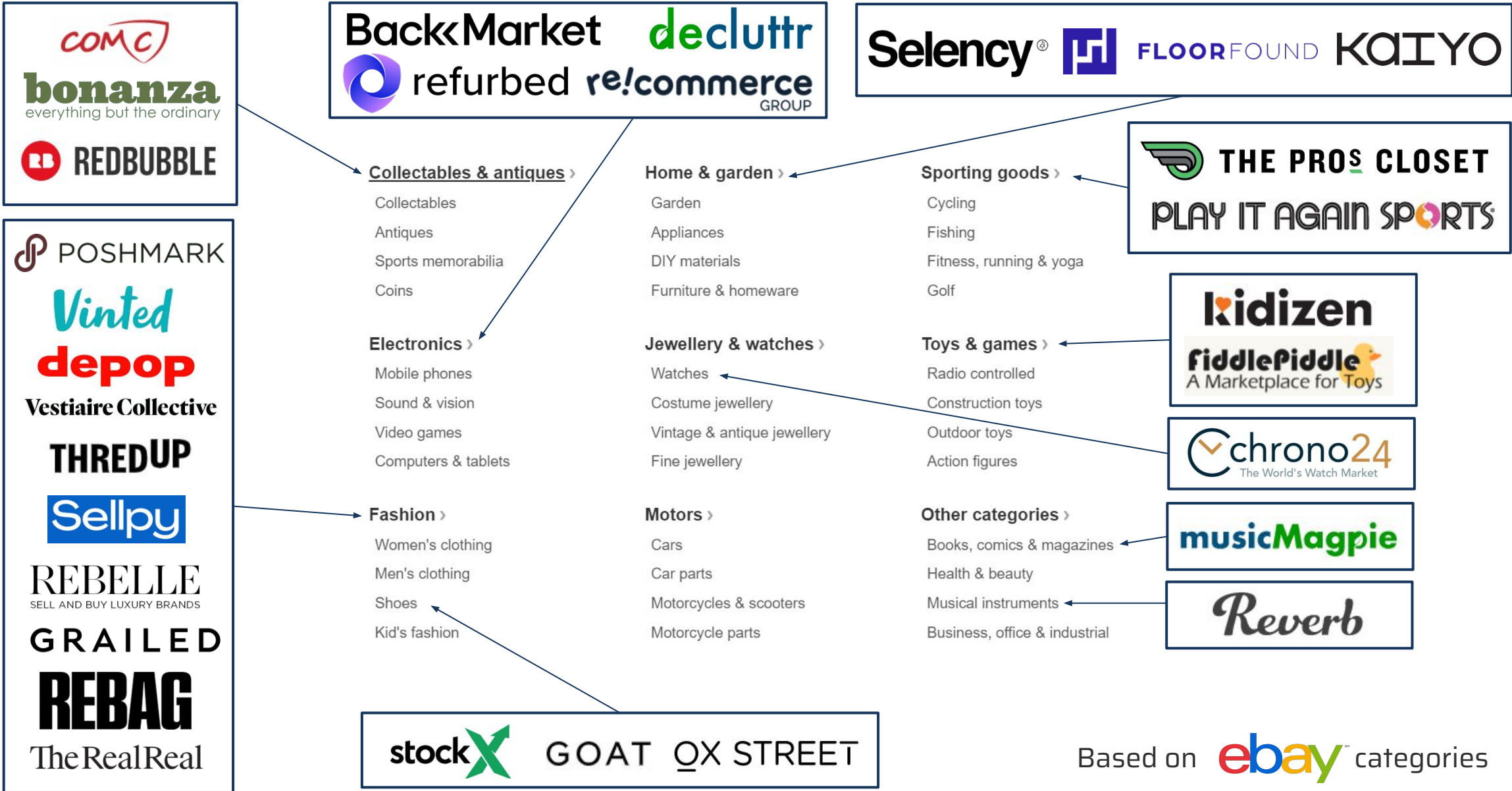
# Most leading categories of secondhand resale are shippable

Value of secondhand sales in the USA, 2030



Source: GlobalData Market Analysis and forecast, 2020

# Vertical specialists emerge across categories



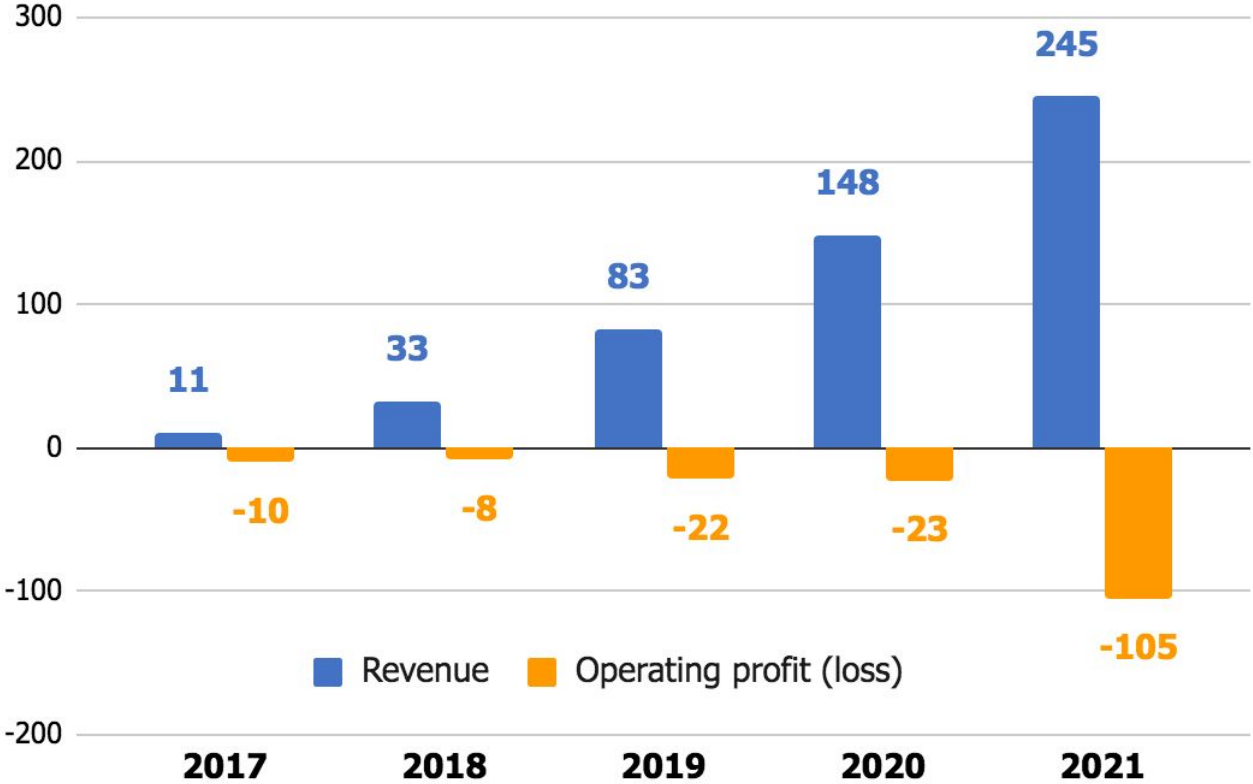
Based on **ebay** categories



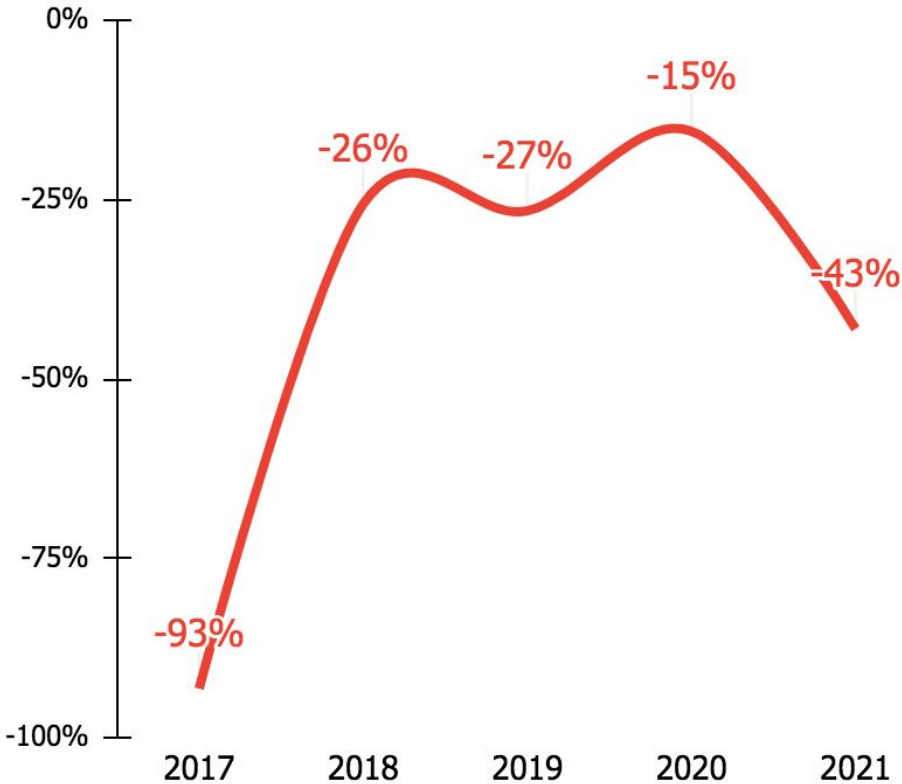
# Brand

# Vinted: Scale fast but at what price?

Revenue and profit / Loss, €m



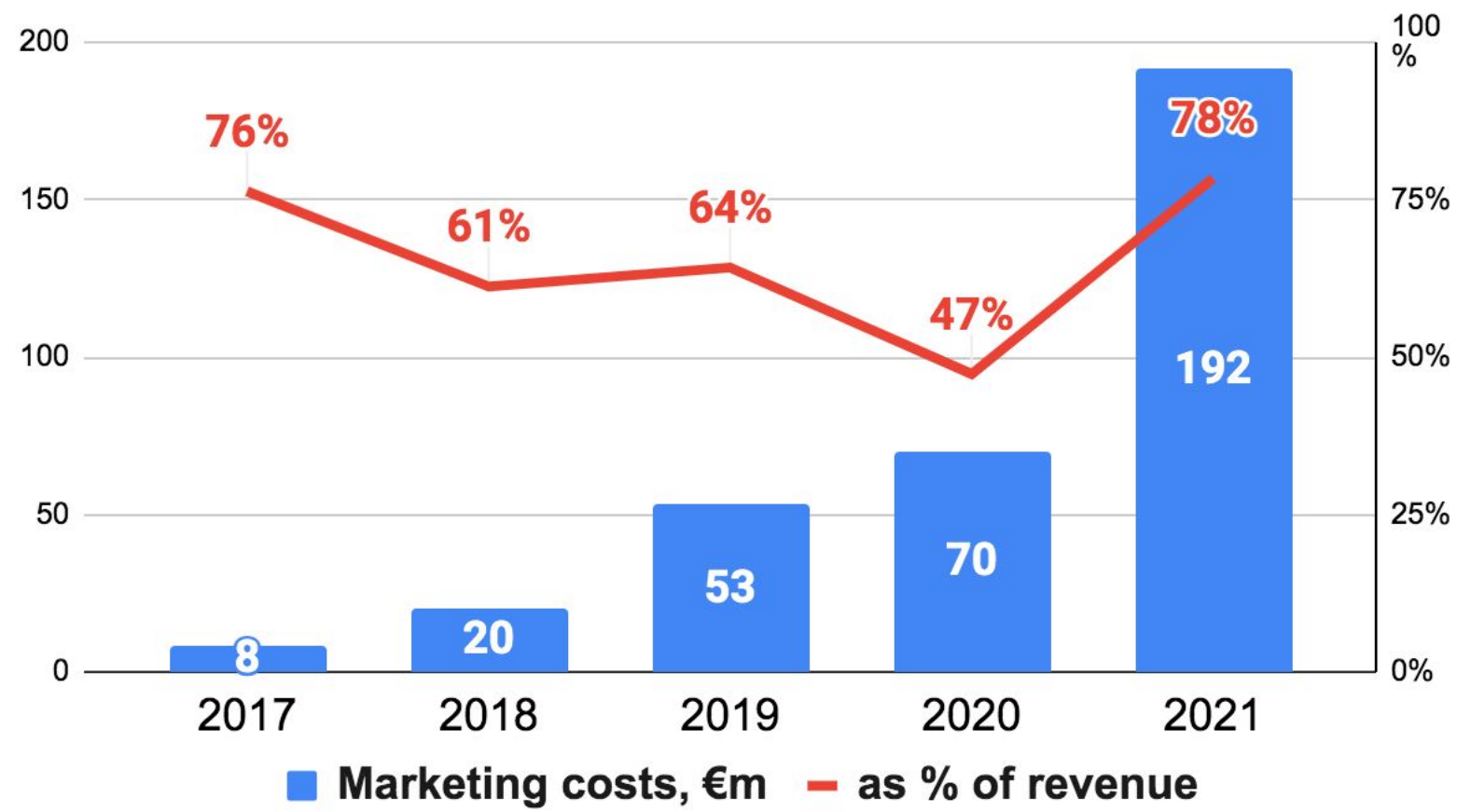
Operating margin, %



Source: Company accounts and news releases, AIM Group analysis

# Building a new brand is expensive

## Vinted marketing spend



Source: Company accounts and press releases, AIM Group analysis

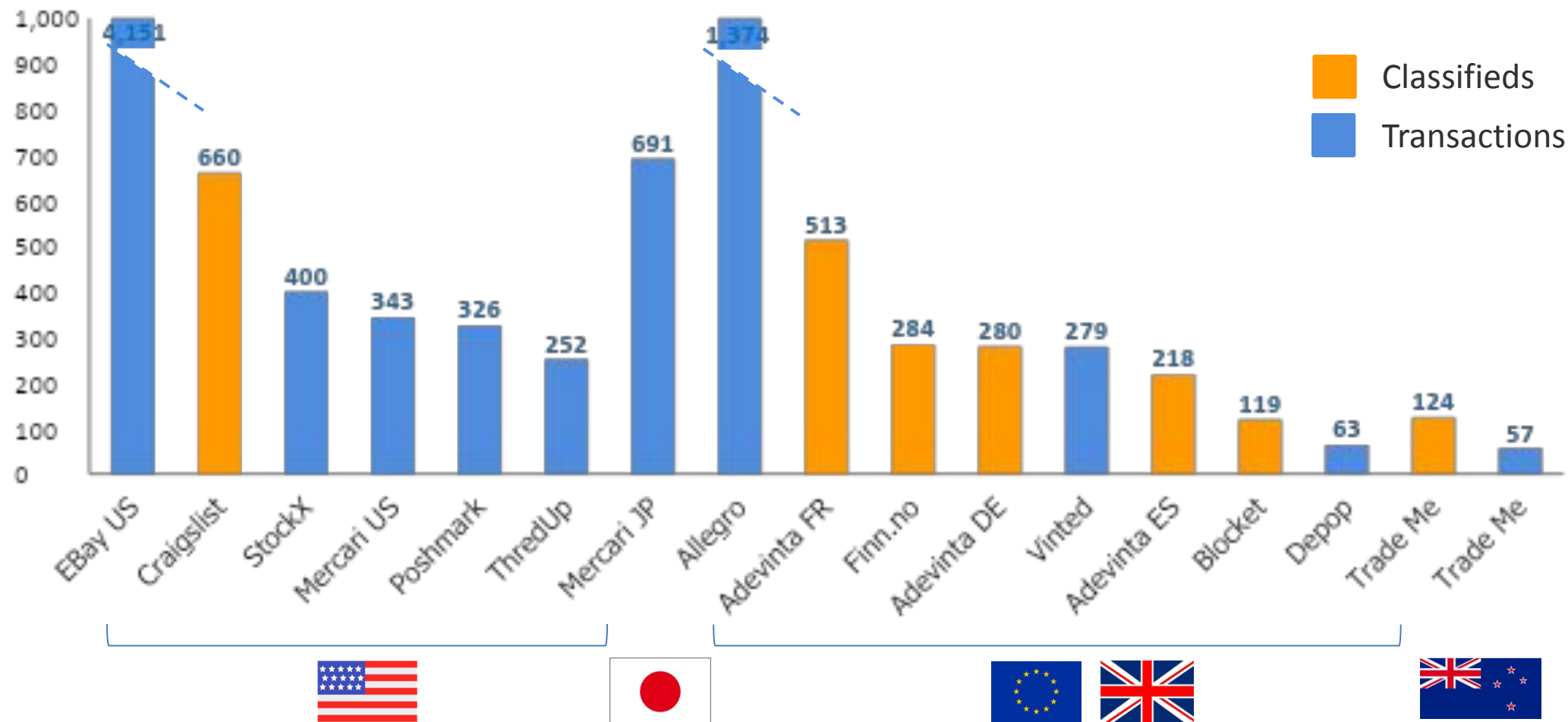
# What / How matrix for transactions: Consumer perspective



**Where is the**  
**~~MONEY~~**  
**PROFIT?**

# Comparable revenues can be achieved from transactional verticals

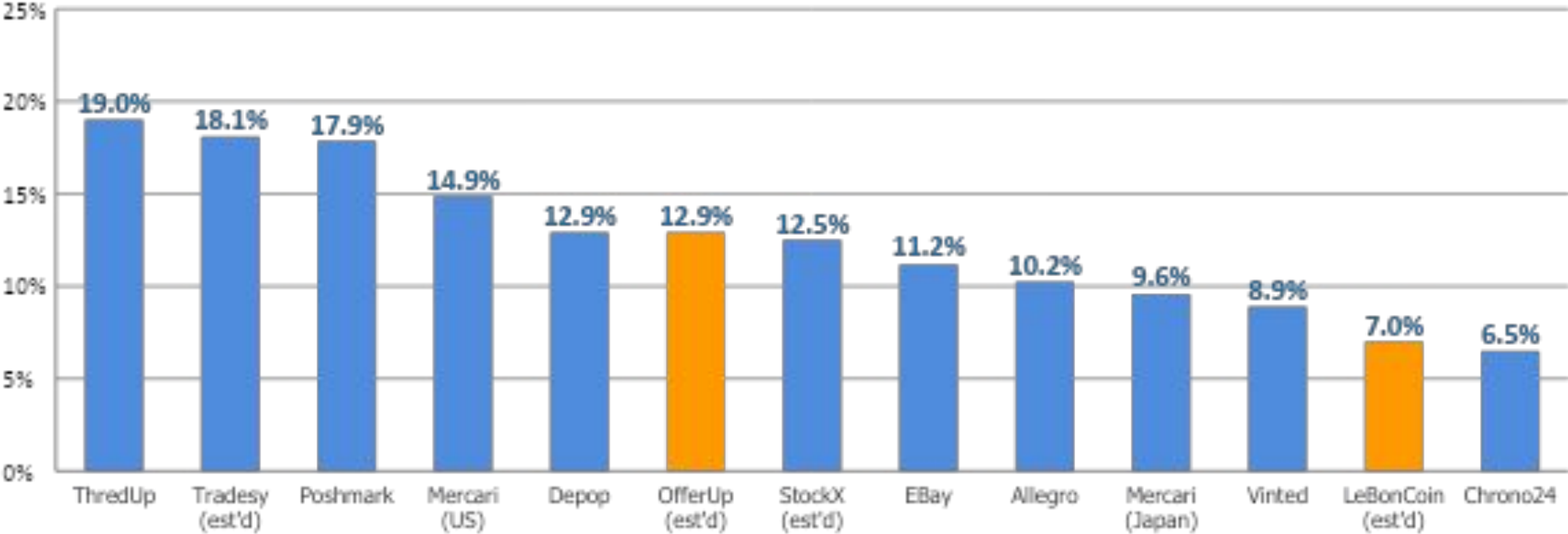
Revenue of leading transactional and classified marketplaces, \$ millions



Source: Company accounts, AIM Group analysis

# Transactions ‘take rates’ vary by business model and category AIMGroup

Estimated ‘take rate’ from transactions, as % of GMV 1

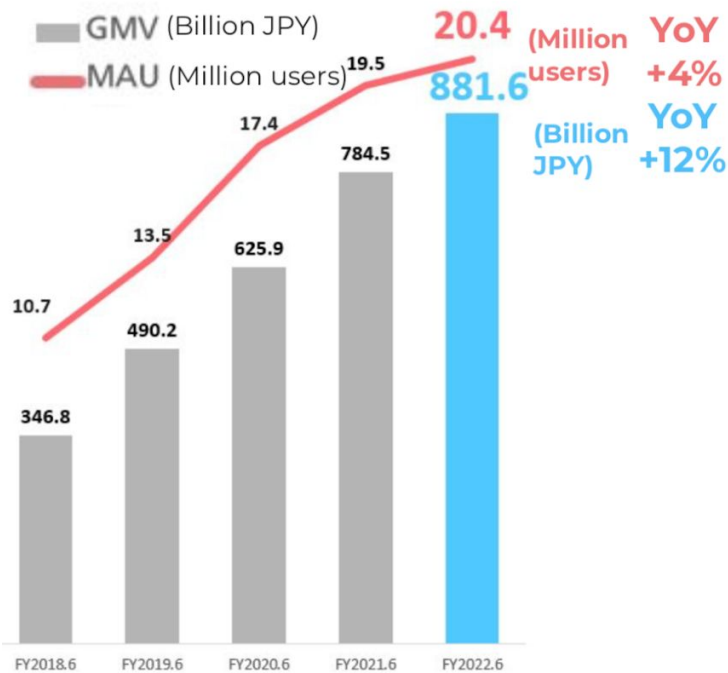


1 including payment processing fees, as % of GMV, most recent data available (2021 or 2020)  
Source: Company accounts, company websites, AIM Group estimations

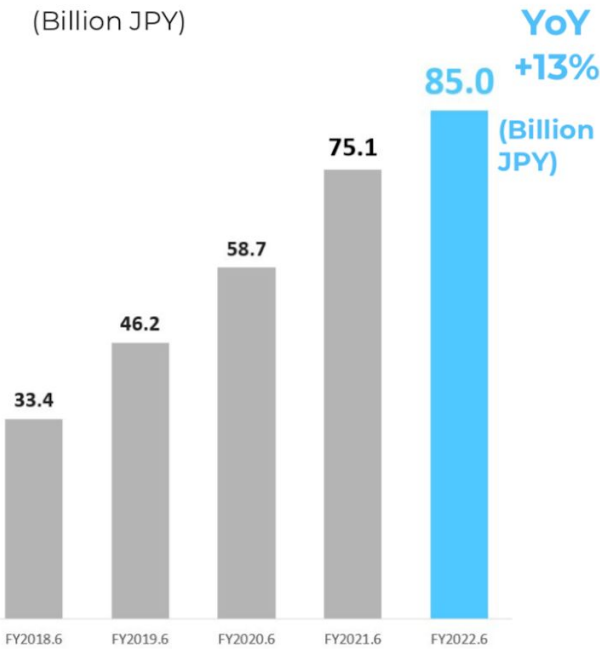
# Mercari Japan: Consistently high margins from C2C transactions

AIM Group

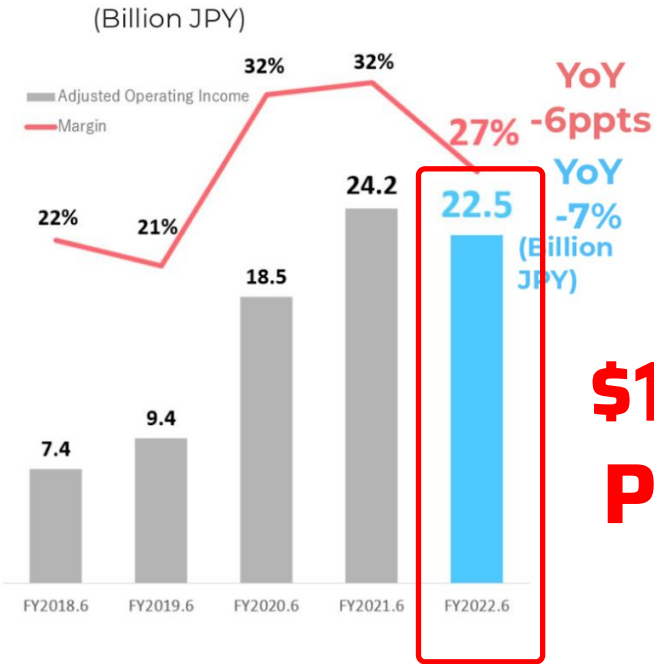
## GMV/MAU



## Net Sales<sup>1</sup>



## Adjusted Operating Income/Margin<sup>2/3</sup>



**\$155m Profit**

1-2. From FY2022.6 Q1, to compare business results (YoY) exclusively for C2C transactions, the net sales shown here represent only the C2C results  
3. Graph reflects retroactive adjustment made from FY2019.6 Q3 to the amount before recording internal transactions between Mercari and Merpay as a result of transferring settlement to Merpay

Source: Mercari FY22'Q4 results presentation.



# Adevinta target: €50m revenues from C-to-C transactions (2021)

AIM Group

$$\begin{array}{ccccccc} \mathbf{600m} & \times & \mathbf{30\%} & \times & \mathbf{\sim 7\%} & = & \mathbf{13m} \\ \text{New C-to-C listings} & & \text{Sell rate} & & \text{Transactions} & & \text{Total online} \\ \text{(annually)} & & \text{(on, off platform)} & & \text{paid online} & & \text{transactions} \\ \\ \times & \mathbf{€50} & = & \mathbf{€700m} & \times & \mathbf{\sim 7\%} & = & \mathbf{€50m} \\ \text{Average order} & & \text{Transacted Gross} & & \text{Average take rate} & & \text{Gross annual} \\ \text{value} & & \text{Merchandise Value} & & \text{including shipping} & & \text{revenues} \end{array}$$

Core European Markets division (France, Germany, Spain, Italy, Benelux)

Source: Adevinta Capital Markets presentation, 30 Nov 2021

## leboncoin



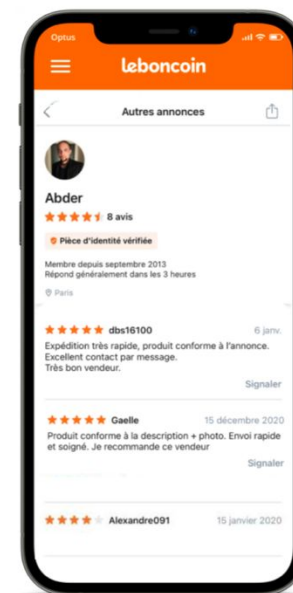
**30%** of product and tech resources allocated to transactions



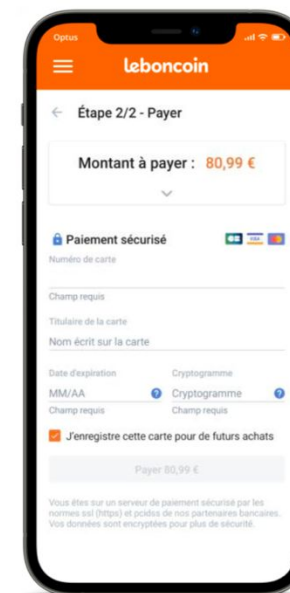
Discounts on shipping



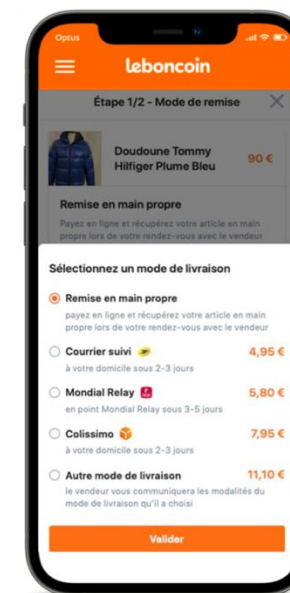
TV campaigns (**50%** of marketing budget)



Verified profiles and ratings



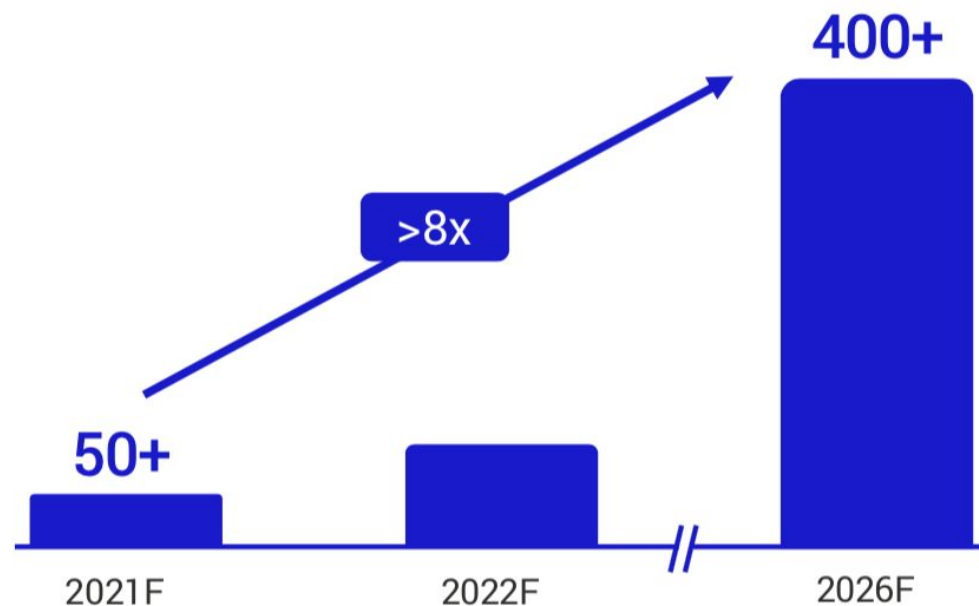
Simple, safe payments



Multiple delivery options

# Aims to exceed €400m revenue and turn profitable by 2026

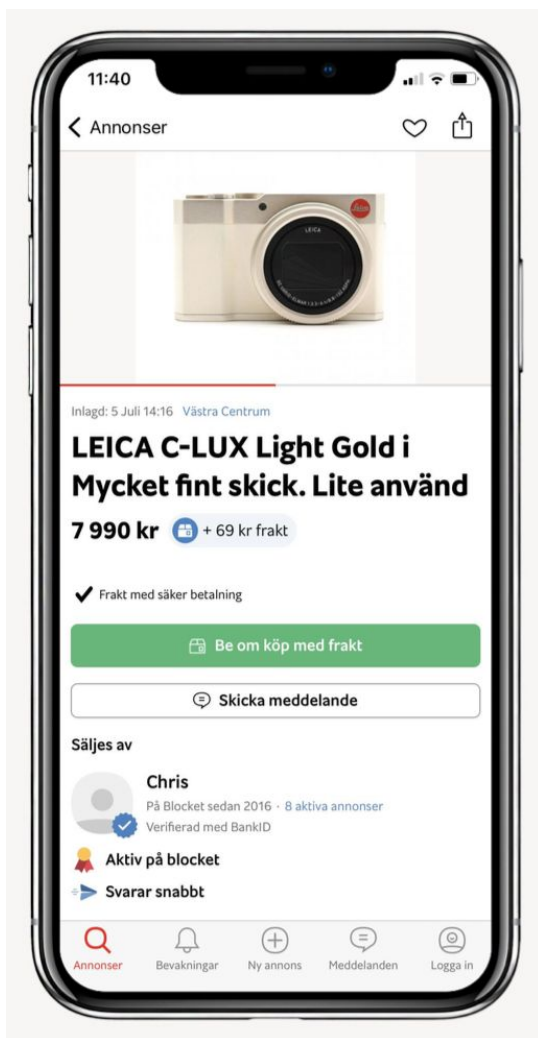
## Gross revenues, consumer goods only (€m)



1 Operating margin = operating margin for transactional consumer goods services excluding an allocated share of overall platform marketing spend but including other Direct costs such people P&T, customer service, and third-party costs such as shipping and payment service provider costs

Source: Adevinta Capital Markets presentation, 30 Nov 2021

# Schibsted is going all-in on C-to-C transactions...



`Transition C2C to fully transactional in Q2 2022`

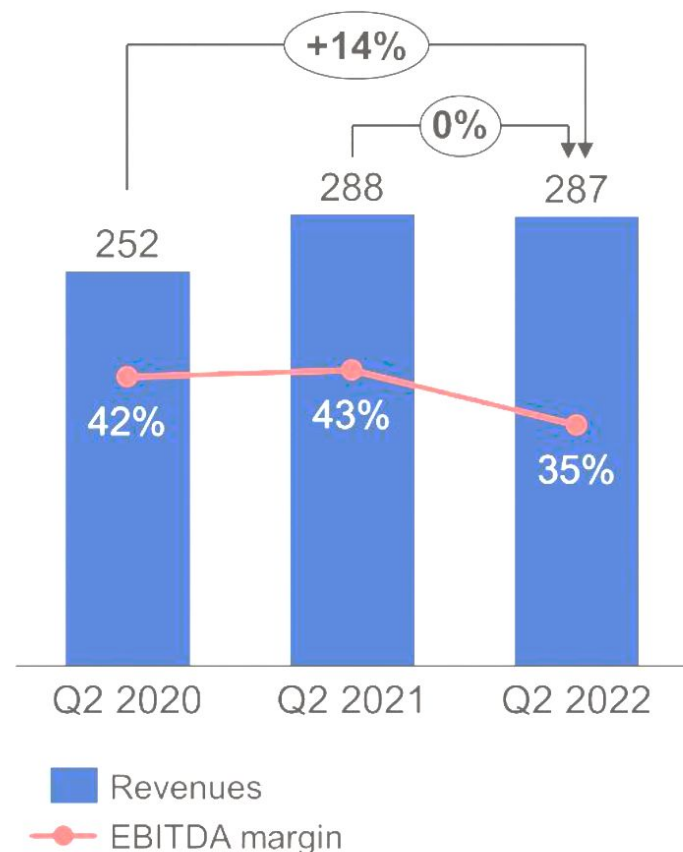
# blocket

- Removal of C2C ad insertion fees end of May
- Listings up ~130% YoY in June
- ~22,000 shipments in Q2

## ... at a significant price, but for strategic reasons

### Marketplaces Sweden

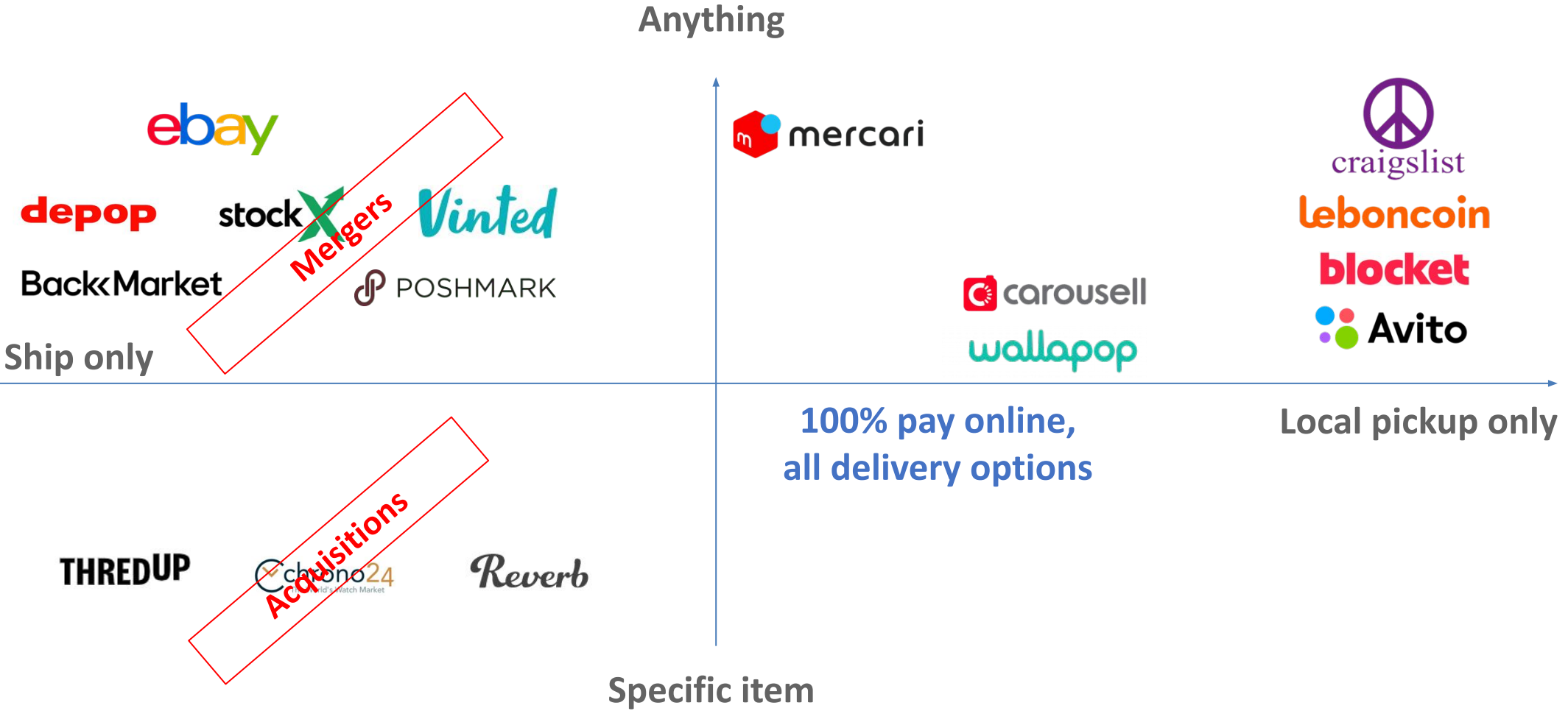
Revenues (SEKm), EBITDA margin (%)



# Schibsted

- Goods C2C revenues -48% MoM
- Forgone annual revenues of 80m SEK (2021)
- EBITDA hit -8 pp
  - higher marketing spend
  - product and technology costs

# What / How matrix for transactions: The likely future



**Disrupt yourself.**

**NOW!**

## Global business intelligence service

- News and analysis
- Conferences
- Consulting

... providing information and advice on strategic and operational challenges and opportunities

## Focus: Marketplaces and classified advertising

- Automotive
- Real estate
- Recruitment
- Horizontals / general goods

## Working at senior levels with:

- Marketplaces
- Classified companies
- Digital retailers
- Investors
- Suppliers

## More than 30 analysts, based across the globe:

- Africa
- Asia / India
- Australasia
- Europe
- Latin America
- Middle East
- North America



# All consulting is led by one of our principals



**Jonathan Turpin**, principal, leads our consulting services. He has served as CEO, COO and commercial director of a wide range of Internet and software companies. For six years, he was CEO of Fish4, a British classified service owned by the UK's largest newspaper companies, which he led from startup. He has also launched a hybrid radio and online recruitment service; ran a digital home-moving service focused on sale of home-moving trigger data; and, as a consultant, relaunched a major multi-vertical online recruitment business. He began his career at management consultancy Arthur D. Little and is an experienced media and marketplaces consultant. Jonathan is based in London



**Katja Riefler**, managing director, has worked extensively with marketplaces and classified services to shape their futures. She joined the AIM Group in 2002, became our Europe Director in 2007 and MD in 2015. She's responsible for all client relationships in EMEA and heads a team of more than a dozen EMEA analysts. Riefler helped found the first Internet organization owned by German newspapers, MBT Online KG, in 1996. She left to start her own consulting business in 1998. She has written several books and major reports about digital media. She also runs the AIM Group's AutosBuzz and RecBuzz conferences. She is based in Munich, Germany



**Peter M. Zollman**, founding principal, brings more than 45 years of media experience to the AIM Group. He's worked with a wide range of marketplaces, media companies, technology providers and startups to develop and expand successful digital media services. Zollman has served as keynote, chair or presenter at hundreds of industry and proprietary conferences. He is one of the world's leading experts on classified advertising and marketplaces. He's publisher and executive editor of AIM Group Marketplaces Report. He is based near Orlando, Florida



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