



Subscription model in C2C marketplace

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Some facts about Allegro



One of the leading B2C e-commerce companies

A preferred e-commerce company in Poland by **13,8m** active buyers and **over 135k** merchants¹



One of the top Polish brands

87% spontaneous brand recognizability²



Employer of choice

Allegro develops in Poland more than 4,800 talents³

CENEO

The leading price-comparison site

An average of 14m monthly users and **915m visits** in 2021



Largest non-food retailer

Share⁴ more than 2x the size of the 2nd largest non-grocery retailer in Poland



We are the **biggest e-commerce player** of European origin



Highly rated internet brand

more than **22m monthly visitors**⁵



One of the leaders of online ticket sales

1. Nov 30th, 2022

2. Grey Scale Study - 4th wave, 12.2021, DANAE, CATI, N=3045

3. As of FY 2021

4. Allegro Group's own calculations

5. Allegro Group real users avg, Gemius Mediapanel, as of end of March 2022



Allegro expanding international through merger with MALL Group and WE|DO

The **biggest** and still growing
e-commerce team in CEE

+7,300

People

The platform of growth
opportunities

~18m

Combined number of customers

Market leadership creating
**best-in-class consumer
proposition**

#1-2

Positions in 4/6 markets¹

Turbocharged and extended
merchant base

~135k

Merchants

Prospective **addressable market**
in highly attractive countries

ca. EUR 240 bn

Retail TAM

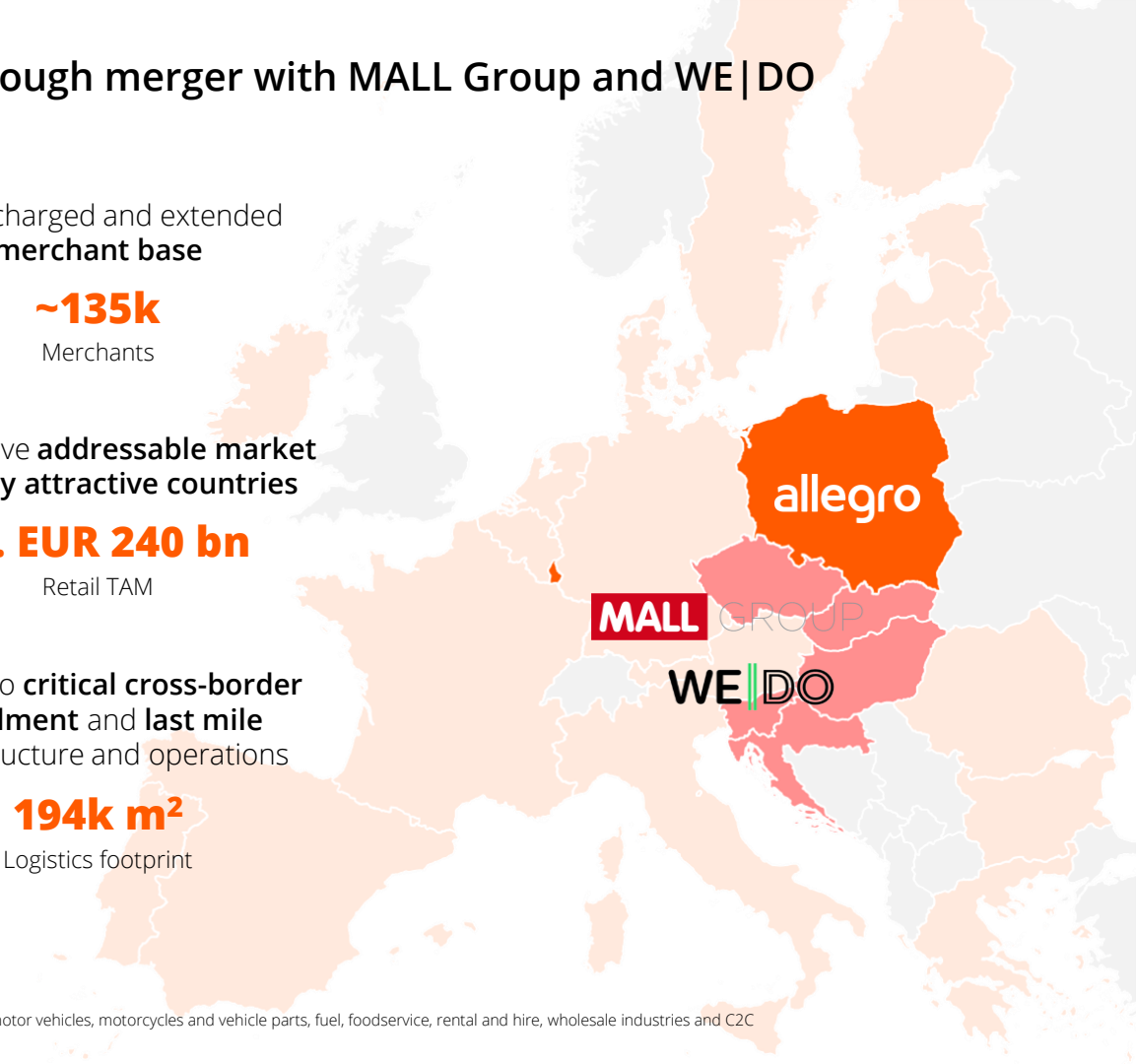
Access to **critical cross-border
fulfillment** and **last mile**
infrastructure and operations

194k m²

Logistics footprint

1. Based on e-commerce segment share (% of GMV 2020) as defined by Euromonitor

Source: Company information; Retail TAM sourced from Euromonitor, which excludes sales of motor vehicles, motorcycles and vehicle parts, fuel, foodservice, rental and hire, wholesale industries and C2C

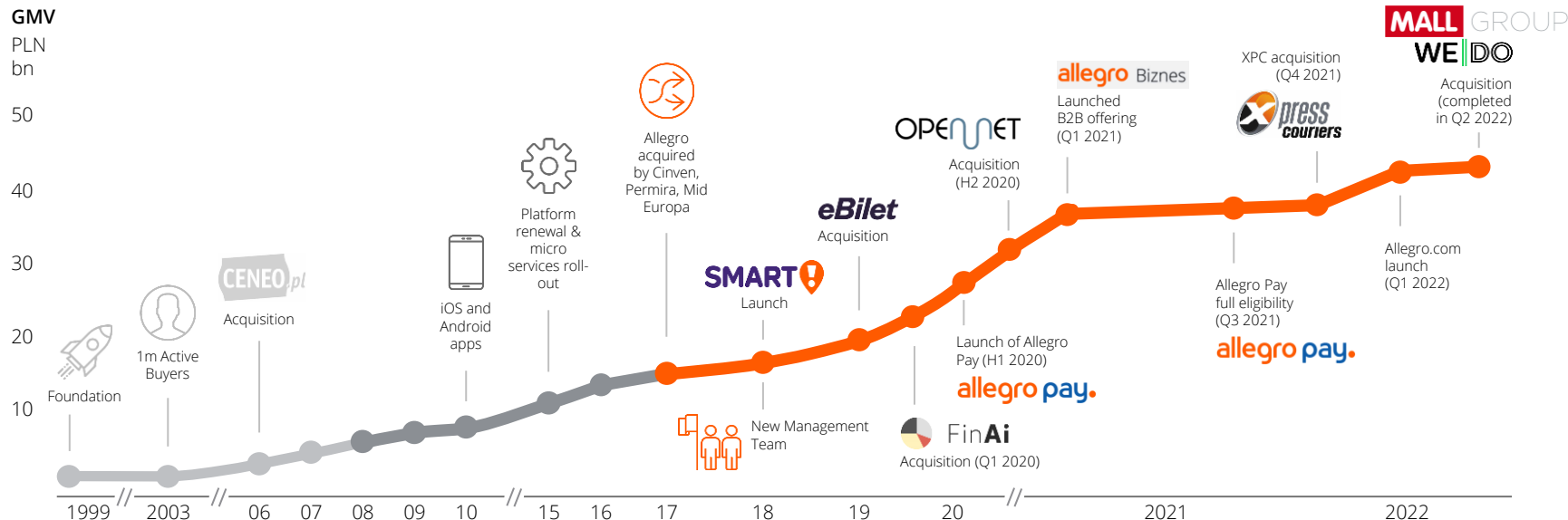


Since 2008 Allegro focuses on building B2C capabilities...

C2C Auctions

B2C Pivot

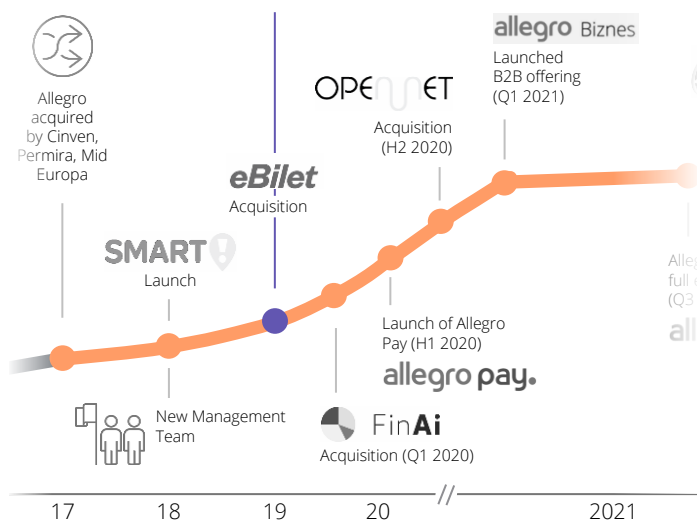
Platform Excellence



20+ years in business with a strong track record of consumer and merchant innovation with technology and process excellence

...addressing the needs of C2C in a different, more fitting way

Platform Excellence



Users increasingly **dissatisfied** with Allegro inconvenience for non-professional selling

C2C GMV decreasing YoY with little help from ad-hoc commercial support

OLX dynamically growing with more fitting product (simple listing, dedicated mobile app, large traffic)

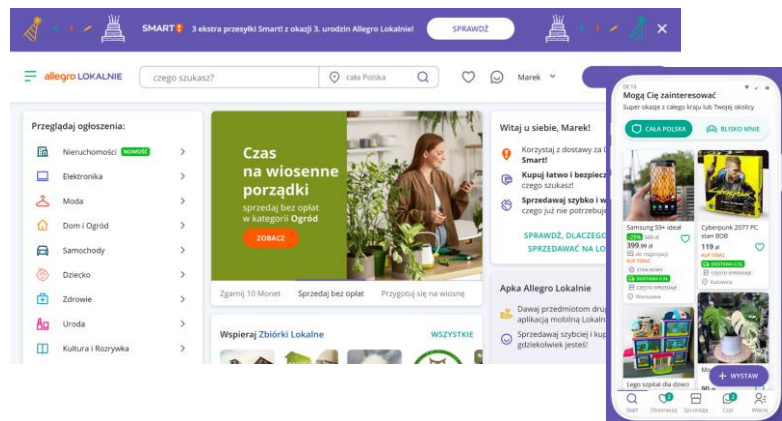
At the same time **C2C Sellers are the most active buyers** on Allegro



Allegro decided to **launch Allegro Lokalnie** (i.e. “Locally”) with C2C-fitting product to prevent the drop of C2C Sellers’ activity:

- Focus on **used goods segment**
- **Free listing & transactional model**
- **Simplified success fees** - 4.9% in Electronics, 7.9% in other categories
- Automotive and real estate **classifieds** as traffic builder
- Super-easy way of listing an item through **short listing form**
- Easily accessible **chat** providing a way for instant communication
- **Offer-based listing** on a separate platform with **dual-listing** on Allegro
- **Seller-focused mobile app**

Allegro Lokalnie successfully established itself on the Polish C2C market



- Free listing & simplified success fee structure
- Simplified listing form requiring only essential information
- Integrated InPost Paczkomat delivery option for a flat fee
- Integrated listing with Allegro - you list on Lokalnie and your offer is visible on Allegro as well
- Dedicated seller-focused mobile app for convenient selling
- Options to promote your listings
- Automotive and real estate classifieds integrated on the platform



#2 player

in terms of
traffic*



6m+

items sold



10.5m+

unique active
offers



65 NPS

from Buyers



1.2m+

unique Sellers



75 NPS

from Sellers



2022 data

One of key drivers for Allegro was Smart - a subscription loyalty program for Allegro shoppers eliminating key e-shopping barriers of delivery cost and returns



- Free delivery and free returns program
- Subscription at 59.90 PLN per annum or 10.99 PLN per month
 - Monthly cost similar to price of a single parcel locker delivery
- Minimum Order Value at 45 PLN for lockers & PUDO and 65 PLN for couriers
- Smart deals every day
- Exclusive Smart shopping events, premieres, pre-sales
- 3-month interest free credit with Allegro Pay
- Allegro Family allowing up to 10 accounts share the same subscription



5m+

Smart subscribers



4b PLN

Savings on deliveries



160m

Smart offers



2.5x

Order frequency vs non-Smart customers



92

NPS customer satisfaction survey

As of Feb'22

Smart was a natural fit for Allegro Lokalnie



Smart! is a free delivery on Allegro, yet it was not available for offers coming from Allegro Lokalnie



Lokalnie increases the value proposition of Smart for Allegro users



We aimed at migrating the reminder of C2C Sellers from Allegro to Lokalnie



Smart was clearly mentioned as desired by the users

Yet it needed to be adjusted to C2C specificities and to protect the Smart brand

Smart on Allegro is such a **strong brand** with clear value proposition

but

On Lokalnie it will be **completely different**, making it hard to communicate

Lokalnie is targeted to **individual, non-professional** Sellers

but

B2Cs on Allegro can use Lokalnie to **be Smart without complying** with all the rules to be Smart on Allegro

We only allow **B2C Sellers** meeting **certain criteria** to be Smart sellers, including Buyers' assessment

but

On Lokalnie there's **no assessment** of the Sellers by the Buyers

Smart is about **convenient delivery** and Allegro strives to maintain high quality in terms of **delivery time and returns**

but

On Lokalnie, non-professionals **don't have the incentive** to send fast and accept returns

We want to keep the **contact rate under control**

but

C2C transactions generate **much more contacts** and Smart will have a different value proposition

Yet it needed to be adjusted to C2C specificities and to protect the Smart brand

We will maintain **strong Smart brand**

by

- Keeping the **same rules for Smart** (single subscription, same MOV, same rules for deliveries)
- Communicating Smart on Lokalnie as an **additional benefit** for Smart subscribers

We will **limit the migration** of B2C to Lokalnie for Smart status

by

- **Preventing B2C** accounts to list on Lokalnie
- Offering a **limit of packages** per Seller
- Not providing B2C tools for selling (invoicing, API for offer feed etc.)

We will control the **quality of sellers**

by

- Verify Sellers by their **history**, i.e. no frauds, no unpaid fees

We will control the **quality of delivery time**

by

- **Integrating** the package labeling to the customer journey
- Sending **reminders** when the package isn't send

We will limit the Lokalnie **contact rate**

by

- Providing **self-service** tools for users to understand their Smart status instantly
- **Communicating** extensively the value proposition and key differences for Smart on Lokalnie

Smart on Lokalnie proved to be successful way of driving the platform growth



- Launched in late April as a 2-month promotion renewed after the period to monitor the business impact
- 40 PLN MOV (same as on Allegro at that time)
- For C2C only - no B2C accounts selling via Lokalnie
- InPost Paczkomat delivery only
- No returns
- Limit of 8 free deliveries for Seller - Smart subscribers
- No limit on buying with Smart subscription



- **+42% higher transactionality** on Smart offers
- **>30% GMV** of Allegro Lokalnie from Smart offers
- **+3.5 more offers** per Seller with Smart
- **+15% quicker sending** of the package vs non-Smart offers

