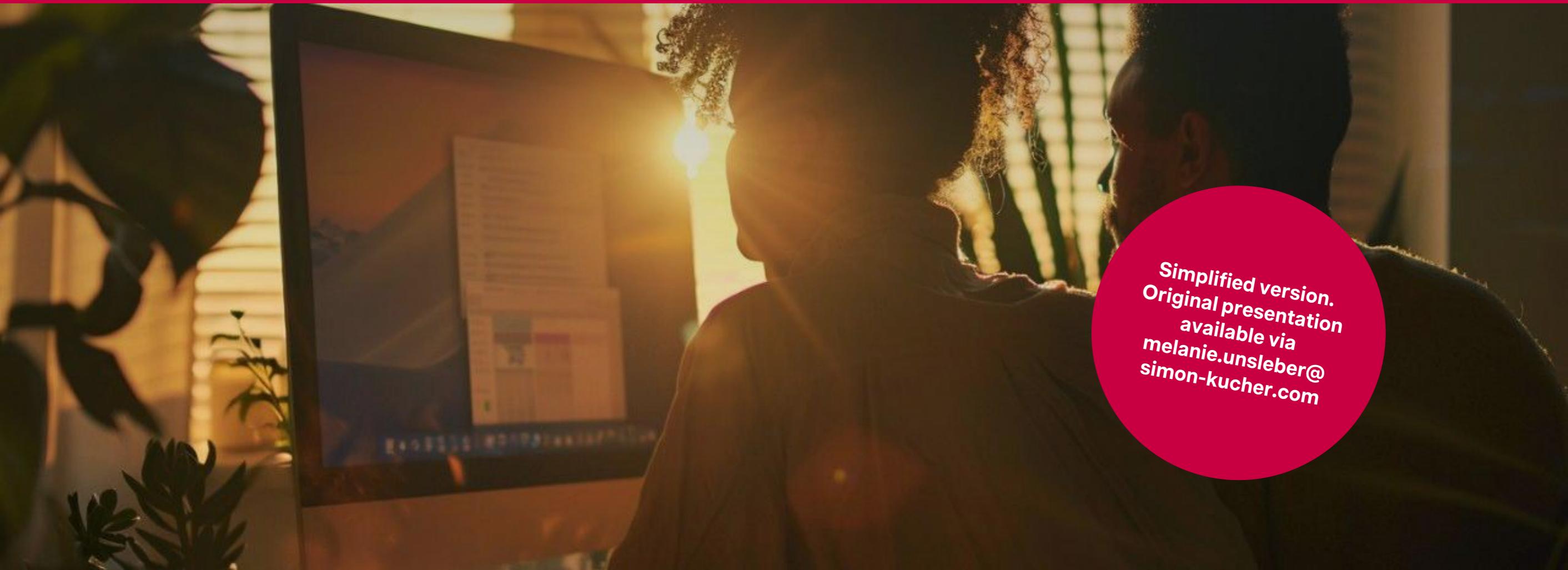


To monetize or not? Success factors for a thriving C2C business



Simplified version.
Original presentation
available via
melanie.unsleber@simon-kucher.com

C2C business typically assumed to be very price sensitive

Average short-term price elasticity B2C dealer



-0.1 - -0.3

For every **10%** price increase you lose **1-3%** listings

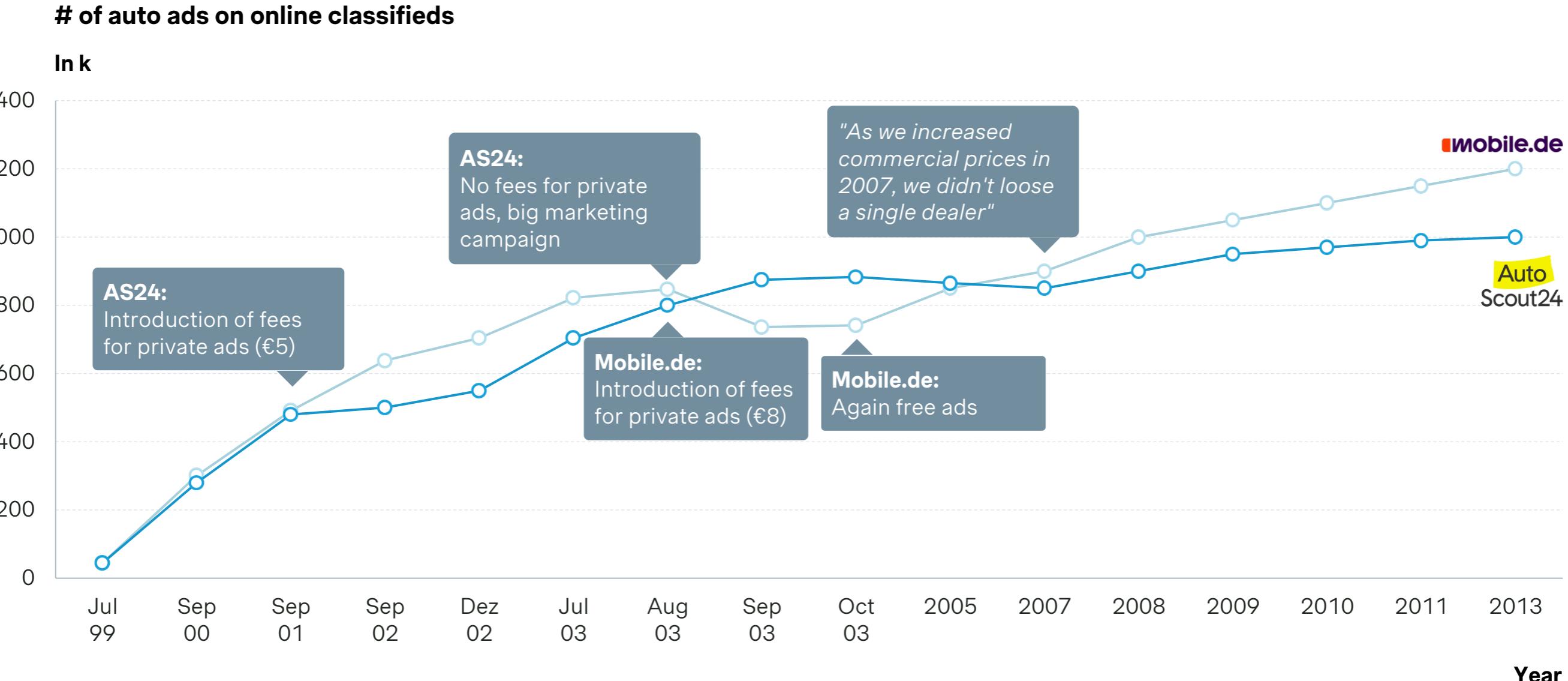
Average short-term price elasticity C2C seller



-0.8 - -1.2

For every **10%** price increase you lose **8-12%** listings

Already in early 2000s mobile.de and AS24 could not agree on C2C monetization



Ebay felt forced by competitors to remove fees for private sellers

ebay Germany - March 2023

From March 1st 2023, Final value fee on ebay.de is 0% for C2C sellers residing within the EEA

kleinanzeigen

In principle, the use of classified ads is free for private sellers – we only charge usage fees if certain limits are exceeded.

This article tells you everything about the fee structure for private users.

For posting more than 100 ads in the categories of consumer goods, services, and jobs within 30 days, we charge private sellers a fee of €1.99 (incl. VAT) for each additional ad. Paid ads run for 60 days. Ads in these categories can be renewed indefinitely free of charge.

ebay UK - October 2024

eBay removes UK seller fees to counter new wave of marketplace startups

Vinted

1. List for free

Download the free Vinted app. Take photos of your item, describe it, and set your price. Tap "Upload" and your listing is live.

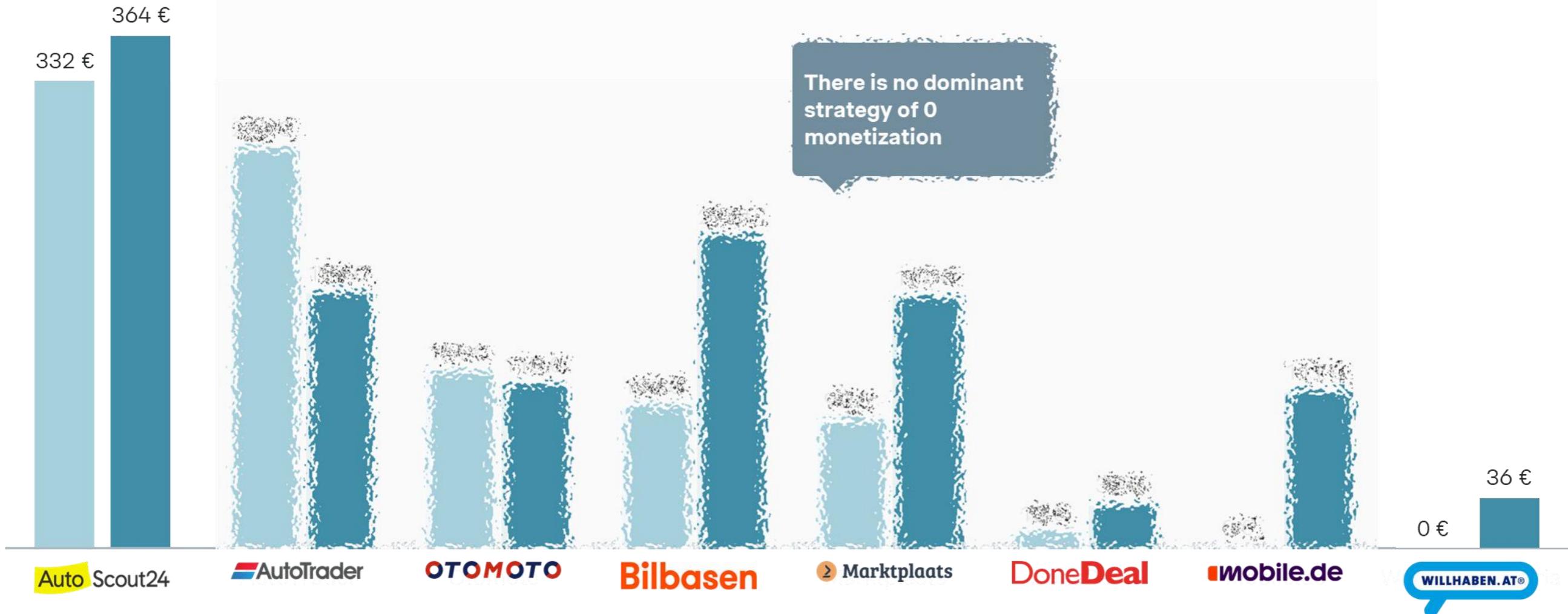
Vend with different reactions across countries to changes in their vehicle category

	C2C revenue/new listing increase YoY (vehicles)	New listings change YoY (vehicles)
 Norway	12%	0%
 Sweden	54%	-14%
 Denmark	55%	-52%

Price levels for C2C vehicle listings are vastly different across platforms

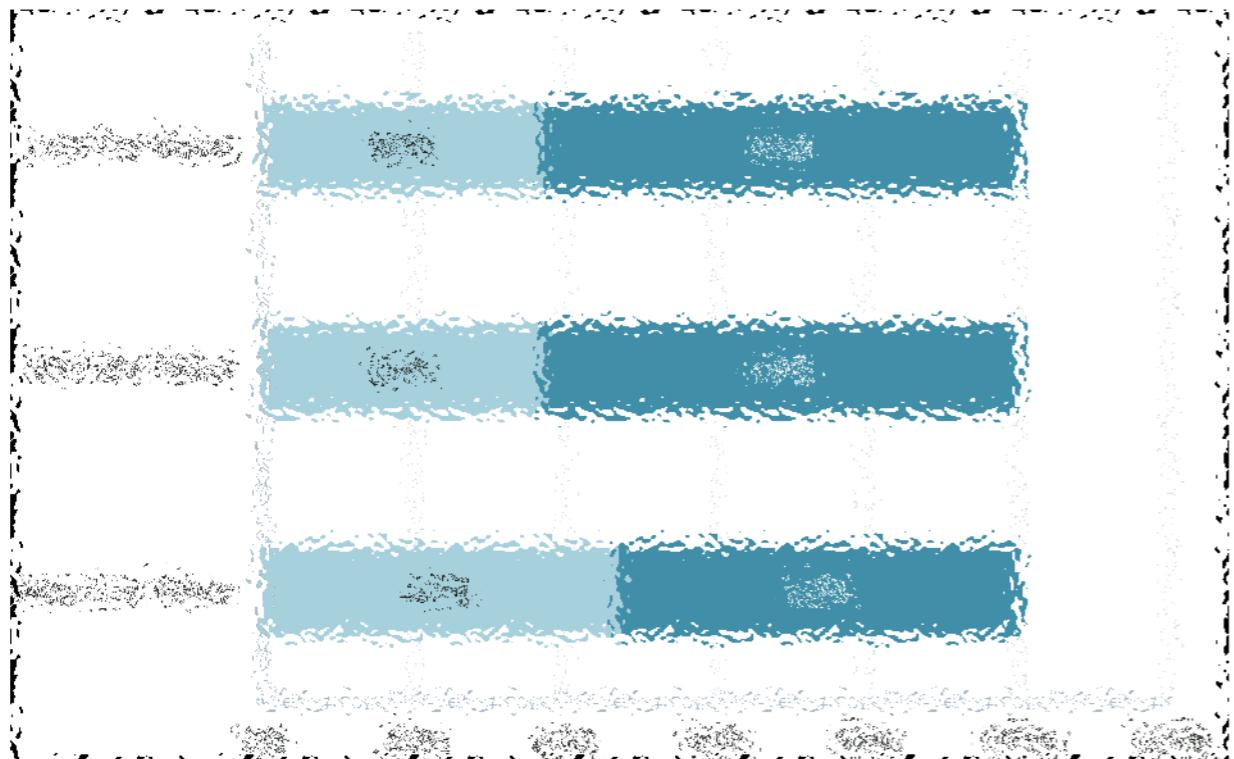
C2C package prices of leading platforms

Low package price High package price



Where buyers are found is not so different between highly monetized and non-monetized markets

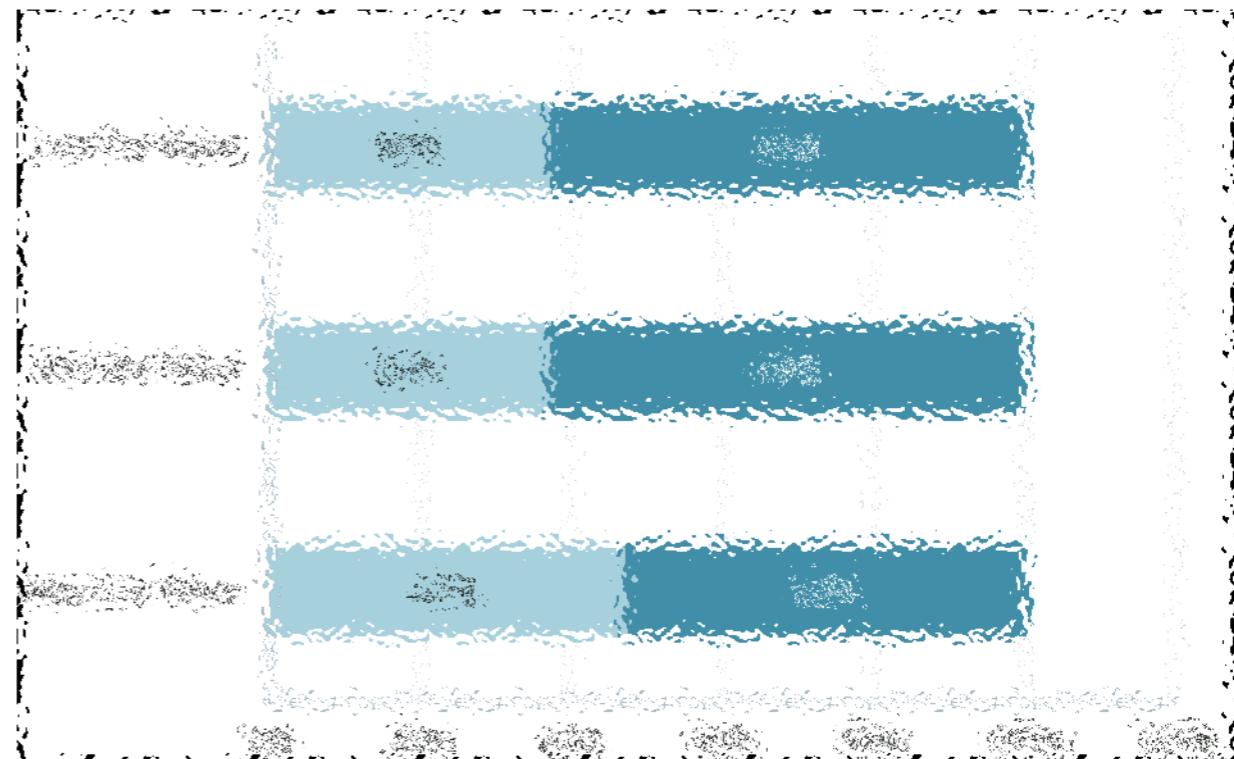
Share of car sales: horizontal vs. vertical
in **markets with high monetization** by vertical



■ Sold on vertical

■ Sold on horizontal

Share of car sales: horizontal vs. vertical
in **markets with low monetization** by vertical

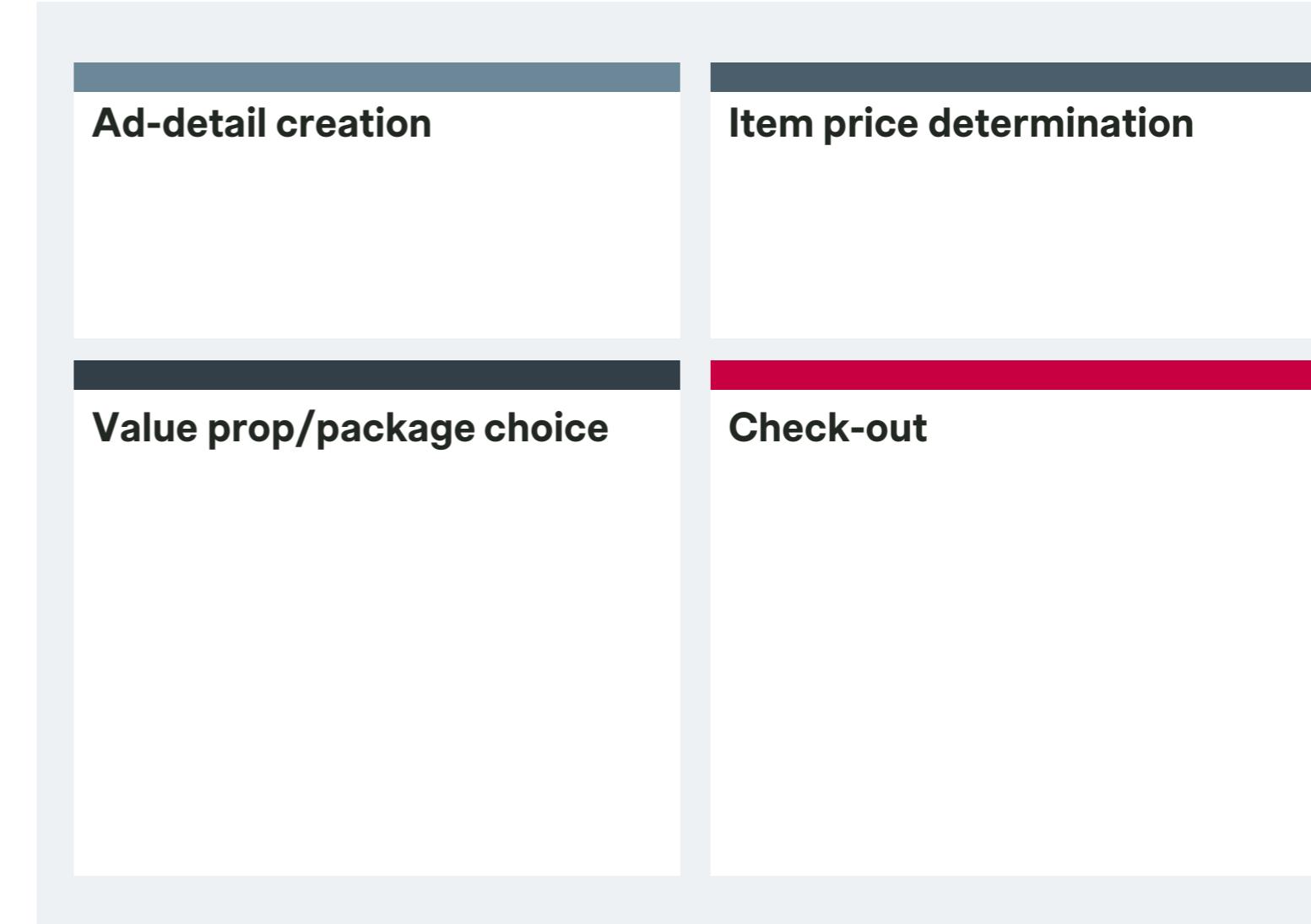
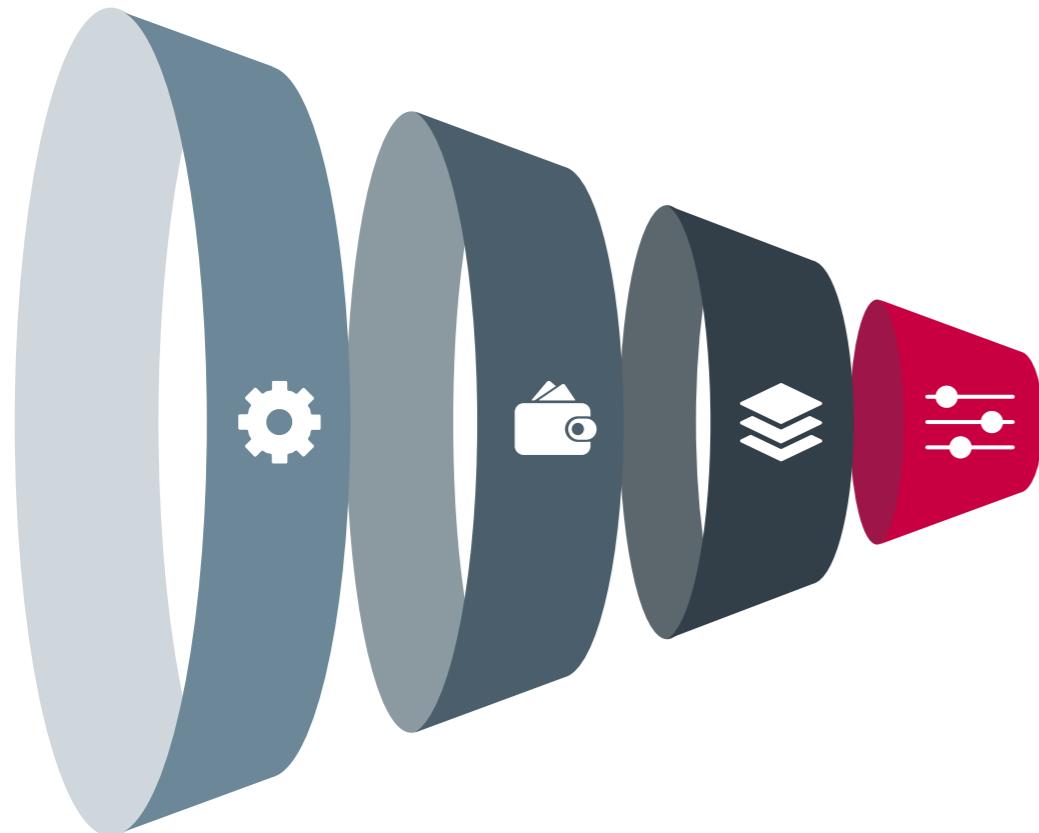


■ Sold on vertical

■ Sold on horizontal

If done smartly: a market may be monetized without losing too many listings / sales to cheap alternatives

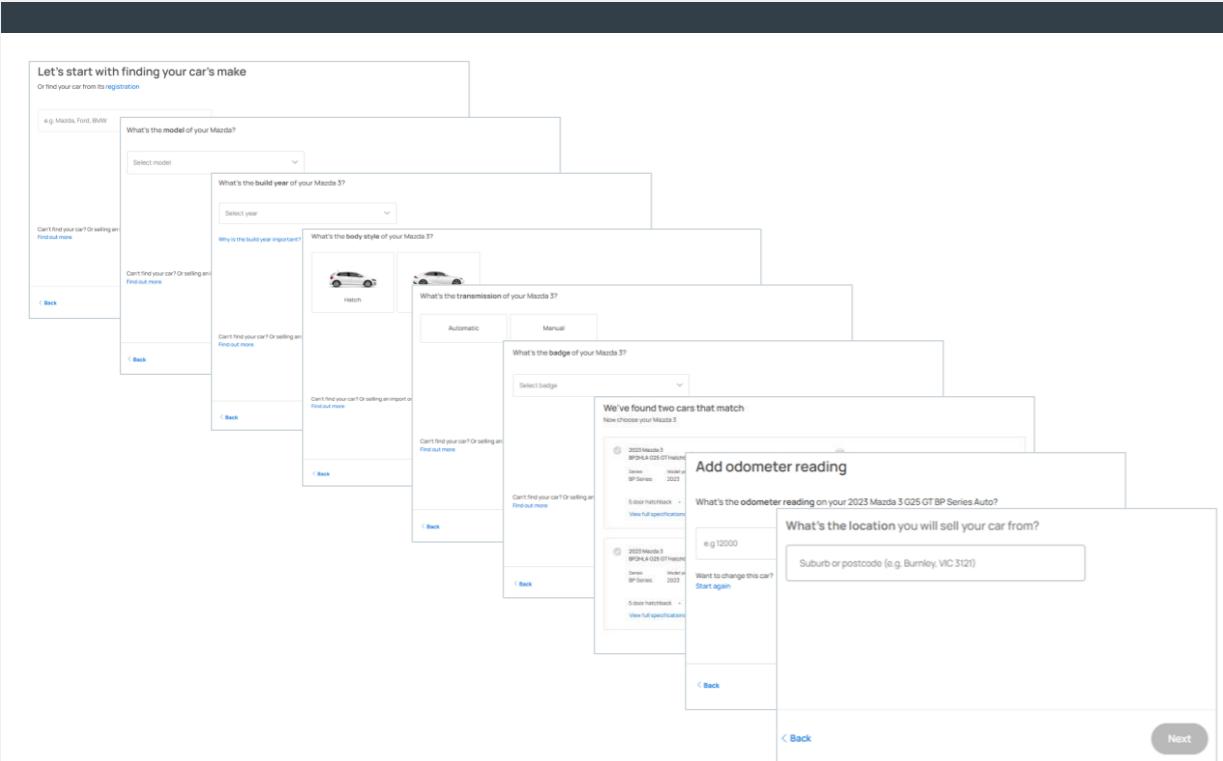
Key success factors to build a thriving C2C business



Tedious listing process may increase drop-outs

Project examples: C2C

Not best practice



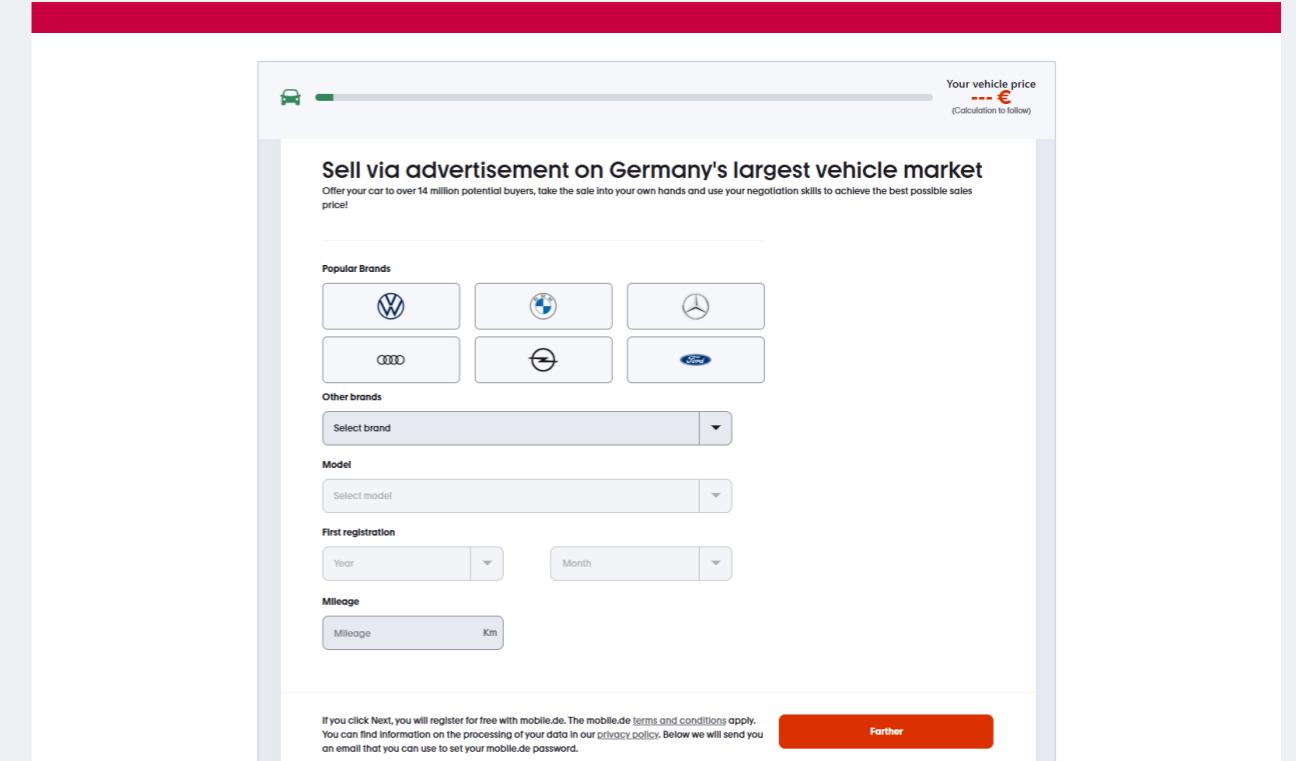
Let's start with finding your car's make
Or find your car from its registration
e.g. Mazda, Ford, BMW

What's the model of your Mazda 3?
Select model
What's the build year of your Mazda 3?
Select year
Why is the build year important?
What's the body style of your Mazda 3?
Select body style
Hatch Manual
Automatic
What's the transmission of your Mazda 3?
Select transmission
Automatic Manual
What's the badge of your Mazda 3?
Select badge
We've found two cars that match
Now choose your Mazda 3
2023 Mazda 3 BP51LA (2023) Hatch
Series
2023
5-door hatchback
View full specifications
2023 Mazda 3 BP51LA (2023) Hatch
Series
2023
5-door hatchback
View full specifications
Add odometer reading
What's the odometer reading on your 2023 Mazda 3 G25 GT BP Series Auto?
e.g. 12000
Want to change this car?
Suburb or postcode (e.g. Burnley, VIC 3121)
e.g. 12000
Want to change this car?
Suburb or postcode (e.g. Burnley, VIC 3121)
e.g. 12000
Want to change this car?
Suburb or postcode (e.g. Burnley, VIC 3121)

Back Next

9 clicks to get to valuation

Best practice



Your vehicle price
(Calculation to follow)

Sell via advertisement on Germany's largest vehicle market
Offer your car to over 14 million potential buyers, take the sale into your own hands and use your negotiation skills to achieve the best possible sales price!

Popular Brands

VW BMW Mercedes-Benz
Audi Mini

Other brands

Select brand

Model

Select model

First registration

Year Month

Mileage Km

If you click Next, you will register for free with mobile.de. The mobile.de [terms and conditions](#) apply. You can find information on the processing of your data in our [privacy policy](#). Below we will send you an email that you can use to set your mobile.de password.

Farther

1 click to get to valuation



Adequately priced inventory is the number one lever to create a sale

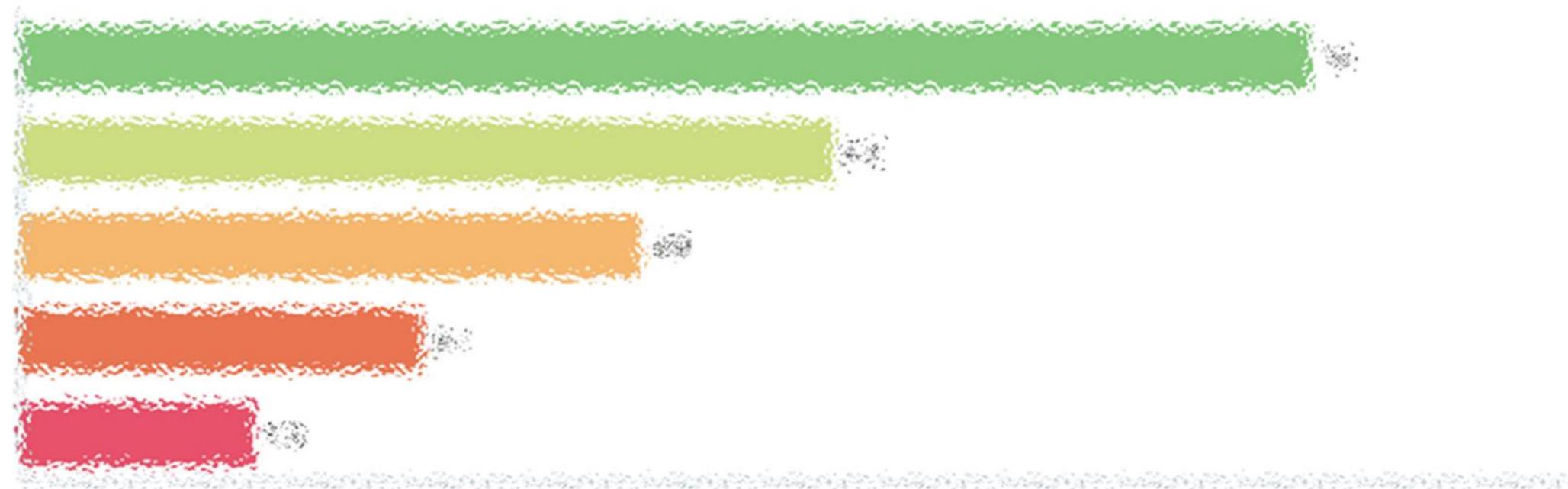


Price rating

Indicator of how well priced a listing is, serving as orientation for customers when looking for a vehicle

Average # of leads per listing (per month)

Well below market price
Below market price
Around market price
Above market price
Well above market price





In fixed price format: providing a range can anchor price expectations too high

Project examples: C2C

Concept 1

Your price is looking high

⚠ Cars that are priced within our estimated selling range **sell twice as fast**, on average. If your car is priced higher due to special features, be sure to highlight them in your comments.

Estimated selling range

\$45,800 - \$ 55,200

Based on the car's odometer reading, its make, model and an assumed good condition.

Listing price*

\$ 54,000

Above market price ⓘ

\$ 54,835

- 9%

\$ 49,780

Avg. sales price chosen

Concept 2

-\$ 50,000 +

\$ 50,000

Best offer

Single 'best offer price' shown that seller can move up/down to reach desired listing price

Price rating

Your listing will receive the following price rating:

\$ 50,000 Fair price

	Very good price	Good price	Fair price	High price	Very high price
Average time to sell	23% faster to sell	9% faster to sell		9% longer to sell	18% longer to sell
Average # of enquiries received	75% more enquiries	33% more enquiries		23% less enquiries	42% less enquiries

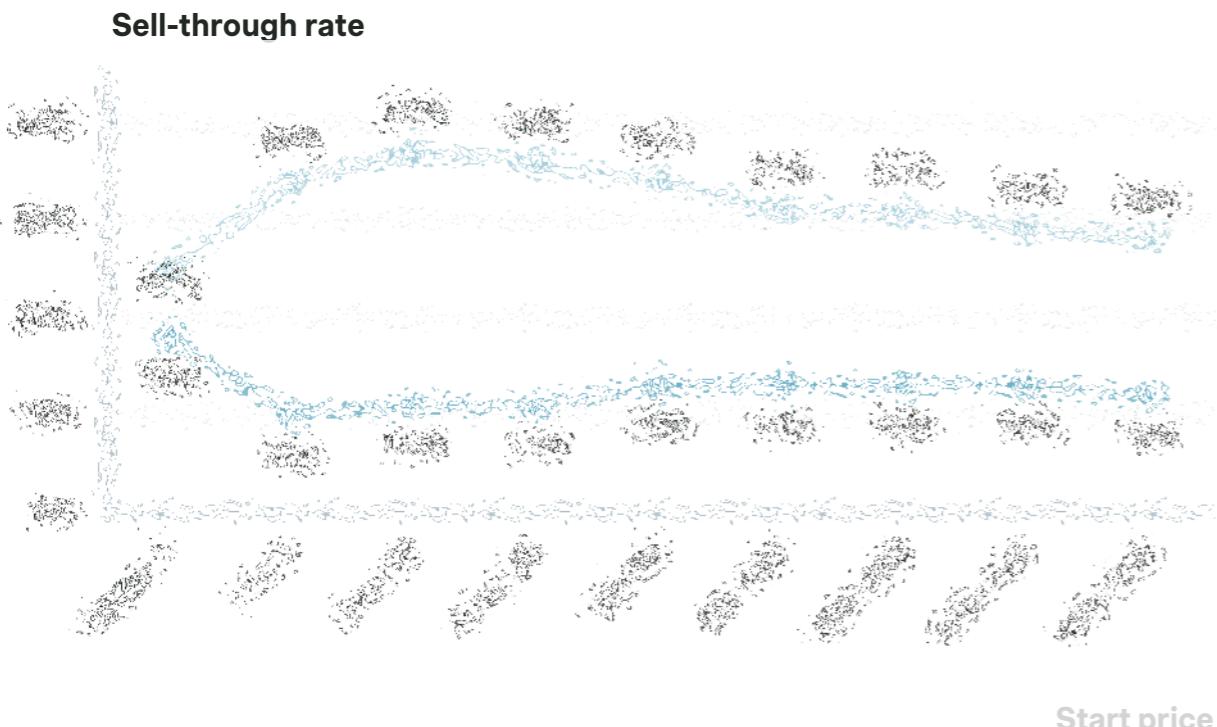


High starting/reserve prices drastically reduce conversion in auctions

Project examples: C2C

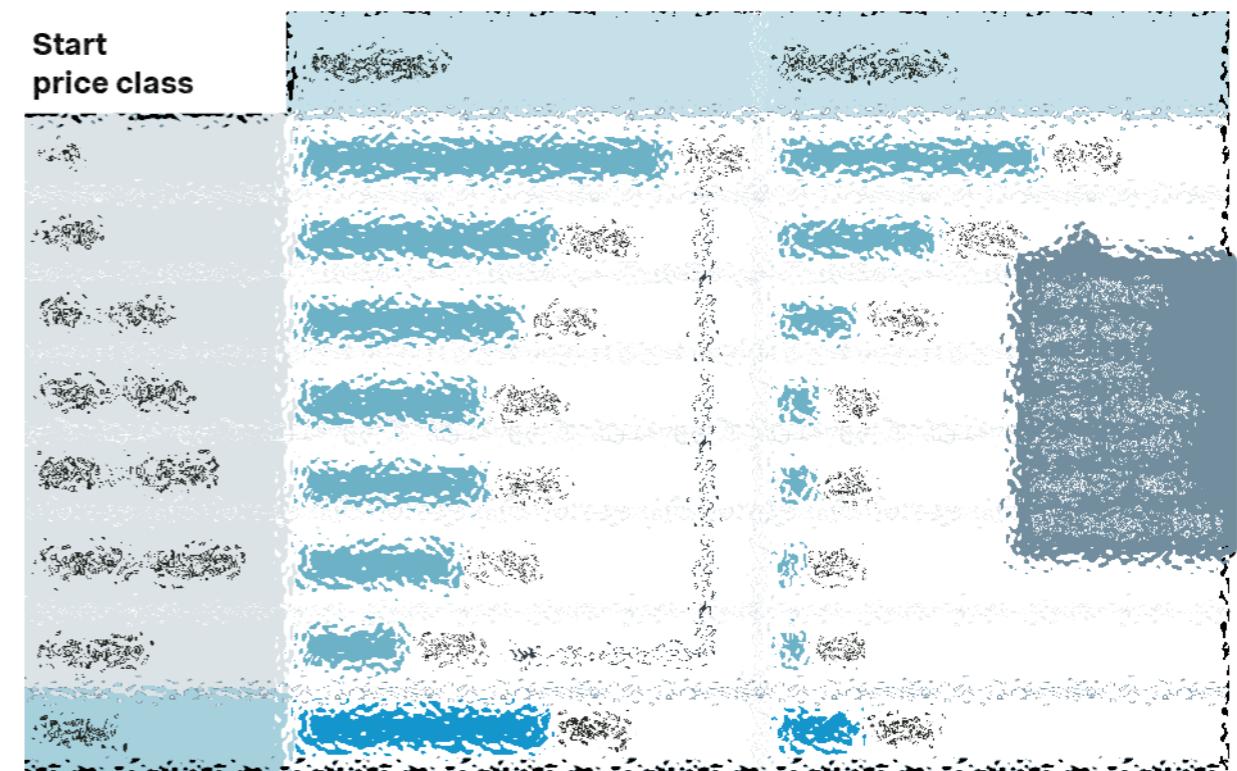
Auction format listings with high start price have worse conversion than fixed price listings

Sell-through rates by listing format and start price of a C2C marketplace



Giving sellers the option to start an auction at a high price significantly reduces conversion

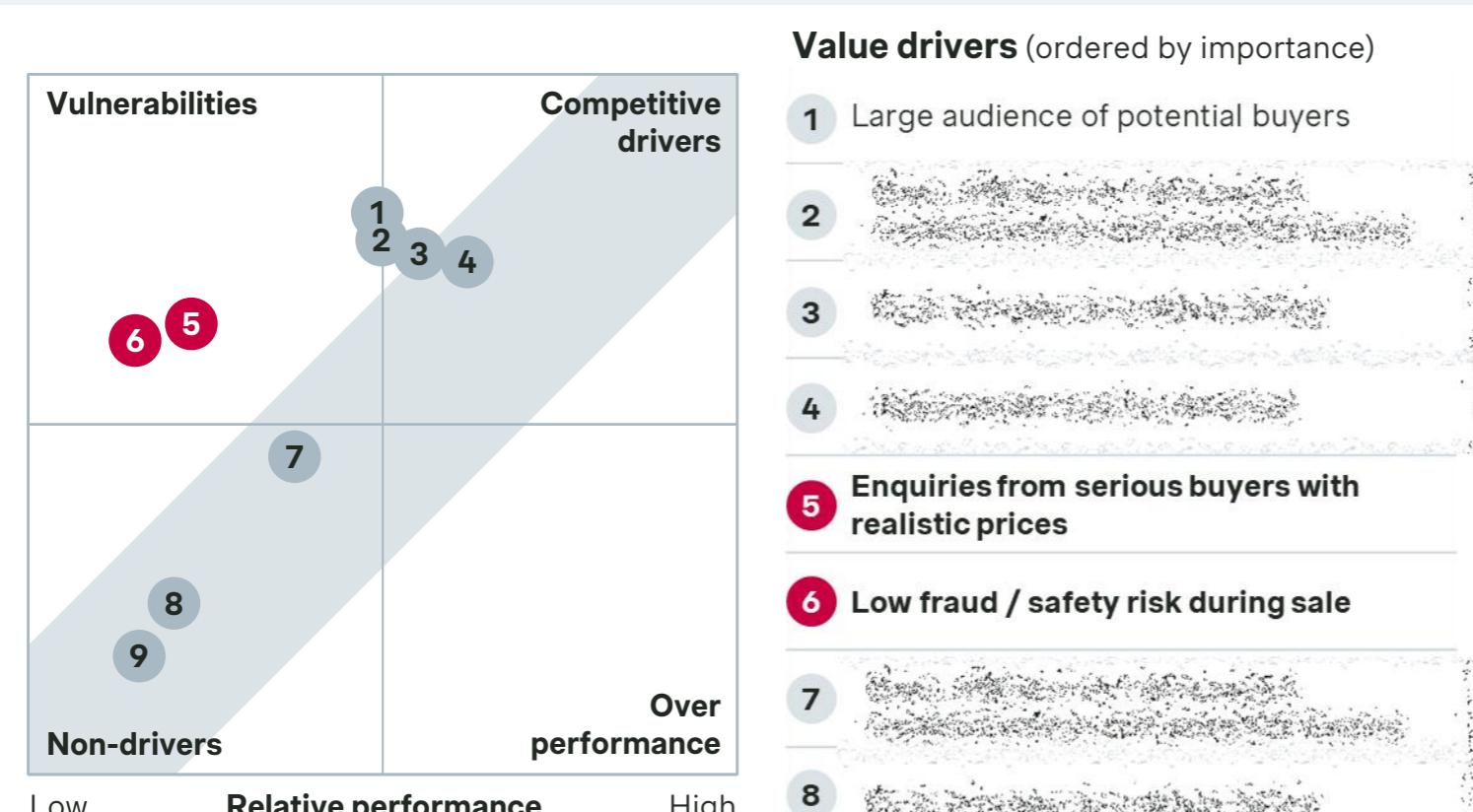
Sell-through rates by listing format and start price of a C2C marketplace



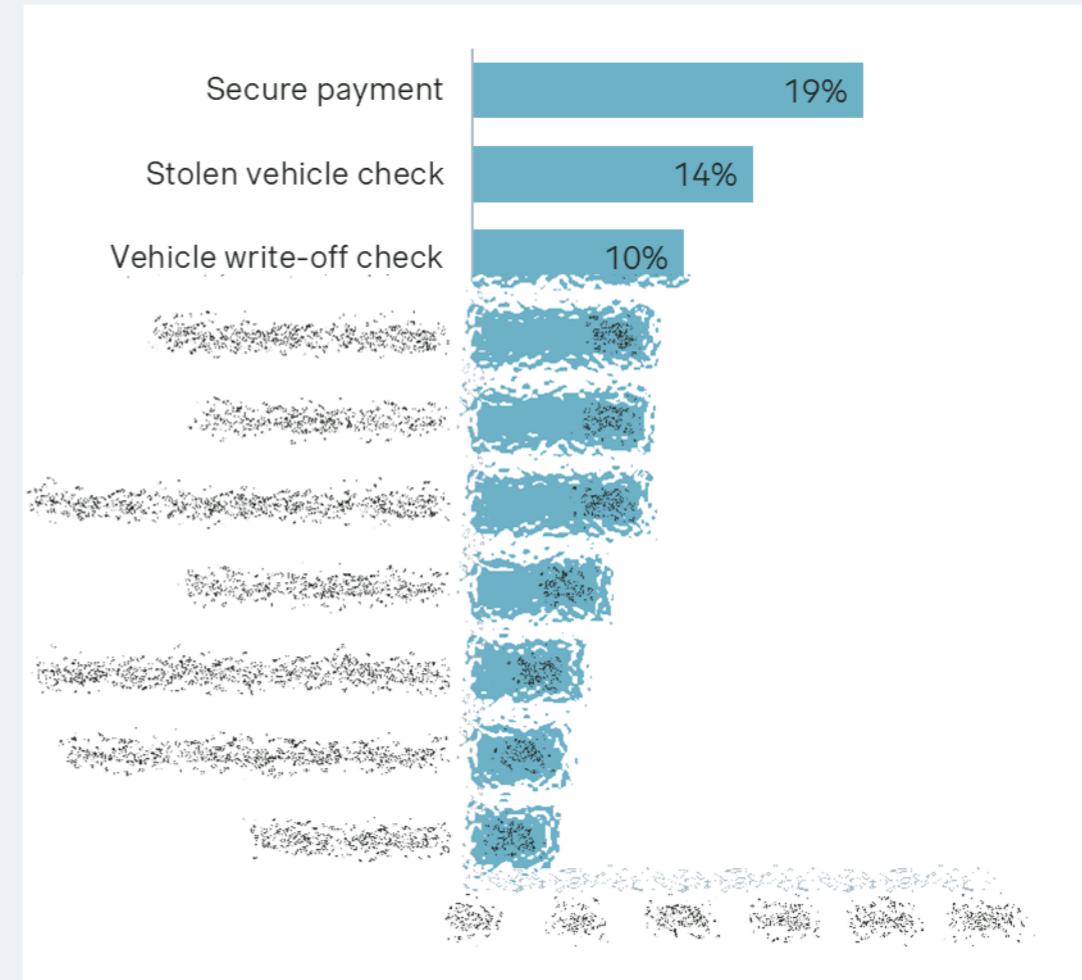


C2C transactions are typically perceived as unsafe

Matrix of competitive advantage: typical horizontal



Exemplary trust features and seller need





Package choice: use of psychology in package choice

	Race	Sport	Drive	Cruise
Search results booster	2.7x	2.2x	1.7x	1.0x
Average days to sell (for cars using recomm. price)		16% longer to sell	31% longer to sell	33% longer to sell 2
Average enquiries received (for cars using recomm. price)	13	12.5	12	9
Secure car payment	✓	✓	✓	✓
Safe phone number	✓	✓	✓	✓
Car history check	All checks (stolen vehicle, written-off, finance incumbrance, and odometer check)	Stolen vehicle & written-off check only	Stolen vehicle & written-off check only	Stolen vehicle & written-off check only
Virtual inspection	✓	✗	✗	✗
Video showcase	✓	✗	✗	✗
Effective avg. price per enquiry (for cars using recomm. price)	\$16.08	\$15.52	\$14.92	\$12.67 3
Total absolute price per listing	\$209	\$194	\$179	\$114
			Best price/value 1	
	Choose	Choose	Choose	Choose



Item price is key driver of price elasticity and needs to be reflected in listing prices

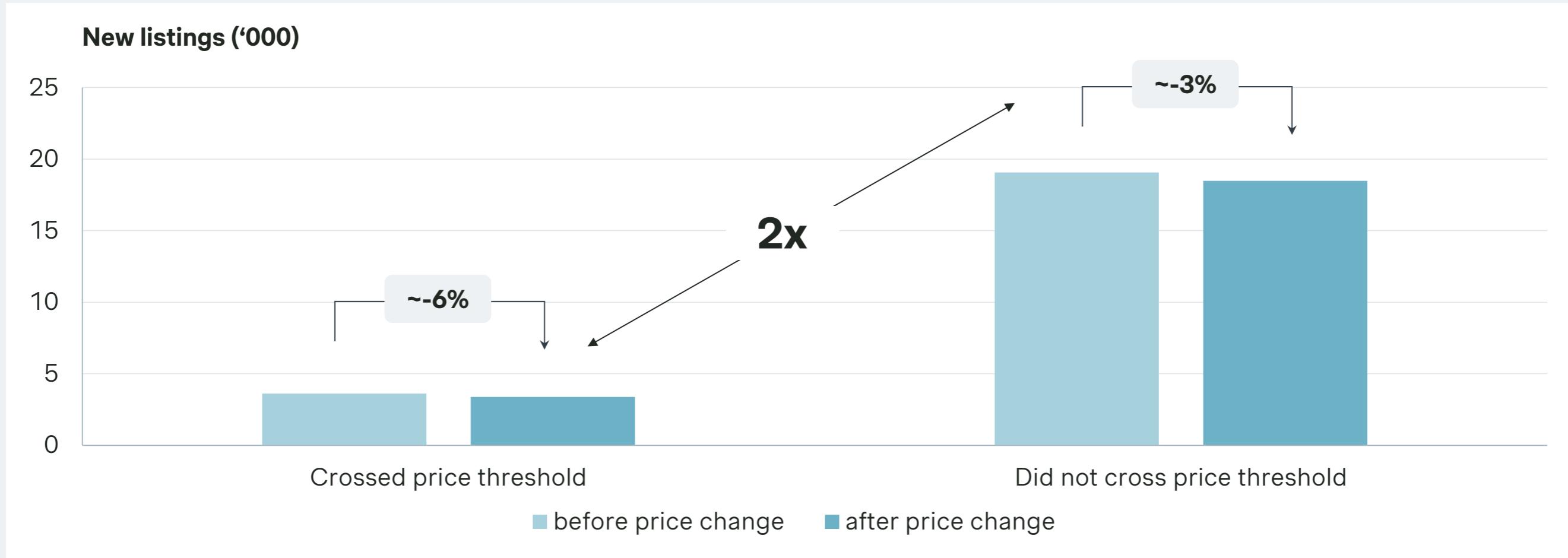
C2C seller price elasticity





Listing loss was 2X higher if a price threshold was crossed with a price increase

Listing loss with price increase: with crossing of price threshold and without



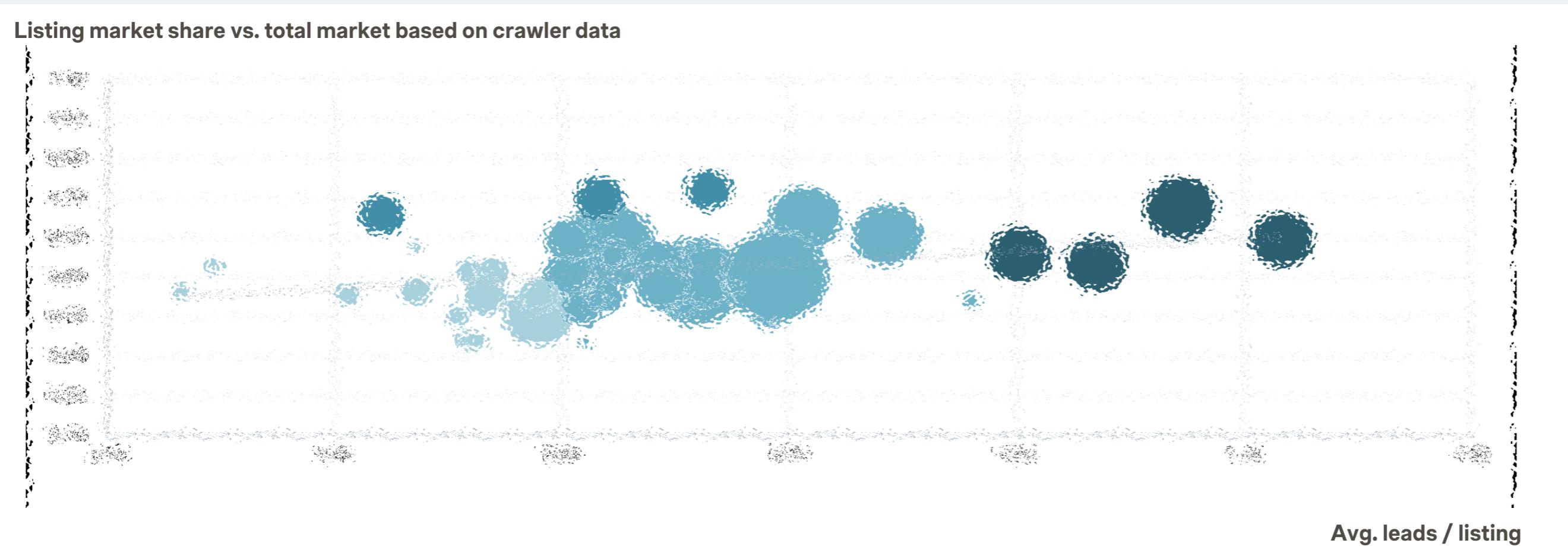


Value prop/package choice

**SIMON.⁺
KUCHER**

Expected leads in specific regions to be reflected to capture value delivered

Leads/listing x listing market share (state view, bubble size by total listings in the market)



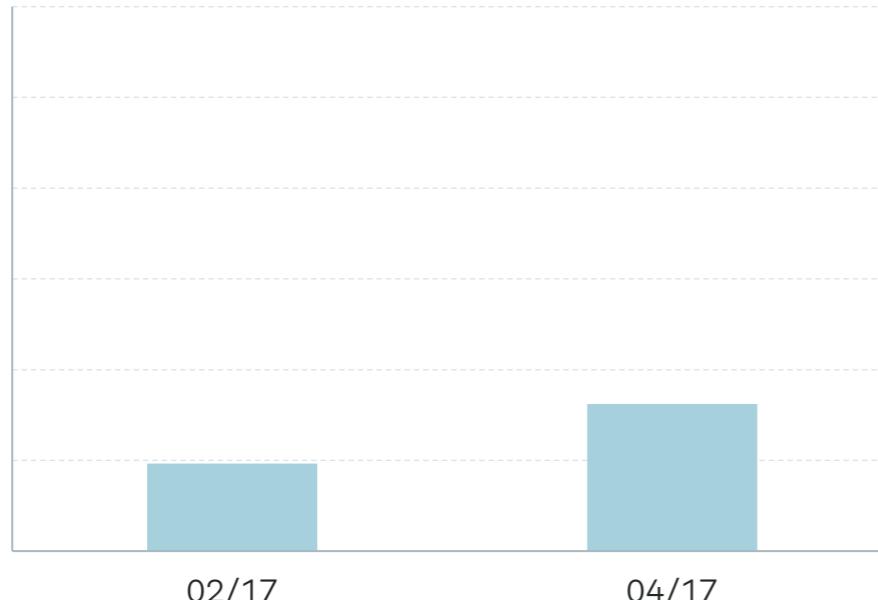


Elasticity to a promotional price change is much higher than to a base price change

Project example

Price elasticity

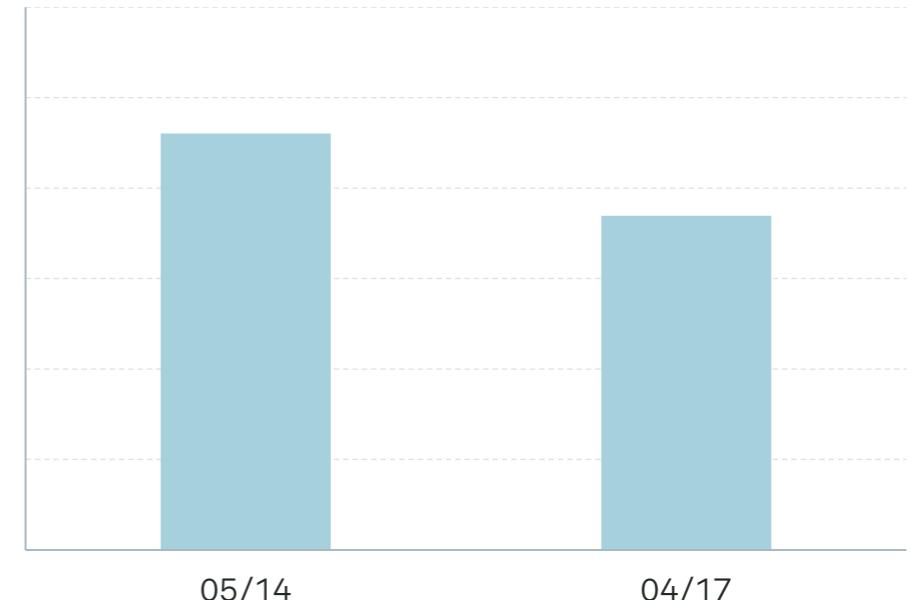
Increase of base prices



Ø price
change

Promotion elasticity

Decrease of discount





Check-out

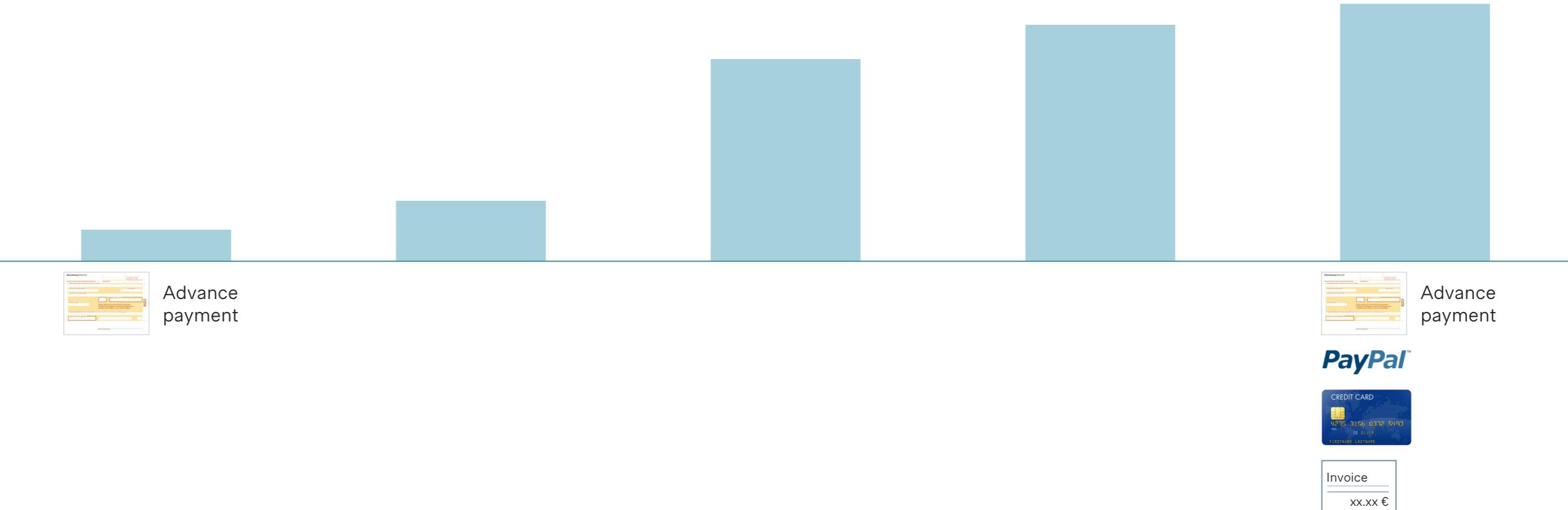
**SIMON.
KUCHER**

Available payment methods heavily affect conversion rates at checkout

Project example: C2C

Conversion rate in last checkout process step by available payment methods

Conversion rate (%)



Source: Simon-Kucher benchmarking

To monetize or not_Success factors for a thriving C2C business.pptx

Summary



C2C business typically assumed to be very price sensitive



Yet, the C2C prices for car marketplaces are vastly different



Yet, success of free horizontal seems relatively similar in highly monetized market vs. non-monetized market



Keep key success factors in listing funnel in mind to build a thriving business

Key success factors to build a thriving C2C business

