The threat to classifieds – and example defensive strategies

### Scare Stories of Facebook to Grow Marketplaces

- Leading players need to get their marketplaces across markets and categories so far.
- Marketplace's level of development and impact has not been uniform across different goods, but its presence in property and auto is more mixed. Categories where social and local dimensions are important for unsophisticated sellers.
- Facebook performs better in developed markets in North America and Western Europe, but it continues to exist exclusively as C2C marketplaces.
- Developed markets in North America and Western Europe, it has a global offering but so far has focused on hyper-verticals.
- The first real evidence of a global Tech giant making a transition into classifieds.
- Facebook global revenues were in excess of 2.5x the total global value of classifieds players will be impacted to the same extent; “digital classifieds” players can exploit. A strong and defensible position means assured, and there are weaknesses leading to the need for reactive strategies.

### Facebook Marketplace

- Facebook Marketplace's user base is significant in some geographies. For example, in the US, there are over 1,000 Facebook Marketplace users per million people.
- In Europe, Facebook Marketplace has made little difference to the market share of classifieds leaders and a much cheaper/free alternative in the market. In Germany, for example, Marktplaats is the market leader, but even where Facebook does not aim to dominate, the focus is on big geographies that make a difference.

### Facebook Marketplace Competitive Advantage

- The platform, financial, and economic agenda needs to be taken seriously.
- Facebook has the capability to build on existing brand, audience and proposition strengths and to build defensibility.
- Facebook has a range of value added services for private sellers, but it has little impact on professional sellers.
- Facebook's level of strength varies. It is stronger on lower-end businesses (particularly C2C car dealer and property listings), but it is weaker in professional categories such as property, auto and business-to-business (B2B), where it has invested effectively and learned from market failures.

### Facebook Marketplace Competitive Threats

- There are also lower 3rd party estimates that estimate a market size of c.$20-25bn as the core growth of its classifieds business is expected to be limited.
- Engaging Facebook properties could be a $10bn opportunity – but this could be discounted given the lack of progress made so far.

### Facebook Marketplace Defensive Strategies

- Over the medium-term a range of more game-changing moves will be required to reinforce defensibility. Three needs to be the first line of defence.
- Double down on sector specialist areas and consolidate market share in professional categories. Facebook currently only lists 4x of the top 16x verticals it competes in.
- Generalist move to vertical specialisms. Facebook currently only lists 4x of the top 16x verticals it competes in.
- Value added services. Facebook currently only lists 4x of the top 16x verticals it competes in.
- Product improvement. Facebook currently only lists 4x of the top 16x verticals it competes in.
- Introduce ID verification to enable trust between buyers and sellers.
- On-platform transactions.
- Build on Facebook Pages and Facebook Business to allow businesses to have presence on the site.
- FACEBOOK SHOPS
  - eCommerce – primarily apparel and accessories
  - INSTAGRAM SHOPPING
  - Shared platform across Facebook and Instagram
  - Online store fronts for shops to display and sell
  - Checkout in-app or go through to store
  - Uses existing credit / debit cards like Paypal
  - Pay or send money with one click
  - Primarily C2C car dealer and property listings
  - Feed-based list of products in locality, with a mix of professional and private listings
  - Spectrum of offering fromembroader services to lead quality and improvement在原始数据中，主要的分类广告玩家需要警惕。Facebook已经拥有一个全球性的 offerings，但到目前为止，它只在某些特定的地理市场尤其是北美和西欧进行了重点发展。随着Facebook的全球收入超过2.5倍于全球分类广告总收入，它们的市场将受到不可忽视的影响；而“数字分类”玩家则可以利用这种机会。建立一种稳固和有保证的地位，发现弱点，并采取反应策略。

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