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Online Marketplaces in Europe Sector Blog | May 2017

The Platform to Research, Interact with and Invest in
European Scaleup Tech Companies

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European Online Marketplaces in Focus: where all the money is going

Marketplaces have come out of the 2017 starting gates quickly as a driver behind some of the biggest funding rounds this year. More importantly it is doing this across a wide range of verticals with travel and fintech leading the way. In the 12 months up to February 2017, we saw 53 Marketplace investments over the €10m mark across 14 countries.

The growing trend to invest in Marketplaces (no-stock) is in stark contrast to how much we have seen investors fall out of favour with eCommerce (inventory risk).

It is clear to see that investors have been actively investing in diverse Marketplaces across a wide range of countries over the past year, which is a positive sign for the overall European market. What may be of most interest is that it is not the UK leading on either deal size or deal volume for Marketplace investments as Germany and France have come in at number 1 and 2 respectively.

Germany saw the largest funding round of 2016 for the €300m Series C round of Global Fashion Group, an online fashion Marketplace, see Go4Venture's 2016 year end review. Germany is also home to Europe's largest online-only fashion retailer, Zalando, an online clothing and accessories Marketplace which is currently transforming into a multi-service platform. Zalando was valued at \$6.8bn after its IPO in October 2014 and has since undergone 5 acquisitions.

What is most striking is the **diversity of innovation in Europe**, we have profiled Marketplaces across all key sectors including:

- Retail: LetGo (Spain) - Online Marketplace for second hand products
- Fintech: Funding Circle (UK) – P2P lending platform focused on small business finance
- Flowers: Bloomon (Netherlands) - Online flower Marketplace and delivery service
- Fashion: Vinted (Lithuania) - Operator of a peer to peer Marketplace for second hand fashion items
- Shipping: Xeneta (Norway) - Global containerised ocean freight price comparison platform
- Travel: Campanda (Germany) - Online rental platform for motorhomes and campervans
- Hobby and Crafts: LoveCrafts (UK) - A social network and digital Marketplace for crafting communities

Beyond the companies we have profiled recently, I've had the chance to meet with a couple of very interesting rapidly scaling Marketplace companies:

- Fly Victor (UK) – Marketplace for the Global Private Jet Ecosystem
- Festicket (UK) – A seamless service to discover and book tickets and packages for music festivals worldwide
- Aardvark Compare (Florida, US) – A 50 state insurance comparison Marketplace
- Rota (UK) - A SaaS-enabled Marketplace that connects employers to shift-based staff
- Pamono (Germany) - Curated Marketplace for distinctive vintage and contemporary design furniture

It is interesting to see how the Marketplace place model is growing across Sectors. We expect that this means there is not going to be a slowdown anytime soon as there remains plenty of opportunity for growth in newer sectors.

The Marketplace models are also evolving to present more innovative solutions. Consider Rota, a SaaS enabled Marketplace, it uses its own data matching algorithm to help companies primarily in the hospitality industry fill shift-based temporary staff positions quickly. The algorithm has proven to provide 93% satisfying matches – compared to traditional agency approaches which Rota says only approximate 80%.

Another interesting model is the concept of a Market-Network, which has been covered quite well by the NFX Guild, but essentially leverages the benefits of Marketplaces and networks. NFX have put a clear definition on how Market-Networks are unique from pure online Marketplaces in that they:

- *Combine the main elements of both networks and Marketplaces (i.e. buyers can connect and communicate with sellers without an intermediary contact)*
- *Use SaaS workflow software to focus action around longer-term projects, not just a quick transaction (e.g. provide tools for users to manage their business / transactions)*
- *Promote the service provider as a differentiated individual, helping build long-term relationships*

As is the case with all online companies, a crucial adaptation is the shift from Web to Mobile. Some of the diverse Marketplaces in Europe which we have profiled and have already adopted this shift include:

- Tradeshift (fintech, Denmark)
- SoundCloud (Music, Germany)
- Jobandtalent (Jobs/HR, Spain)
- Koolicar (Travel, France)
- Deliveroo (Food & drink, UK)

I have found from our Go4Venture HTI Data that Marketplaces are coming up with innovative and unique solutions allowing them to continue to produce successful companies, in a time of quickly changing and advancing Technologies. Interestingly, many of the larger online retailers have opted for the Marketplace (zero inventory) model, opening their platforms to third-party sellers including the likes of Amazon and ASOS - Suggesting Marketplaces could be the natural shift of eCommerce platforms. In 2015, there were approximately 335 active online Marketplaces in Europe alone, according to Cross-Border Magazine.

Furthermore, a report from 2016 by the Ecommerce Foundation shows that online Marketplaces will own 39% of the online retailing market within 4 years. So I expect to continue seeing an emergence of successful Marketplaces in Europe throughout 2017, and our users will be pleased to find a lot more Go4Venture profiles on Marketplaces.

Go4Venture Company Profiles

This year so far we have researched and published detailed profiles on two up an coming online Marketplace companies as part of our 'Rated Company Profiles' feature:

ROTA

Rota (click to read): Rota provides a web and mobile app that helps companies primarily in the hospitality industry fill shift-based temporary staff positions quickly using its own data matching algorithm.

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Pamono (click to read): Pamono is a home and living Marketplace which specialises in distinctive design objects (avoiding run-of-the-mill or mass market items) including vintage and contemporary furniture, lighting, accessories and crafts, and the stories behind them.

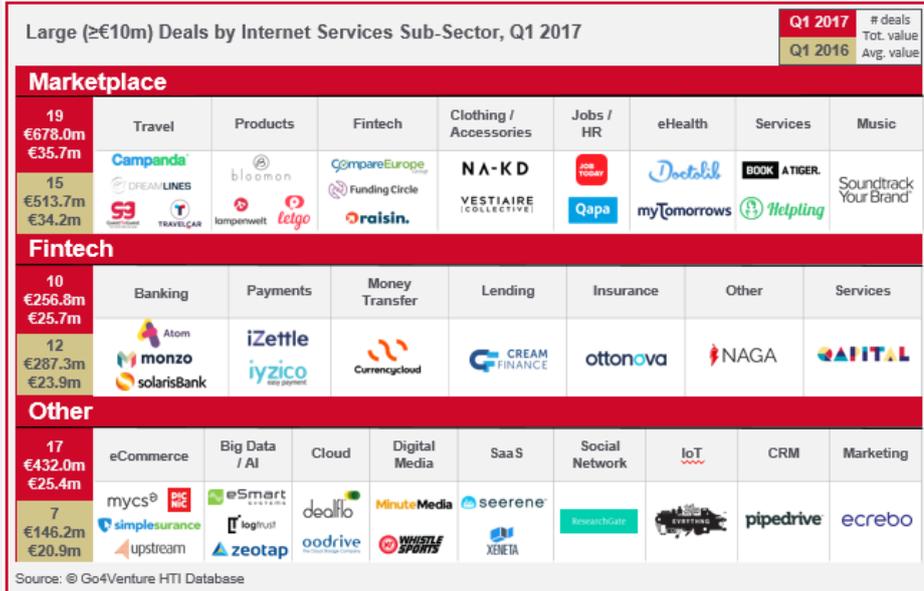
Since 2016 we have published over 50 profiles for European Scaleup Marketplace companies, see our Marketplace Channel on the Go4Venture Platform.

To gain full access to all our equity research, register free of charge: <http://go4venture.com/register/>

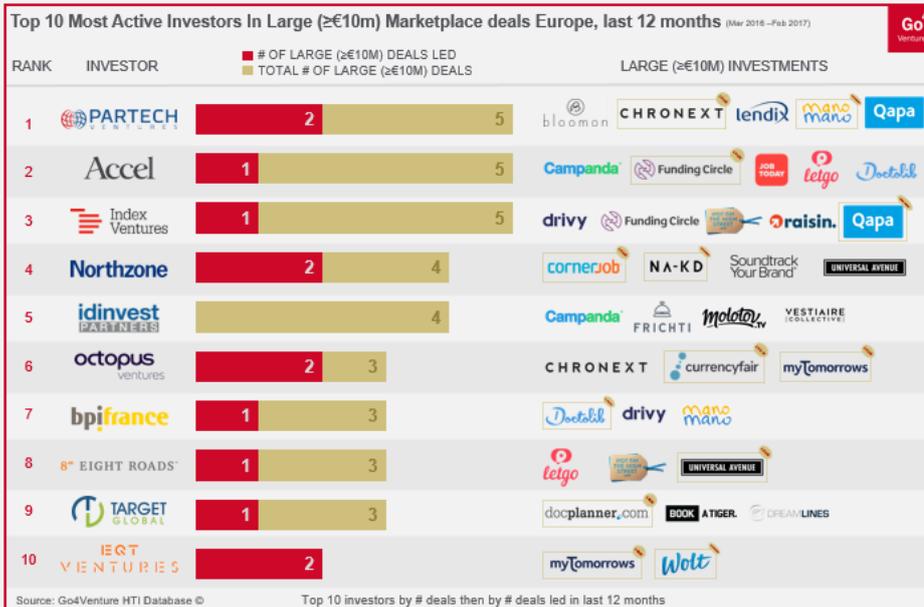
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- 2017 so far, **Marketplaces alone accounted for 41% of the volume and 50% of the value of Scaleup investment in the European Internet Services sector** (See the [Go4Venture Q1 2017 HTI Report](#)).



- With **over 130 investors** participating in more than one Large HTI investment for online Marketplace companies over the past year and over 33 participating 2 or more. **Partech**, a well-known France-based VC which regularly features on the Go4Venture league tables for Scaleup investments across several sectors, has been one of the most active participators in Marketplace deals in the last 12 months, participating in 5 and leading two of those, namely **CHRONEXT** (Switzerland), an online Marketplace for second hand luxury watches (see [Go4 Profile](#)), and **ManoMano** (UK), an online Marketplace for DIY goods and gardening products (see [Go4 Profile](#)).



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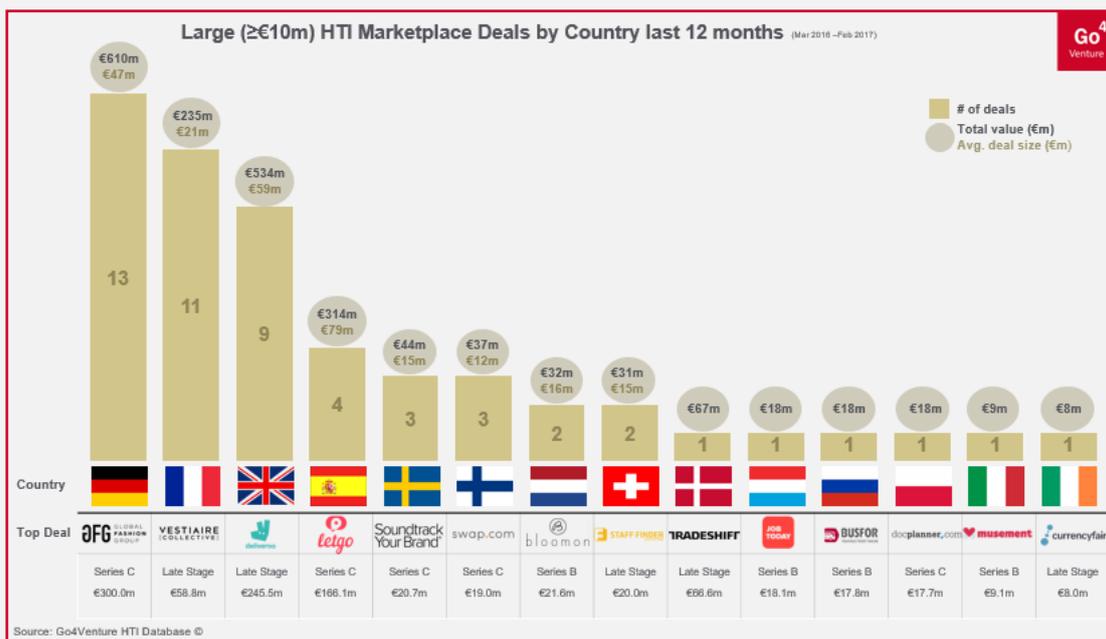
- There is a growing trend to invest in **Marketplaces (no-stock) vs eCommerce (inventory risk)**

Top 10 Largest Marketplace Funding Rounds over last 12 months (Mar 2016 –Feb 2017)

RANK	COMPANY	DESC.	COUNTRY	DEAL INFO.	INVESTORS
1	OFG GLOBAL FASHION GROUP	Online Fashion Retailer	Germany	Series C Apr 2016 €300.0m	ACCESS INDUSTRIES, KINNEVIK, ROCKETINTERNET
2	deliveroo	On-demand restaurant food delivery service	UK	Late Stage Aug 2016 €245.5m	DST, General Catalyst, GREENOAKS
3	letgo	Online marketplace for second hand products	Spain	Series C Jan 2017 €166.1m	14W, Accel, EIGHT ROADS, FJ LABS, INSIGHT, MANGROVE CAPITAL PARTNERS, NASPERS, NEA
4	FARFETCH	Online fashion retailer	UK	Late Stage May 2016 €97.3m	EUROZEO, IDG 資本, TEMASEK HOLDINGS, VITRUVIAN
5	Funding Circle	Peer-to-peer lending platform focused on small business finance	UK	Late Stage Jan 2017 €94.9m	Accel, ROCKETINTERNET, TEMASEK HOLDINGS, Index Ventures, Ribbit Capital, usv, Union Square Ventures
6	letgo	Online marketplace for second hand products	Spain	Series B May 2016 €88.4m	NASPERS
7	TRADESHIFF	Online platform & ecosystem for connecting buyers and sellers	Denmark	Late Stage Jun 2016 €66.6m	VENTURES, CAVALRY, 宜信 CreditEase, Data Collective, ISBC, Notion Capital, PAVILLON, RECRUIT, VENTURE
8	GOEURO	Online platform to book the fastest & cheapest travel options	Germany	Series C Oct 2016 €62.5m	KPCB, SILVERLAKE
9	SOUNDCLOUD	Social online audio distribution platform	Germany	Late Stage Jun 2016 €62.1m	Twitter
10	VESTIAIRE (COLLECTIVE)	Online platform for premium second-hand fashion	France	Late Stage Jan 2017 €58.8m	EUROZEO, idinvest, VITRUVIAN

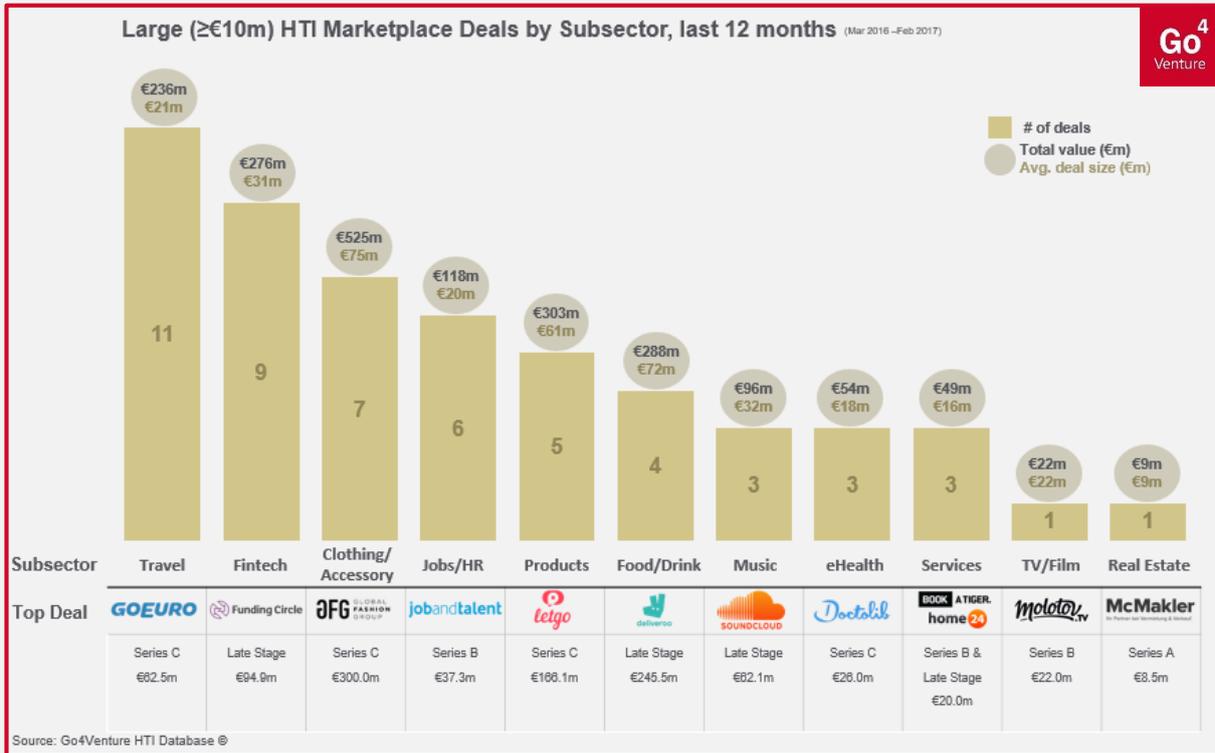
Source: Go4Venture HTI Database ©

- German and French online Marketplaces are booming



Go4Venture HTI Research and Commentary

- Online Marketplace businesses are showing up across all sectors



Note, Investment activity is measured using Go4Venture’s European Tech Headline Transaction Index (HTI), which is based on the number and value of transactions reported in professional publications. For more details, please refer to the [Methodology Note](#) available on our website.



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