

The State of Online Marketplaces in 2023

February 2024



Adevinta Ventures

Investing in the future of marketplaces.

Adevinta Ventures is the investment arm of Adevinta, a leading online classifieds group and champion of sustainable commerce with a focus on Europe. Adevinta Ventures invests in fast-growing European early stage start-ups in the marketplace technology space – giving promising ventures the support to accelerate their success. By investing in early stage innovation, Adevinta Ventures stays on top of new trends in technology and drives industry transformation.



Global startup & venture capital intelligence platform.

Dealroom.co is a global intelligence platform for discovering and tracking the most promising companies, technologies and ecosystems. Clients include many of the world's foremost organizations such as Sequoia, Accel, Index Ventures, McKinsey, BCG, Deloitte, Google, AWS, Microsoft, Stripe.

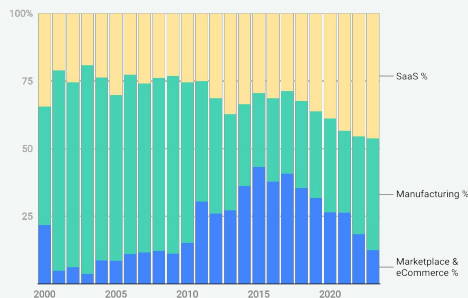
Dealroom partners closely with local tech ecosystem development agencies and enablers, to create a comprehensive multi-dimensional blueprint of the tech ecosystem, including capital, talent, innovation, entrepreneurship and overall economic dynamism.

Key Takeaways

Venture capital investment in marketplaces shifts to other business models like SaaS or hybrid models

Investments rose towards SaaS solutions and SaaS marketplaces. Marketplaces made up the lowest share of global venture capital in over a decade. In 2023, VC funding in marketplaces totalled \$31.6B, a drop down to 2014 levels, primarily due to a sharp decline in late stage rounds.

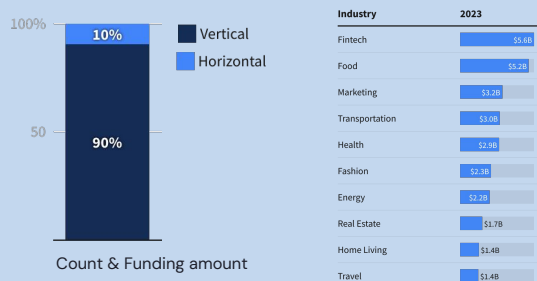
► Global VC funding by business model



Vertical marketplaces attracted 90% of the funding over the last three years

Specialisation is key as vertical marketplaces have attracted 90% of the funding over the last 3 years. Moreover, Fintech-enabled Marketplaces, SaaS-enabled marketplaces and increasingly AI-enabled marketplaces are becoming inherent to the sector.

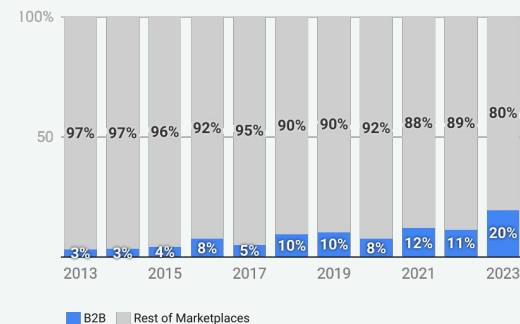
► Vertical vs horizontal marketplaces share of VC funding amount and round count (2020-2023)



B2B marketplaces are on the rise, being less impacted by economic uncertainties

B2B marketplaces attracted an all-time-high 20% share of the funding going to marketplaces. B2B marketplaces are in fact less subject to economic uncertainties and oscillatory consumer spending and boosted by the digitization of supply chains. B2B Marketplaces are also often SaaS and/or fintech-enabled to fully meet the specific needs of their merchants and clients.

► B2B share of marketplaces VC funding

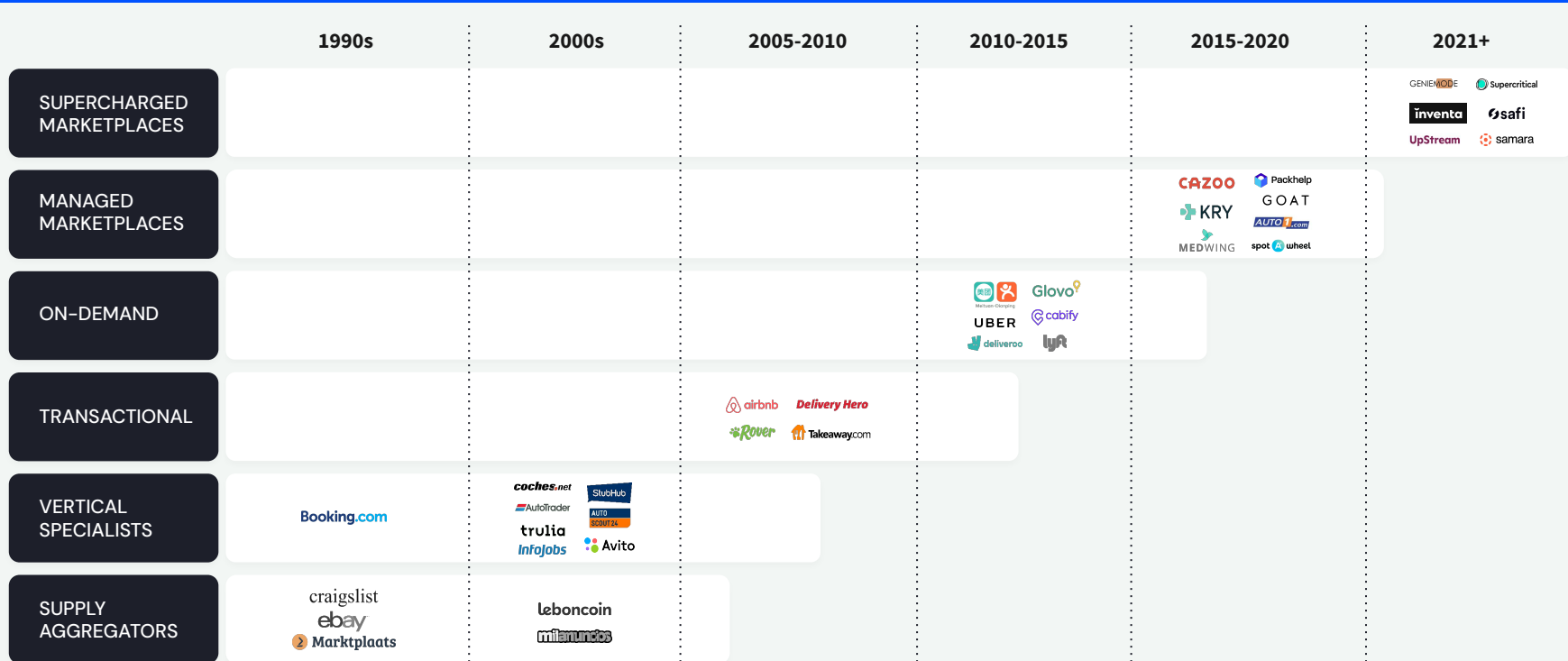


The evolution of marketplaces

- ✓ **The first generation of online marketplaces expanded from town squares and bulletin boards into eBay and Craigslist.**
A recognisable online migration. But marketplaces have evolved more in the last 20 years than in the previous 200.
- ✓ **The initial wave of marketplaces from the 2000s tended to be supply-driven and vertically focused.**
The next wave of marketplaces enabled the transaction to take place on the platform. In the 2010s, marketplaces became on-demand, location-based and almost fully managed by the operator to improve the user experience.
- ✓ **Today, we are at a time of abundance of capital, e-commerce adoption and millions of unbanked consumers in growth markets.**
The next generation of online marketplaces embed financial services to create a better value for the customer, increase retention and monetization.
- ✓ **Supercharged marketplaces are now becoming the norm.**
Everything is already either Fintech- or SaaS-enabled, and AI-enabled marketplaces are also emerging.



The evolution of marketplaces



Capital investment in marketplaces shifts to other business models like SaaS or hybrid models

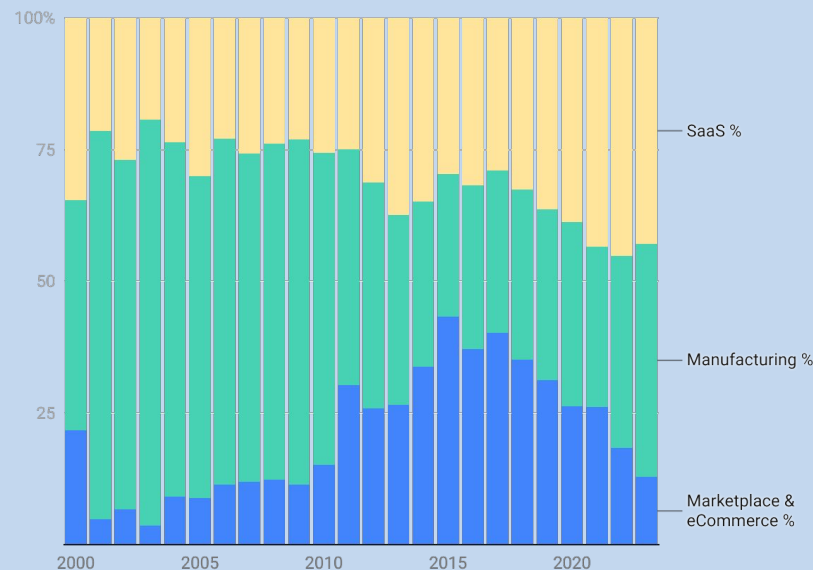
A key influence is the rise of SaaS solutions and SaaS marketplaces, driving investments towards this sector.

Pure play marketplace & e-commerce models are receiving the lowest share of global venture capital in over a decade.

This is part of a long historical trend which has seen marketplace funding gain greater share until it peaked in 2015-2017 and then decreased right after.

In 2023, VC funding in marketplaces totalled \$31.6B, a drop down to 2014 levels, primarily due to a sharp decline in late stage rounds.

GLOBAL VC FUNDING BY BUSINESS MODEL



A person is shown from the side, sitting at a wooden desk in what appears to be a cafe or office setting. They are wearing a light-colored t-shirt and a dark grey vest. Their hands are on a white keyboard, and they are looking at a computer monitor. The monitor displays a webpage with images of green plants and some text. In the background, a yellow bicycle is parked, and the scene is softly lit. A dark blue bar is at the bottom of the image.

Supercharged marketplaces
have become the norm

Most solutions are now either Fintech- or SaaS-enabled, with the added emergence of AI-enabled marketplaces

Back in our 2021 report 'Fintech-enabled Marketplaces: The Future of Marketplaces', we looked at how Fintech-enabled marketplaces are creating more value than either marketplaces and financial services alone.

Today, it is much easier to embed or develop in-house Fintech or SaaS services thanks to advancements in infrastructure (embedded finance providers, APIs, no-code software etc). Marketplaces take advantage of their data and online reach to offer these additional services and drive new revenue streams and higher customer retention.



“Adding financial services can make a marketplace more attractive and enhances it’s attractiveness by simplifying financial transactions for users”

On the other hand, SaaS features enhance marketplaces by providing seamless interactions and operational efficiency, which can boost user engagement and satisfaction.

Additionally, AI streamlines operations if it is enhanced within the product. AI-first products or marketplaces (built around essential enabling technologies of the new AI era) can improve the overall user experience within marketplaces.

The combination of SaaS, Fintech, and AI transforms marketplaces into dynamic, user-centric platforms that are better equipped to meet the diverse needs of their users.

NOTABLE MARKETPLACES ROUNDS IN 2023

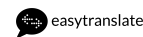
SaaS-enabled marketplace



Fintech-enabled marketplace



AI-enabled



The use of AI is creating a new generation of "supercharged marketplaces" that solve complex problems for customers, like Shakers



Héctor Mata

—
CEO & Founder
Shakers

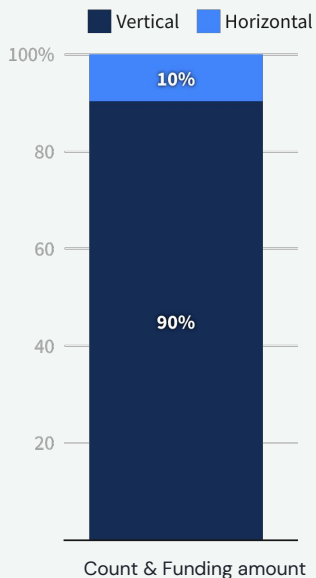
“At Shakers, we are removing the friction for companies when building external teams, unlocking talent at scale, and transforming the way companies relate to independent workers. This approach provides enhanced value & experience for both workers and corporations.”

These "super-powered marketplaces" operate in three ways:

- Ensuring vetted supply and demand.
- Utilizing AI to optimize workflows and user experience.
- Providing specific financial solutions to minimize friction.




Vertical marketplaces attracted 90% of the total funding over the last three years

► Vertical vs horizontal marketplaces share of VC funding amount and round count (2020–2023)*






► Notable vertical and horizontal marketplace rounds in 2023

VERTICAL

 Smile Doctors	\$550M Growth Equity VC- Jul 2023
	\$297M Growth Equity VC - Jul 2023
	\$150M Series E - Sep 2023

HORIZONTAL

	\$600M Growth Equity VC - Dec 2023
	\$448M Series F - Jan 2023
	\$340M Series E - Dec 2023

(Hyper) Vertical marketplaces like Cocoli have been exploring business model innovations to boost their customer experience



Gemma Comabella

—
CEO & Founder
COCOLI

“Given the logistical shortcomings for second hand sales in the furniture industry, a full-stack service is important to enable circularity and second life for retailers and their customers.

At COCOLI, we collaborate with hyperlocal, national, and pan-European logistic partners to offer superior packing and pick-up services for all sellers while providing flexible options such as consignment or drop shipment, tailored to meet the specific needs of each seller. By creating a seamless and reliable verticalized platform, we aim to drive the adoption of second-hand furniture as the preferred choice, while simultaneously reducing waste and promoting a circular economy”.

The Major Hyper-Verticalized Marketplaces of 2023:

Travel: sustainable, local and nature travel

Combined funding \$ 3.7M



AlohaCamp



Acamp



GreenGo

Fashion: luxury

Combined funding \$ 727M



Vestiaire Collective



Joli Closet



Quince



Matches Fashion

Fashion accessories (bags)

Combined funding \$ 18M



SACLAB



Hurr Collective



fobe.me

Fashion (Circular Fashion)

Combined funding \$ 6.7M



Imparfait



Crush ON



Jaiio



OMAJ

B2B (Freelance workers)

Combined funding \$ 573M



Creative HU



Remotely works



Codemonk



Passionfruit



WLNC



Shakers



Collective work



weprofit



Twine



Superside



WE WHO DO



Outrise



Student Pop



Malt



Kickbox



DesignBro



StaffMe



OfferZen



ZenJob



YunoJuno



Talentclub



Tasker



Ubooker



Kolabtree



Berba



Relancer



Ocus



Testexchange



Meero



Jomigo



modelmanagement



Lawbite

OSHOT

Sport (Equipment)

Combined funding \$ 16M



Colizey



Baroorders



Campsider



Everide

Sport (2nd hand bikes)

Combined funding \$ 66M



Tavalum



buycycle



Upwazy



Ciklet



Loewl



MINT Bikes



Loop-sports

Home (Furniture)

Combined funding \$ 59M



ODCOLI



Izidore



Selency



Youzd



Homycrush

Home (2nd hand appliances)

Combined funding \$ 3.8M

Electronics (Rentals)

Combined funding \$ 225M



Teclys



Grover



Mobile Club

Electronics (Sustainable)

Combined funding \$ 67M



Fairphone

Electronics (Segment specific)

Combined funding \$ 126M



Everphone



Fleet



Emendu



Rzilient



PhoneClub

Health portals

Combined funding \$ 576M



Smile Doctors



Firsthand



Pomelo Care

[EXPLORE THE FULL LANDSCAPE](#)

Fintech is the top funded Marketplace industry in 2023, closely followed by Food

Energy and Fashion have been the most resilient to the downturn.

TOP 3 COMPANIES

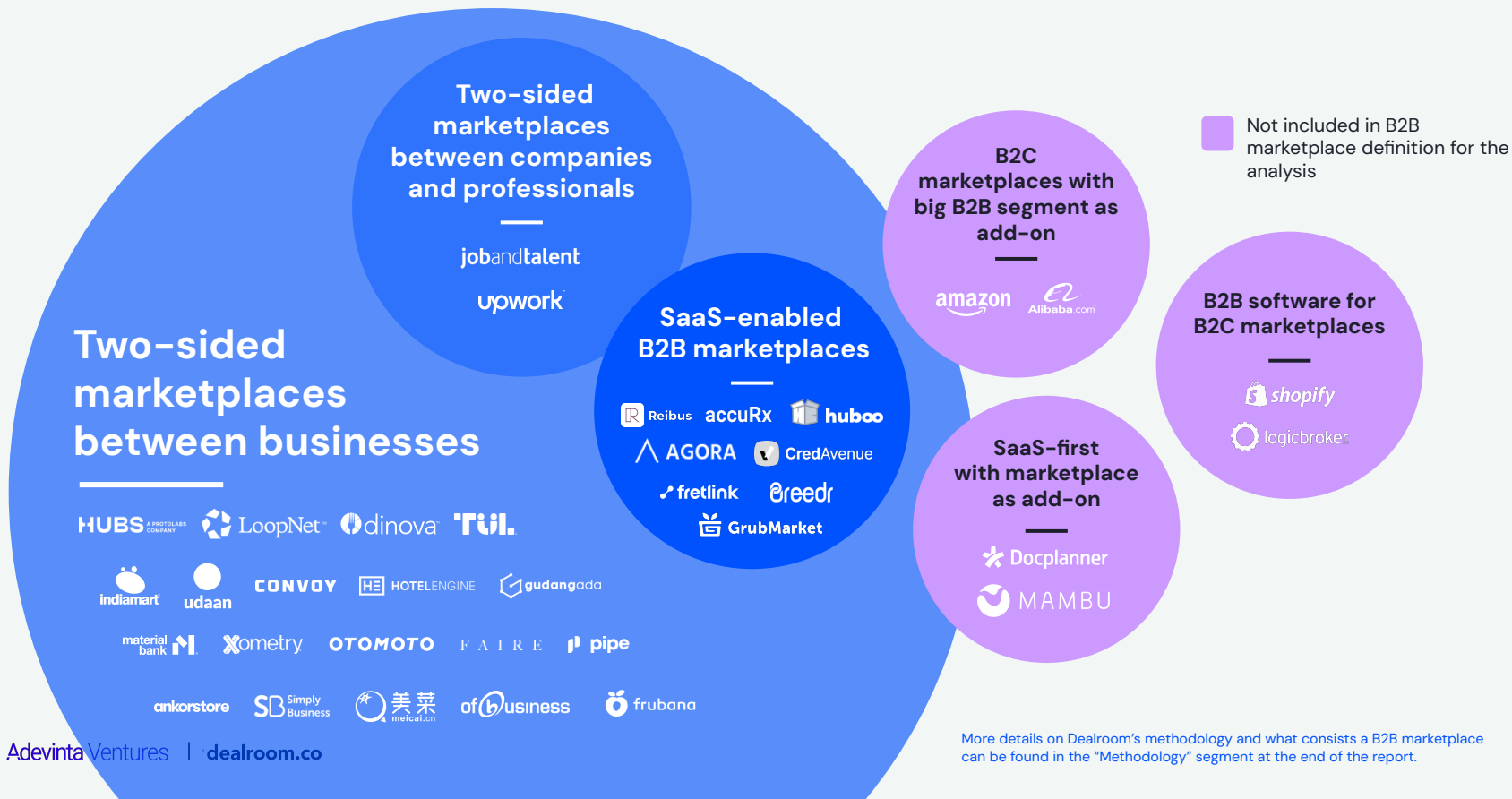
ENERGY	FASHION
  	  

TOP MARKETPLACES INDUSTRIES BY FUNDING FOR 2023 AND YEAR-OVER-YEAR GROWTH

[VIEW ONLINE](#)

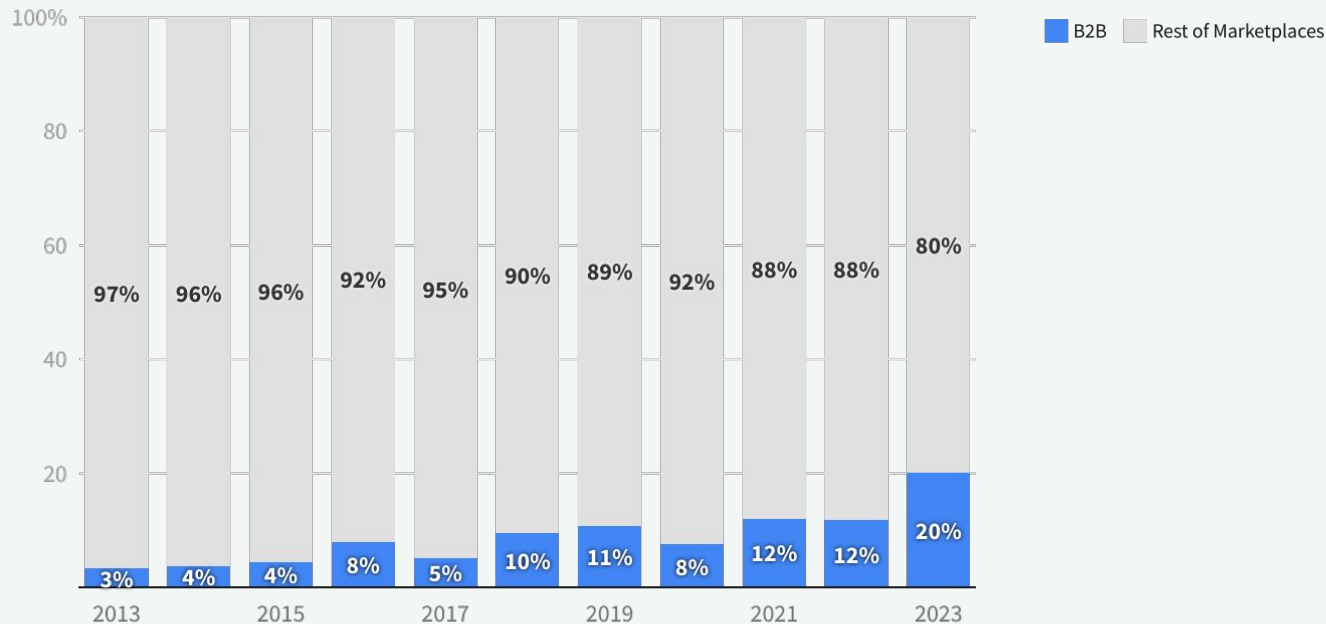
INDUSTRY	2023	GROWTH
Fintech	\$5.6B	-73%
Food	\$5.2B	-53%
Marketing	\$3.2B	-41%
Transportation	\$3.0B	-66%
Health	\$2.9B	-63%
Fashion	\$2.3B	-40%
Energy	\$2.2B	-20%
Real Estate	\$1.7B	-76%
Home Living	\$1.4B	-66%
Travel	\$1.4B	-54%

Types of B2B Marketplaces.



20% of Marketplaces' funding went to B2B Marketplaces in 2023, the highest share ever

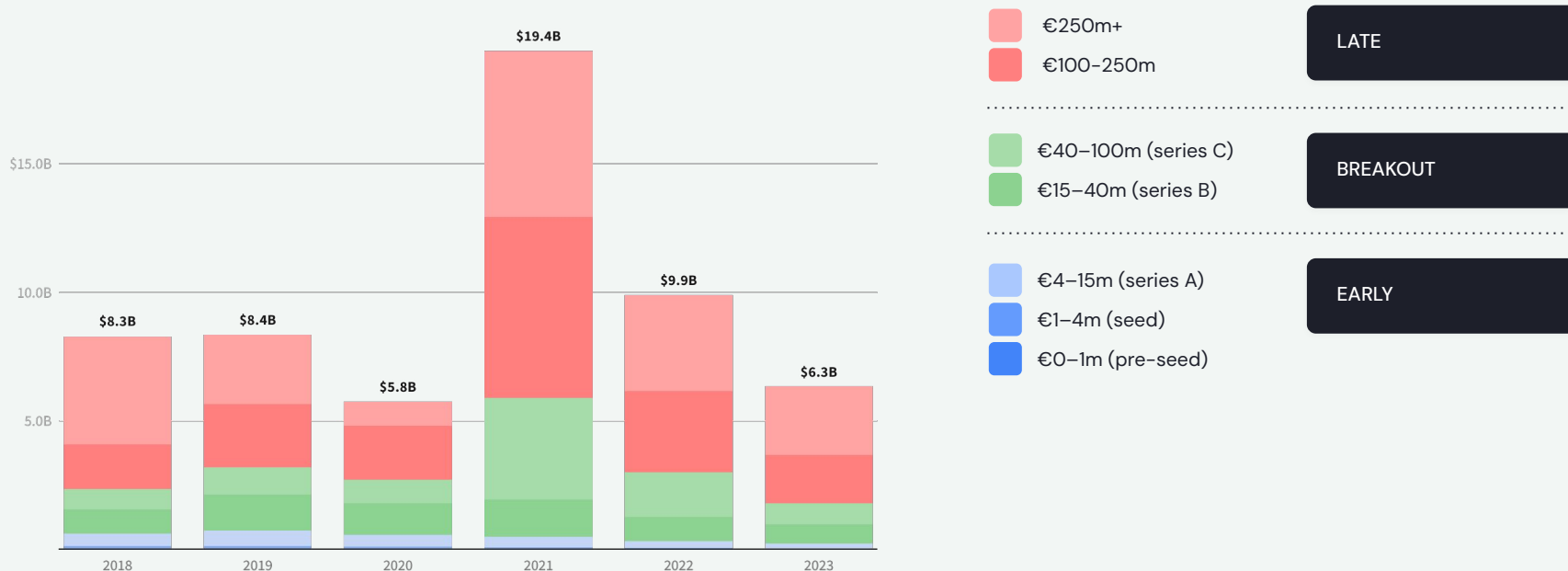
B2B SHARE OF MARKETPLACES VC FUNDING



However, B2B marketplaces raised \$6.3B in 2023, a 36% decline compared to the previous year's funding level and 3x less than in 2021

B2B MARKETPLACES GLOBAL VC FUNDING

[VIEW ONLINE](#)



On the rise: Fintech that enables B2B Marketplaces to cater to vital financing needs of their stakeholders, such as Aria



Clément Carrier

—
CEO & Founder
Aria

“At Aria, we are dedicated to innovating and resolving every transactional hurdle that B2B marketplaces and platforms face. In particular, we allow our partners to offer instant invoice payouts to their sellers while empowering their buyers with flexible payment options such as wire transfers or Net 30 terms.

The shift of B2B trade to the digital realm marks a significant advancement in the industry. However, this transition doesn't fully meet the nuanced needs of merchants and their clients. Fintech will streamline processes and unlock new possibilities for growth in B2B commerce”.

The United States still leads with more funding than the UK and India combined

Saudi Arabia's impressive growth can be attributed to a few mega-rounds raised this year.

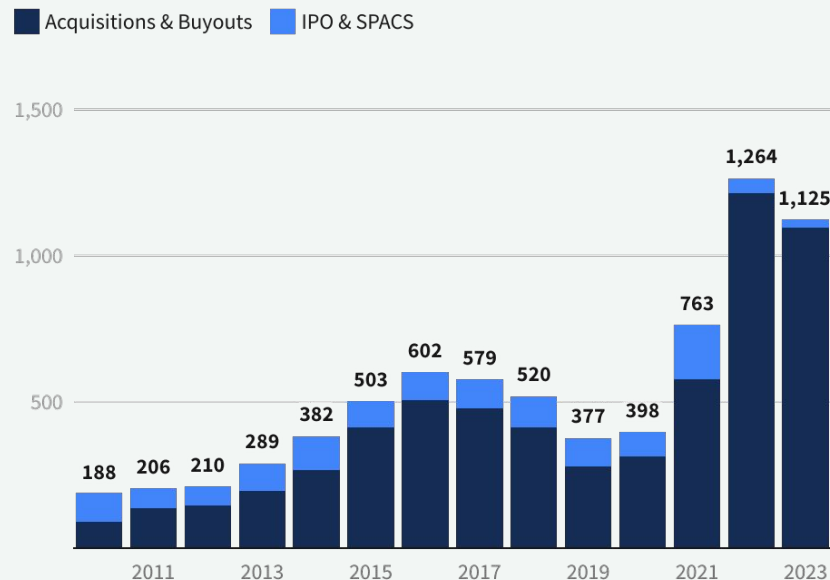
TOP MARKETPLACES INDUSTRIES BY FUNDING FOR 2023 AND YEAR-OVER-YEAR GROWTH

[VIEW ONLINE](#)

COUNTRY	2023	GROWTH
US	\$9.5B	-71%
UK	\$4.2B	-4%
India	\$3.5B	-63%
Singapore	\$2.4B	-10%
Germany	\$1.4B	-50%
South Korea	\$1.1B	-64%
China	\$981.3M	-78%
Saudia Arabia	\$725.8M	202%
France	\$696.4M	-76%
Indonesia	\$671.2M	-62%

Marketplace exits have surged since 2022, fueled by a rise in acquisitions and buyouts. Public markets are still largely closed to new listings

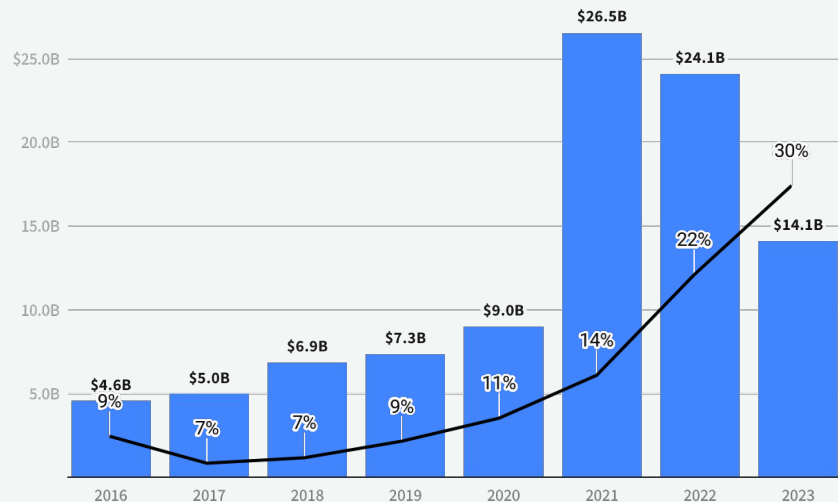
NUMBER OF GLOBAL MARKETPLACES EXITS BY TYPE



- M&A activity remains strong and above historical levels.
- However most of acquisitions are small ticket sizes and often at lower than historical private valuations.
- Apart from a few successes, the largest acquisitions are late-stage startups being bought by mostly PE firms taking advantage of low valuations, challenging private financing market and no possibility of public market listing.
- Another key trend driving M&A activity is startup consolidation. Startups in a strong cash position and with solid financial backing are acquiring competitors to lock in market dominance.
- We are also seeing a large number of fire sales and bankruptcies of cash-starved and unprofitable startups.

In 2023, with fewer VC funding available, Marketplaces are increasingly reliant on debt. Over \$14B in debt was raised, a record-high 30% of total private financing raised

TOTAL DEBT* FUNDING AND AS A PERCENTAGE OF GLOBAL MARKETPLACE FUNDING



*Debt includes here also lending capital.

TOP DEBT ROUNDS OF 2023

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octopus
electric vehicles

\$550M Debt - Dec 2023

mt finance

£500M Lending Capital - Sep 2023

Equipment Share

\$640M Debt - May 2023

goodleap

\$470M Debt - Aug 2023

OCTANE

\$400M Lending Capital - Jun 2023

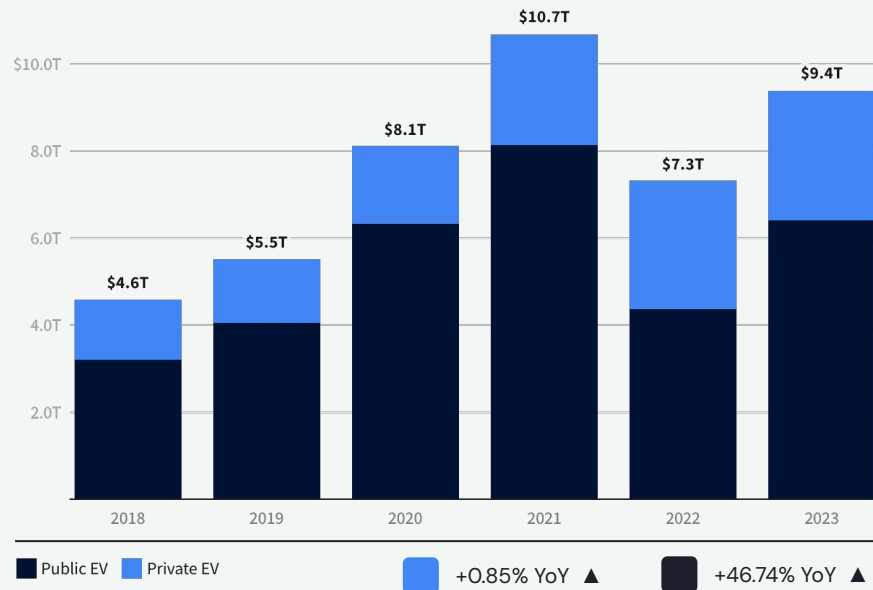
Singlife

£300M Debt - Sep 2023

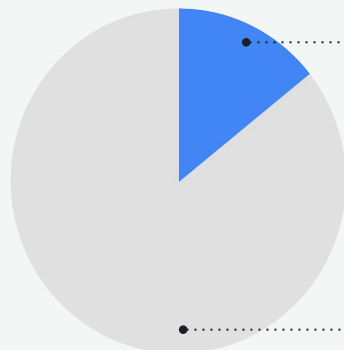
Private valuations have not yet repriced officially in most cases, due to a rise in internal bridge rounds which limit external valuation information. Public markets valuations bounced back, but still below 2021 levels.

GLOBAL COMBINED MARKETPLACE ENTERPRISE VALUE BY OWNERSHIP

[VIEW ONLINE](#)



% OF VC BACKED PRIVATE MARKETPLACES WHICH RAISED A ROUND IN 2023



14%

of VC backed marketplaces startups have raised capital in 2023*.

86%

of private startups have not adjusted their valuations recently.

The future market outlook for Marketplace startups remains uncertain. Although significant capital is accessible, its deployment may proceed at a more measured pace over the next 12–18 months

CAPITAL AVAILABILITY IS UNCERTAIN

There is a lot of dry powder in VC funds.

Over \$500B has been raised by VC funds since 2021, even if 2023 is showing a strong slowdown in fundraising pace, with VC fundraising down nearly 50% from last year.

But deployment times are getting longer.

While VCs were deploying in less than 2 years in the 2020–2021 bull market, deployment times are now being stretched due to more caution in evolving market conditions and stronger due diligence. There are however limits to this due to fees and return expectations.

Investors are shifting their strategy, moving away from spreading bets thinly and instead concentrating efforts on identifying potential winners at even earlier stages. The influence of hot trends has become more pronounced in shaping investment decisions.

STARTUP SUCCESS

Startup success rate has not changed much historically.

Startups have on average not become more successful to reach next stages in growth (conversion rates have remained mostly unchanged historically*). The larger number of big successes in recent years came from the increased size of the funnel.

Funding availability and startup success do not necessarily correlate.

The last decade and more of VC funding however happened in a low-interest environment and free of economic downturns. Looking back to the 2007–2008 cohort of marketplace startups they have shown higher conversion rates despite being more capital constrained at inception. The startup environment was however very different, with a much smaller cohort and less intra-startup competition so comparisons are hard to be made.

Methodology and definitions



Startups, scaleups, grownups and tech

Companies designed to grow fast. Generally, such companies are VC-investable businesses. Sometimes they can become very big (e.g. \$1B+ valuation).

When startups are successful, they develop into scaleups (>50 people), grownups (>500 people) and result in big companies, like Arrival or Northvolt.

Only companies founded since 1990 are included in this report.

Glossary & Definitions



Venture capital investment

Investment numbers refer to rounds such as Seed, Series A, B, C, late stage, and growth equity rounds.

Venture capital investment figures exclude debt or other non-equity funding, lending capital, grants and ICOs.

Buyouts, M&A, secondary rounds, and IPOs are treated as exits: excluded from funding data.

Investment rounds are sourced from public disclosures including press releases, news, filings and verified user-submitted information.



Marketplaces definitions

The marketplaces & e-commerce used in the reports include startups operating marketplaces or platforms connecting buyer(s) and seller(s) where goods or services are bought, sold or exchanged. Direct-to-consumer and e-commerce businesses are also included.

Some SaaS startups are also included in marketplace & e-commerce when they provide software to operate marketplaces/online stores, such as Shopify.

We consider a marketplace B2B where the exchanges/transactions happen between two businesses. Our definition of business includes professionals and freelancers.



Underlying data

Dealroom's proprietary database and software aggregate data comes from multiple sources: harvesting public information, user-submitted data verified by Dealroom, data engineering. All data is verified and curated with an extensive manual process.

Most underlying data from the report is available online via <https://dealroom.co/>

For more info please visit dealroom.co or contact support@dealroom.co

