



# Super Selling:

U.S. Small Businesses In Every Part of the Country Use Multiple Sales Methods

Mark Drapeau, Partner, Catalyst Research

and

Jason Boxt, Founder and Principal, 3W Insights

Research Report

February 2022

# Major Findings

## Small Business Sellers Can Choose from a Variety of Sales Methods

As we covered in our initial report, [Super Selling: How Contemporary Small Businesses Reach Customers and Sell Products](#), SMB sellers have many distinct and viable ways of selling available to them. Several of these sales methods - particularly online sales methods - are relatively inexpensive, easy to set up and manage, and add tremendous value. We asked SMB sellers about the following eight sales methods that account for virtually all SMB sales methods:

1. Brick & Mortar
2. Wholesale
3. Web Store
4. Online Marketplace
5. Offline Marketplace
6. Click-to-Buy Social
7. App Store
8. On-Demand Delivery

## SMB Sellers Typically Use Several Sales Methods, Regardless of Where They Are Headquartered

Sales methods are used by SMBs in various combinations. Nationwide, almost all (91%) SMB sellers use more than one sales method; 80% use at least three methods, and the average SMB seller uses five methods. While across regions the average number of methods used is essentially identical, there are slight differences: SMB sellers in the Northeast and the West average 5.2, while SMB sellers in the South and Midwest are slightly below average at 4.8 and 4.7, respectively. Using five or more methods may seem taxing, but small businesses, who by nature have limited time and resources, don't stick with a method unless it successfully delivers revenue.

## For Small Businesses, Traditional Sales Methods Are Complemented - Not Replaced - By Digital Methods All Over the United States

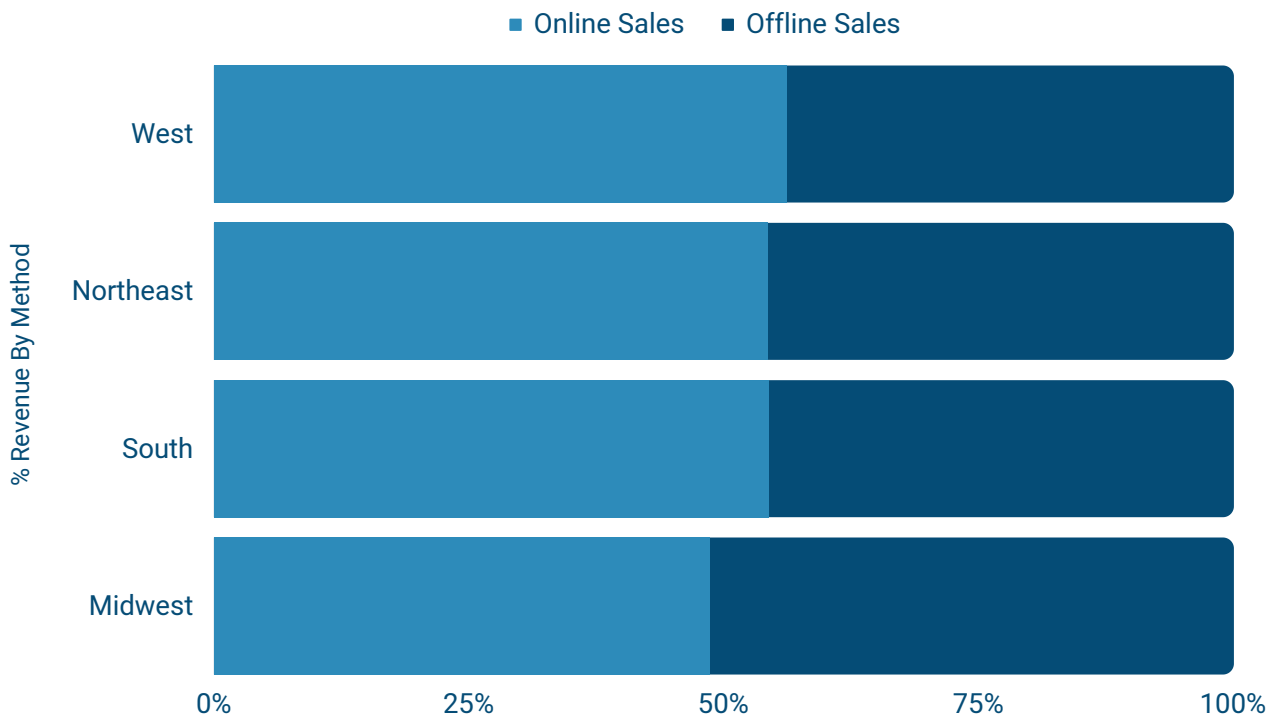
For SMB sellers, traditional sales methods are not at risk of being supplanted by digital methods. Nationwide, SMB sellers' two most popular sales methods are "brick and mortar" retail stores (79% of SMBs sell this way) and wholesale (78%), which together on average account for 36% of SMB seller revenue. Online marketplaces (where a third party hosts many SMBs in the same

place) and company-owned web stores are also quite popular, with 68% of sellers using each to collectively generate 35% of SMB revenue.

While the use of these sales channels by SMBs in the Northeast, West, and South is largely consistent with the U.S. average, SMBs in the Midwest tend to use each sales channel slightly less as a percentage of all SMBs. Brick-and-Mortar stores drive the most revenue for SMBs in the Midwest, who earn 26.6% of their revenue from these physical retail shops. SMBs in the West, albeit marginally, earn the most revenue from both Online Marketplaces (20.1%) and Wholesale (13.4%) across the four regions. Other sales methods are more niche, and are also in very similar or even the same rank-order in each of the four regions as they are nationally, but the four most popular of these methods are used by roughly half of SMBs as part of broader sales strategies.

Interestingly, across all eight sales methods (which are both online and offline in nature), SMBs in the Midwest conduct the least amount of their sales (48.6%) online, an average of 6.3% less than the other regions. The difference is relatively small but distinct and meaningful.

### Revenue Derived From Online vs. Offline Sales, By Region



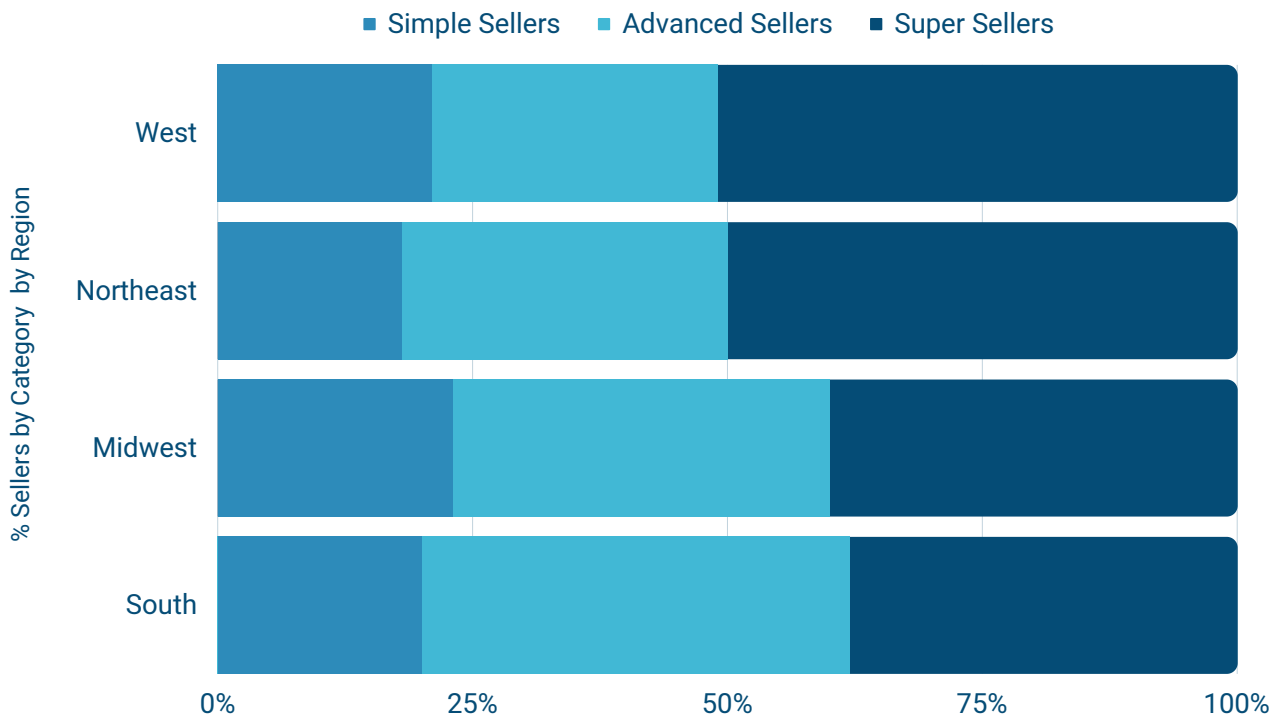
### Analyzing Simple, Advanced, and Super Sellers By Region

In our original report, we identified three types of SMB Sellers that we termed Simple Sellers, Advanced Sellers, and Super Sellers, based on how many sales methods they deployed. Simple

Sellers use 0-2 of the eight primary methods (theoretically, an SMB Seller could use zero if, say, they only make sales by going door-to-door, or over the phone, or another, less-common method used by SMB Sellers), Advanced Sellers use 3-5, and Super Sellers use 6-8. (While SMBs falling within all three informal groups can be and are successful, for the purposes of this research the groupings yielded additional insights about SMBs that choose to use more vs. less sales methods.)

When SMB Sellers are classified in this way on a regional basis, we found some modest but interesting variation. While the ratio of Simple Sellers to Advanced plus Super Sellers combined is remarkably consistent across the four regions, the balance of Advanced and Super Sellers varies. The West and Northeast have a greater percentage of Super Sellers, but the South and Midwest tend to have more Advanced Sellers (and therefore less Super Sellers).

**Simple Sellers, Advanced Sellers, and Super Sellers Breakdown by Region**

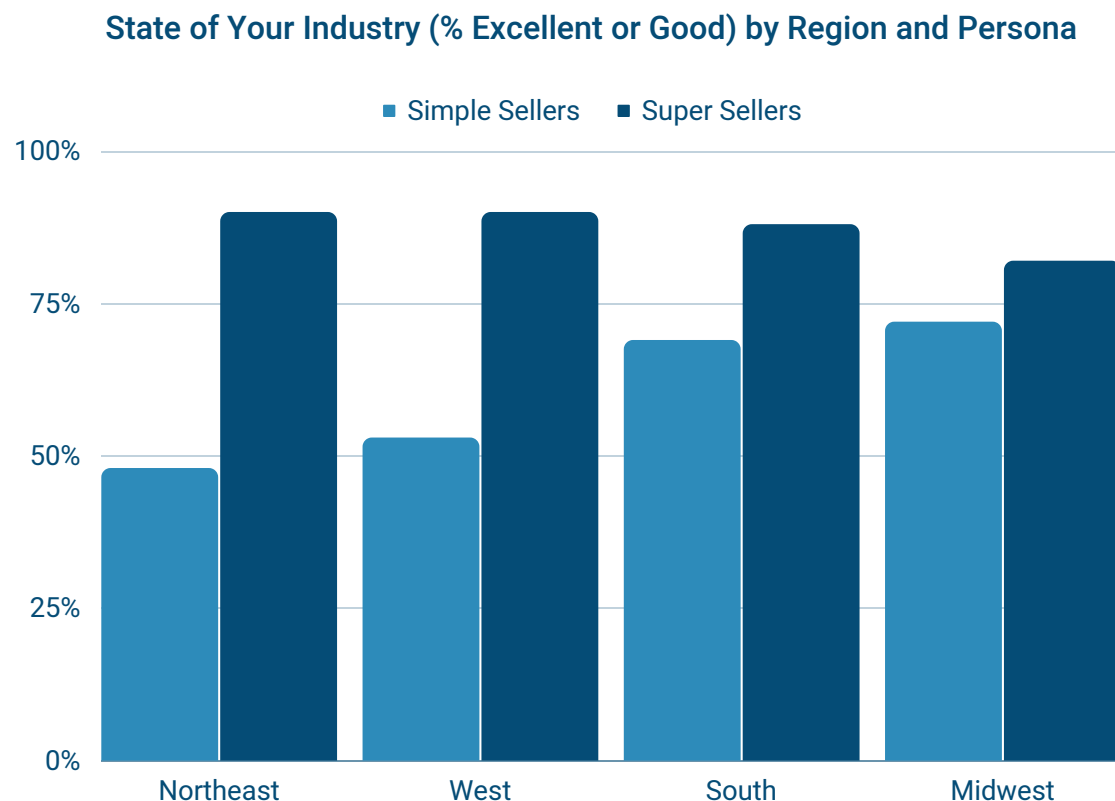


**Diversifying Sales Methods Is Broadly Associated with Optimism and Success**

Across the four U.S. regions, SMB Sellers are similar when it comes to their outlook on the status of the U.S. economy, optimism towards projected business growth, and views on their respective industries. In accordance with the U.S. national analysis, Super Sellers are consistently the most positive segment in each region (see Appendix).

Of most note is that the two regions that contain more Super Sellers than Advanced Sellers,

Northeast and West, have Super Sellers with a more favorable outlook on their industry than Simple Sellers in that region. Super Sellers in the Northeast and West are, respectively, 42% and 37% more likely to rank the status of their industry as good or excellent compared to Simple Sellers in their region. The differences between Super and Simple Sellers in the Midwest and South is in the same direction, but substantially smaller.



### Conclusion: Modern Retail Means Choice, Competition, and Value for Sellers

Modern retail is complex and full of opportunities. U.S. SMB sellers, regardless of location, often sell their products using many different methods that are frequently supported by low-cost, efficient digital tools and platforms. In turn, these methods, tools, and platforms are offered by many different companies that compete for SMBs as customers.

Moreover, while online sales methods tend to get headlines, our research found that traditional “brick and mortar” and wholesale methods are alive and well, very popular, and drive about a third of SMB seller revenue. Deeper analysis of the full data set provides evidence that web stores, online marketplaces, and other sales methods complement - rather than replace - traditional sales methods for the average SMB seller, regardless of region.

While there are some modest differences in SMB Sellers from region to region, by and large, SMB selling is fluid across the U.S.; there appear to be many realistic choices and alternatives, which is creating even more choice and value.

## Survey Details and Methods

We conducted an online survey of 2,000 U.S.-based small- and mid-sized businesses (SMBs; <500 employees) that sell physical products/goods to businesses and/or consumers. The survey was conducted between August 9-24, 2021 and has a margin of error of +/- 2% on the overall sample. The sample sizes for each region are as follows: Northeast (429), Midwest (368), South (778), and West (425). Topline results from the overall survey can be accessed [here](#) and regional breakdowns relevant to the analysis in the report can be found [here](#).

These SMBs range from solo owner/operators to larger SMBs with hundreds of employees. They also had a range of revenue numbers, from virtually nothing to over \$5M/year. The SMBs operate in many industries including food and beverage, clothing and fashion, toys and games, and many more.

Every person we surveyed was an SMB leader very familiar with how their SMB sells its products through various channels, and 96% of survey participants were also familiar with how those sales channel choices result in revenue by channel. Most participants were also decision makers on sales, with 65% being the sole or primary decision maker, and another 18% sharing decision making authority.

## Acknowledgements

This work was supported by the Connected Commerce Council and 3W Insights.



## About Catalyst Research

# Data Changes Everything.

Catalyst Research solves problems from a different perspective. The intersection of technology, public policy and market trends today will define every aspect of society for the next century. It is against this backdrop that Catalyst Research seeks to better understand, elevate and mobilize the data that allows leaders to think creatively and advocate successfully for a sustainable, safer and more equitable future enabled by technology.

Our firm is organized around critically important practice areas including:

- The Digital Safety Net and Small Businesses
- Digital Innovation as a Threat and Opportunity
- The Microeconomics of the Digital Economy
- Digitally Driven National Competitiveness

We are not generalists, and we come with a formed opinion on these matters. At Catalyst Research, we believe that these topics should be commonly understood and easily accessible to leaders and those in a position to shape society's future.

To do this, we bring together the sharp and deeply sourced experts from across a wide array of topic areas and perspectives, enabling the Catalyst Research team to create engaging conversations, unique insights and relatable stories and publications which can be found on [www.catalystresearch.com](http://www.catalystresearch.com) and our sister organization the Data Catalyst Institute [www.datacatalyst.org](http://www.datacatalyst.org).