

Super Selling:

Most Small Businesses Still Use Multiple Sales Methods in a Post-COVID World

Business and Economics Analysis

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Summary

Several decades of public discourse have reduced common thinking about small business retail into simple comparisons, such as suburban malls vs. downtown shopping areas and online stores vs. brick and mortar ones. We put this to the test in a new survey of 1,000 U.S. small and medium-sized business (SMB) leaders in the post-COVID retail landscape and found that today's retail world is dynamic, fluid, competitive, full of opportunity, and anything but simplistic. Our major findings include:

- Modern SMB sellers use many methods of reaching consumers, including online and offline, wholesale and retail, direct-to-consumer, and selling through third-party marketplaces. This report describes eight popular methods through which SMBs sell.
- The typical SMB seller today uses five (5) different methods of selling products to consumers at the same time.
- The four most popular sales methods are both traditional and modern: physical “brick and mortar” retail stores (70% of SMBs use), wholesaling (68%), third-party online marketplaces (64%), and a seller's owned and operated web store (63%).
- Few SMBs confine themselves to a single sales method; for example, nearly all online marketplace SMB sellers use at least two sales methods, and 85% use four or more.
- On average, about two-thirds (65%) of a typical SMB's revenue is driven by the four most popular sales methods listed above, with brick and mortar accounting for 25% of revenue.
- Within a given sales method, SMB sellers also frequently use more than one competitive vendor; for example, 85% of SMB sellers on Amazon's online marketplace also sell on at least one other online marketplace, which are not mutually exclusive – 58% also sell on eBay, 48% also sell on Walmart's marketplace, and 36% also sell on Etsy.
- In a post-COVID world, SMB sellers also fulfill orders in diverse ways: For instance, when asked which sales and fulfillment combination best describes their business, a third (33%) said they make sales online and deliver the orders to the customer while nearly another third (29%) make sales online and fulfill the orders at the store or otherwise in-person. (Note they can sell and fulfill in more than one way.)
- SMB sellers that use more methods are also far more optimistic about their business's future. They project higher growth over the next 3-5 years, increased sales outside their local area, and have much better opinions about their local economy and the overall U.S. economy.

Major Findings

Small Business Sellers Can Choose From a Wide Variety of Selling Methods

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 to determine the percentage of SMBs that use each (we note that an individual SMB can use any or all of these).

Figure 1. Percentage of SMBs Using Different Sales Methods



The Typical SMB Seller Uses Several Sales Methods

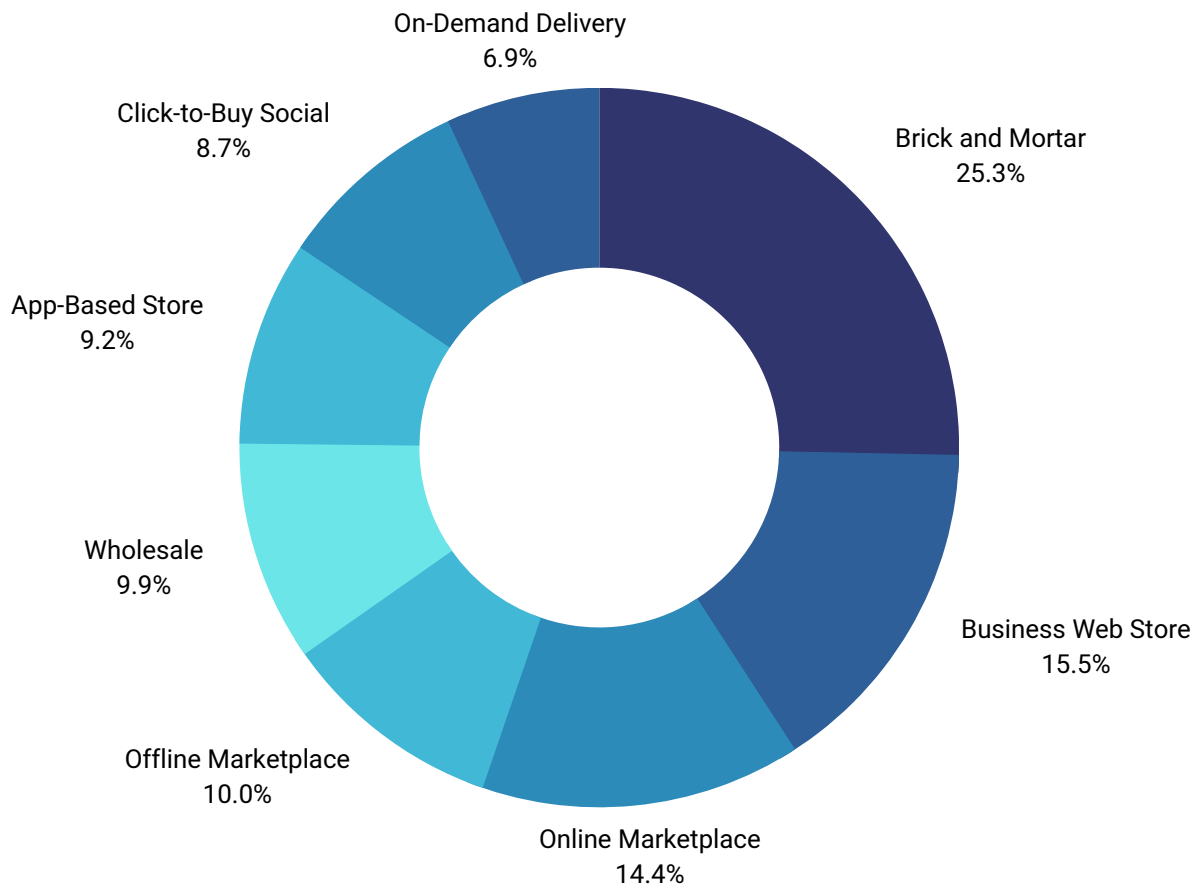
Almost all (89%) SMB sellers use more than one sales method; 77% use at least three methods, and the average SMB seller uses five (5) methods. Sales methods are used by SMBs in various combinations. A remarkable 62% of SMBs with fewer than 10 employees use at least three (3) sales methods, and they use on average four (4) methods, suggesting that a compelling feature of modern retail is the diverse choices available to even the smallest sellers.

As an example, 89% of SMB sellers on Amazon's popular marketplace use four (4) or more sales methods. This means that despite its popularity, SMB sellers are very unlikely to run their entire business through Amazon's marketplace (only 0.5% responded that they do so); in fact, they are using many sales methods in addition to it. Using four or more methods may seem complex, but small businesses with limited time and resources don't stick with a method unless it reaches new customers and markets and drives revenue for them.

SMB Sellers Benefit From a Mix of Traditional and Digital Sales Methods

SMB sellers' two most popular sales methods are "brick and mortar" retail stores (70% of SMBs sell this way) and wholesale (68%), which together, on average account for 35% of SMB seller revenue. Third-party online marketplaces (64%) and company-owned web stores (63%) are also quite popular, collectively generating 30% of SMB revenue. While other sales methods are more niche, all four are used by roughly half of SMBs as part of broader sales strategies.

Figure 2. Average Percentage of SMB Revenue, By Sales Method



Within Each Sales Method, SMB Sellers Have an Abundance of Choices and Competition For Their Attention...and Dollars

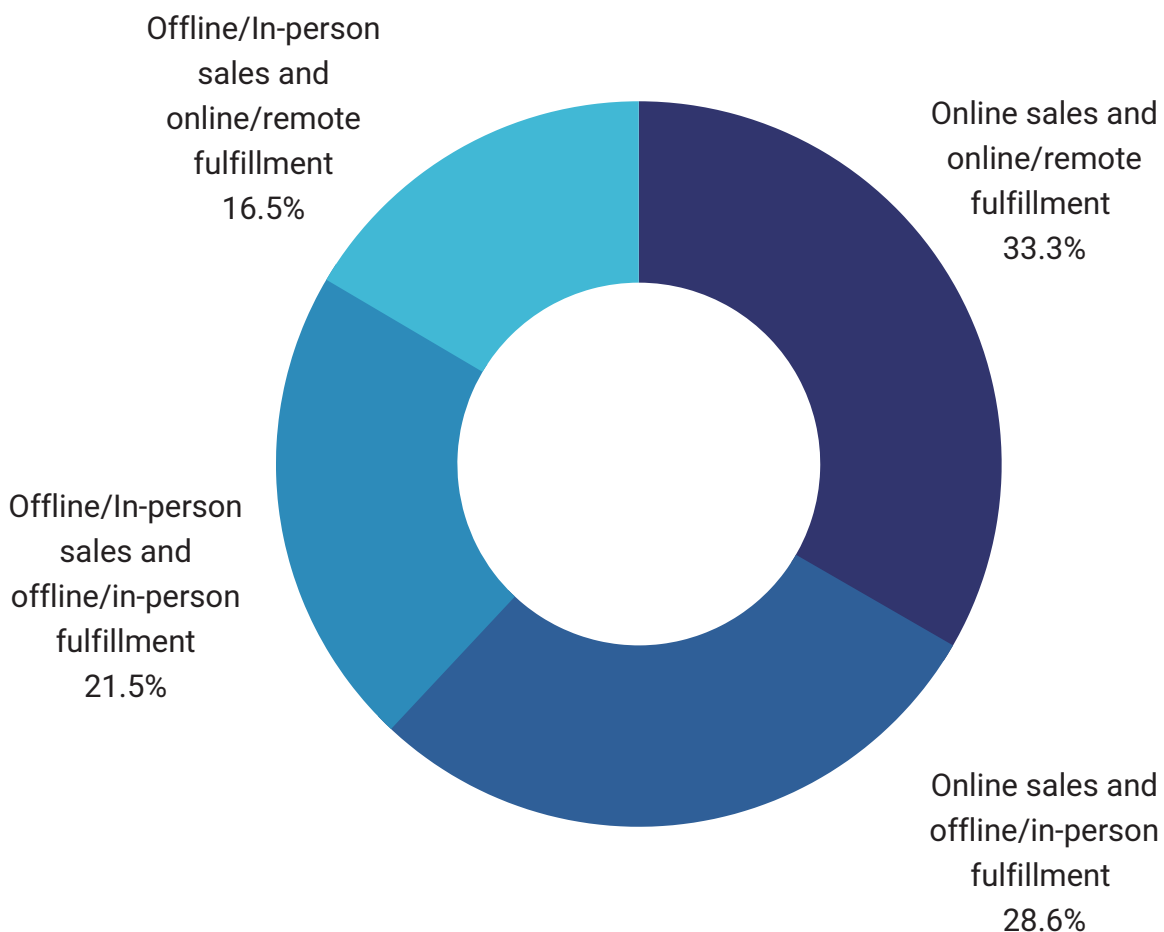
In addition to the many sales methods, SMB sellers have a choice of many different partners and vendors within each method. For example, many SMB sellers on Amazon Marketplace also sell on at least one other online marketplace, including 58% also selling on eBay, 48% also on Walmart's online marketplace, and 36% also on Etsy.

Contemporary SMB Sellers Diversify Both Sales and Fulfillment Methods

While this study is mainly concerned with the methods SMB Sellers use to sell their products (i.e., how and where the transaction takes place), we also asked about how the orders are fulfilled post-sale, in part because during the COVID-19 pandemic, purchasing online but picking up in-person (in-store, curbside, etc.) became popular amongst large “big box” retailers.

We found that while a third (33%) of SMB Sellers say that online sales and online fulfillment best describe their overall approach, almost another third (29%) best describe their business as performing online sales with in-person fulfillment. Another 22% of SMB Sellers are essentially “offline” businesses that do both sales and fulfillment in person; i.e., a traditional brick and mortar store - no frills. SMB sellers clearly make their own choices when it comes to methods for best serving their customers.

Figure 3. Best Single Description of SMB Sales and Fulfillment Approach



Diversifying Sales Methods Is Associated With Optimism and Success

Leaders of SMBs using more sales methods are more optimistic about their businesses, their industries, and the U.S. economy. Compared to SMB sellers using just 1-2 sales methods, SMB sellers using 6-8 methods are: twice (2X) as likely to be optimistic that their business will increase sales outside their local headquarters area, and 1.5X as likely to be optimistic that their business will grow in the next 3-5 years. They are also 3X as likely to say the U.S. economy is good, 1.7X as likely to say their local economy is good, and 1.5X as likely to say their industry is in good shape.

Conclusions

Modern Retail Means Choice, Competition, and Value For Sellers

Modern retail is full of opportunities. The evolution of traditional retail sales alongside the growth of digital selling has created infinite options and aggressive competition for sellers' attention, investment, and allegiance.

SMB sellers, even the tiniest ones, often sell their products using many different methods frequently supported by low-cost, efficient digital tools and platforms. In turn, many different companies that compete for SMBs as customers offer these methods, tools, and platforms. Every seller decides independently and fluidly which methods work for their business, industry, product, and customer to justify additional investment and commitment.

Moreover, while online sales methods and vendors tend to get headlines, our research found that traditional "brick and mortar" and wholesale methods are here to stay, very popular, and drive about a third of SMB seller revenue. In sum, there appear to be many alternative ways to sell products that are helping SMBs succeed in the marketplace.

Key Datapoints

- The average SMB seller uses five (5) distinct sales methods.
- 89% of SMB sellers use more than one sales method, and 77% use at least three of them.
- The average SMB seller with fewer than 10 employees uses four (4) distinct sales methods, despite their small size.
- The most popular SMB sales methods are: “brick and mortar” (used by 70% of SMBs), wholesale (68%), online marketplaces (64%), and business-owned web stores (63%).
- 65% of SMB revenue is driven by the four most popular sales methods: “brick and mortar,” wholesale, online marketplace, and business-owned web store.
- 89% of SMB sellers on Amazon’s marketplace use four (4) or more different sales methods simultaneously.
- 85% of SMB sellers using Amazon Marketplace also sell on at least one other online marketplace; 58% on eBay, 48% on Walmart’s online marketplace, and 36% on Etsy.
- Compared to SMB sellers using just 1-2 sales methods, those using 6-8 methods are:
 - Twice (2X) as likely to be optimistic that their business will increase sales outside their local area.
 - 1.5X as likely to be optimistic that their business will grow during the next 3-5 years.

Survey Details and Methods

We conducted an online survey of 1,000 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 February 13-19, 2023, and has a margin of error of +/-3.1% on the overall sample. Every person we surveyed was an SMB leader very familiar with how their SMB sells its products through various channels, and 97% of survey participants were also familiar with how those sales channel choices result in revenue by channel. Topline results from the survey can be accessed [here](#).

Acknowledgements

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