## THE PULSE

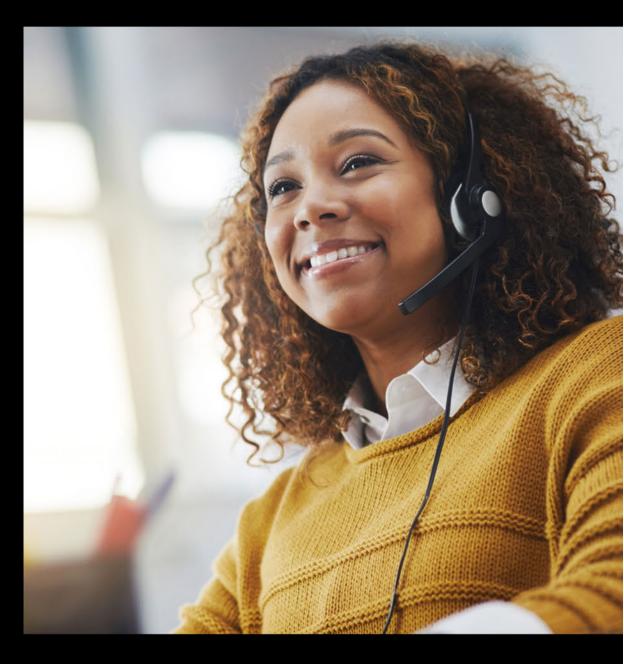
# VIEWS ON VENDORS

AN INSIDE LOOK AT THE TOOLS AND SERVICES BOOSTING SMALL E-COMMERCE BUSINESSES

#### INTRODUCTION

Small and medium-sized businesses (SMBs) have seemingly countless options when it comes to how and where they sell their products, operate their businesses, store their goods, and deliver their items into the hands of their customers. The Data Catalyst Institute has studied the selling channels small product sellers and e-commerce SMBs use, the choices they make, and the impact digital tools have on their business success for many years. In this short, qualitative study, we wanted to take SMB product sellers' pulse on the vendors and services they are currently using and how they boost their businesses. What do they really think of their customer service providers? Do they offer "buy-now-pay-later" services? Why do they choose to DIY or outsource? How well is their shipping & delivery working?

We asked businesses for details about the companies they work with across five key stages of the product selling "journey"customer service, financing options from "buy-now-pay-later" services, product storage, shipping & inventory management, and labeling & delivery services. Some business owners say their operations are working well for them, while others have pain points that need to be addressed. Not every choice is an optimal one, and businesses on our panel know that they make tradeoffs every day. This edition of THE PULSE dives into the choices of small product sellers to learn more about the reasons behind their vendor and fulfillment decisions.



## **HOW & WHY: SMBS SERVE THEIR CUSTOMERS**

CUSTOMER SERVICE TOOLS FUEL EFFICIENCY AND SPEED FOR SMALL BUSINESSES. BUSINESSES WITHOUT SUCH TOOLS CONFRONT INEFFICIENCY AND FRUSTRATION.

"Allows customers to communicate their needs and problems. Allows us to fix or meet those needs."

-LiveAgent User

"It helps support teams streamline complaints, queries, and requests and respond to them in a timely manner."

-Zendesk User

"The customer service is available 24 hours, 7 days a week, which resolves all issues in a prompt manner."

-LiveAgent and Hubspot User









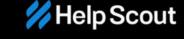








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"It's going alright. It helps in overall reputation. Good customer service can have positive effects on the outlook of the business."

> -General methods like email, phone, text, in-person, etc. by myself/employees

"I'm the only one who knows all customer service aspects of the business. It is very difficult and challenging."

-General methods

of SMB sellers surveyed use DIY methods or offer no customer service

**52%** 

In a sentence or two, what about the customer service tool(s) you use make them so valuable to your business?

## HOW & WHY: SMBS OFFER CUSTOMER FINANCING

WITH FINANCING OPTIONS, SMALL BUSINESSES ATTRACT NEW CUSTOMERS, CREATE CUSTOMER LOYALTY, AND INCREASE SALES.

"It allows you to meet potential customers where they are, and both the new customers and loyal customers may choose your product over a competitor's."

-PayPal and ShopPay User

"We have drawn in a whole new customer base off of the credit-like service we have provided."

-PayPal User

"It always [is about] expansion of the overall consumer base. More affordability, more opportunities to get our products and services out there for more potential consumers."

-PayPal and Affirm User









"It provides higher conversion and average ticket size and better rapport with consumers."

-PayPal and Affirm User

"It allows customers to spend more money without spending a lot out-of-pocket right away."

> -Affirm, Klarna, Afterpay, Sezzle User

33%

of SMB sellers surveyed do not use any BNPL services







#### **HOW & WHY: SMBS STORE THEIR PRODUCTS**

OPERATIONAL EFFICIENCY, INVENTORY MANAGEMENT, SECURITY, AND INSURANCE ARE HALLMARKS OF SMBS' PREFERRED STORAGE SOLUTIONS.

"They keep track of inventory/items sold that I don't have to have a separate program for."

-FBA and WFS User

"Firstly, I will say what makes storage service so valuable to my business is the disaster recovery; every good lost is recovered or paid for by the storage service. Secondly, the security of storage service in protecting my business service."

-WFS User

"Allows me to ship right from them sometimes."

-Extra Space Storage, CubeSmart, UHaul User



















"I rarely use UHaul because the company uses its own specific storage."

-DIY Business

"I store inventory on my own property and at this time that is what works best for me and my budget."

**–DIY Business** 

1 in 10

SMB sellers surveyed say their storage situation could be better

## HOW & WHY: SMBS MANAGE INVENTORY & SHIPPING

SHIPPING AND INVENTORY MANAGEMENT SERVICES OFFER SMBS FORECASTING, RELIABILITY, PROTECTION, AND INSURANCE TO GET THEIR GOODS TO CUSTOMERS AND RESTOCK ON TIME.

"It is important to have reliable shipping because our customers rely on this."

-Square, Quickbooks, Shippo, ShipStation User

"I only use QuickBooks for inventory. I use the online tools for my various shipping providers such as USPS in in order to handle shipping."

-Quickbooks User

"My goods and/or services have the maximum protection till they get to the buyer it's been shipped to or else if there's any damage before then a refund on the actual price of the goods is done."

-Quickbooks and FBA User























"It helps keep track of the product stock and what items need to be restocked."

-FBA User

"Constant running of inventory and stock allows us to keep up with orders."

-DIY Business

34%

of SMB sellers surveyed use Quickbooks

In a sentence or two, what about the shipping and inventory tool(s) you use make them so valuable to your business?

#### HOW & WHY: SMBS CHOOSE DELIVERY COMPANIES

EFFICIENCY, VERSATILITY, AND AFFORDABILITY DRIVE SMBS TO SHOP AROUND FOR DELIVERY SERVICES THAT OFFER THE BEST RATES AND CONVENIENTLY INTEGRATED DIGITAL TOOLS.

"I utilize a variety of companies depending on shipping destination and speed required for delivery. All three work well for me."

-FedEx, UPS, USPS User

"Easy to process packages through my website, paypal offers me great rates and services on shipping."

**–USPS**, UPS User

"Labels often communicate the hazards associated with the package, and markings ensure the shipment is handled to prevent spills, accidents, and exposure. They must be applied appropriately."

-FedEx, UPS, DHL, Uber Freight User



"It is easy and convenient for me to use USPS tools online in order to print labels and purchase postage. Additionally, I can arrange for pick ups at my business which saves me time."

**-USPS** User

"To provide product information, show off their branding, and make products look good."

> -FedEx, DHL, Lineage Logistics User

88%

of SMB sellers surveyed say their shipping services are "excellent" or "good"











#### **METHODS**

For this edition of *THE PULSE*, the Data Catalyst Institute (DCI) surveyed our exclusive panel of owners and senior decision makers at small and medium-sized businesses (SMB) that sell physical goods via email. The survey was open from August 22-27, 2024. DCI contacted 753 people and 80 responded, with 54 completing the entire questionnaire.

Panels are primarily for qualitative purposes and are voluntary in nature. While DCI does present quantitative information from the survey as directionally interesting, the findings are not necessarily nationally representative, as the sample size is relatively small and unweighted.

For more information, send an email to editor@datacatalyst.org.



#### About *THE PULSE* by DCI

THE PULSE is the Data Catalyst Institute's series that tracks sentiment and analyzes qualitative and quantitative data from key audiences. Topics covered include breaking news, the digital and innovation economy, and issues of strategic importance to government, business, and nonprofit leaders.

#### About the **Data Catalyst Institute** (DCI)

You operate in a world in which data is the most important commodity, in which the digital realm has become more important than the physical one, in which disruption is the rule and not the exception. A world in which influencers must be understood, opinions and perceptions are being shaped, and innovation, market, and regulatory landscapes are constantly shifting. A world in which risks and opportunities seem obvious...until they aren't. And you have zero room for error.

In an era of global turbulence and uncertainty, professionals need access to multidisciplinary intelligence and expertise that helps them navigate significant technological, economic, political, and societal change. DCI analyses complex battles at the intersection of innovation, business, the law, and public opinion by synthesizing insights from original research and our unique community of academics, analysts, and practitioners. Leaders use DCI's intelligence and experts to "see around corners" when they need novel solutions to complex situations involving minimizing risk and maximizing opportunities.

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