Connected Commerce Council

Small Business Sellers Value Online Tools and Marketplaces

New Research Shows Small Businesses Benefit From Third-Party Seller Tools and Marketplaces That Increase Sales, Save Money, and Help Grow Businesses

Overview

Recent research titled, "Super Selling," commissioned by the Connected Commerce Council (3C) and conducted by the Data Catalyst Institute in Fall 2021, found that small- and medium-sized businesses that sell physical goods ("SMB Sellers") use many channels to reach consumers wherever they shop: online and offline, wholesale and retail, direct-to-consumer and selling through marketplaces. That research found that 51% SMB Sellers use a combination of both online and offline sales channels, while 34% are online-only sellers and 14% sell offline-only, and concluded that options for sellers and competition among and within sales channels are abundant. This competition does not take place in isolation, of course: Independent research shows that contemporary shoppers enjoy both digital and physical experiences and are seeking seamless buying options that allow them to "shop whenever, wherever, and however they want."

This new research on SMB Sellers takes a deeper dive into how they sell online, and specifically how they use and value (i) online marketplaces (e.g., Amazon.com, eBay, Etsy, etc.) generally, and (ii) marketplaces' additional tools and services that help with business operations like fulfillment, warehousing, product delivery, customer service, and payments ("integrated tools"). The main takeaways are:

Online marketplaces help SMB sellers scale, save, and grow: Why are online marketplaces so popular amongst SMB Sellers, and how can there be so many marketplaces? (Research company Digital Commerce 360 tracks over 100.) The top three ways SMB Sellers say online marketplaces help their business compete with larger retailers are (i) the ability to bring new products to market easily (64% of online marketplace sellers), (ii) increased access to new markets (59%), and (iii) reduced costs of inventory and warehousing (56%). SMB Sellers also reported that online marketplaces give them the ability to scale fast (47%) and lower barriers to connecting with new customers (46%).

Online marketplace "integrated tools" save small businesses money: Of those SMBs using integrated tools, majorities say they are important because they help with shipping (78%), payments (70%), order fulfillment (69%), storing inventory (51%), and managing returns (50%). They also save small businesses money; half of SMB Sellers report saving over $20,000 annually by using integrated tools (some SMB Sellers report saving hundreds of thousands and even millions of dollars annually).

Small businesses sell through many diverse online marketplaces: A majority of SMB Sellers (58%) use an online marketplace, and of those, three-quarters use more than one at the same time. Amongst those that use online marketplaces, the most popular is Amazon (83%) followed by many other options that include eBay (59%), Walmart Marketplace (36%), Etsy (30%), and Target Plus (20%). SMB Sellers also reported using other marketplaces such as Poshmark, Houzz, ASOS, Mercari, OfferUp, Newegg, and Discogs.

Most online marketplace SMB Sellers also sell through other distinct sales channels: A majority (58%) of SMB Sellers that use online marketplaces also sell through a business-owned web store (e.g., hosted by Shopify, Squarespace, etc.), and about one-third sell directly through social media (37%) and delivery apps (33%) that connect customers to both stores and delivery drivers (e.g. DoorDash for food, Drizly for alcoholic beverages, NowRx for prescription medication). None of these are exclusive; in fact, our earlier research estimated that the average SMB Seller uses five distinct sales channels.

Amazon.com marketplace is very popular, yet Amazon SMB Sellers have many options and also sell through other distinct sales channels: We know from previous research that 100% of SMB Sellers using Amazon's Online Marketplace also use at least one other sales channel. Here, we found that a majority (63%) of SMB Sellers that use Amazon.com's marketplace also sell through a business-owned web store (e.g., hosted by Shopify, Squarespace, etc.), and just over one-third sell directly through social media (40%) and delivery apps (37%) that connect customers to both stores and delivery drivers (e.g. DoorDash, Drizly, etc.).

In summary, we found that SMB Sellers that use multiple sales channels value online tools and marketplaces highly. SMBs frequently sell using more than one marketplace. This affirmed our previous research that SMB Sellers tend to sell in as many places as they can connect with buyers, with the typical seller using five sales channels, both online and offline (other research shows this also benefits shoppers). We also found that additional "integrated tools" offered by online marketplaces are incredibly popular and deliver real value to SMB Sellers in the form of simplification and cost savings.

Top Findings

SMB Sellers and Online Marketplaces

- The two most popular (not mutually exclusive) online selling channels for SMB Sellers are business-owned web stores (59%) and online marketplaces (58%).

- Of those SMB Sellers using online marketplaces, 75% use more than one of them.

- While SMB Sellers selling through online marketplaces report selling through multiple other channels, 92% say those sales are valuable and important to the success of their business.

- 58% of all SMB Sellers that sell on online marketplaces also sell through a business owned web store (e.g., hosted by Shopify, Squarespace, etc.).

- The vast majority (79%) of SMB Sellers believe that retailers have the right to feature store-branded products where they please in their stores (i.e. shelf placement), while only 14% say that retailers shouldn't be allowed to promote their own products over third party products.

- SMB Sellers use many different online marketplaces, including Amazon.com (83%), eBay (59%), Walmart Marketplace (36%), Etsy (30%), and Target Plus (20%).

- 82% of SMB Sellers that sell on the Amazon.com marketplace also use at least one additional online marketplace, including eBay, Walmart Marketplace, Etsy, and Target Plus.

- 63% of SMB Sellers that sell through Amazon.com's marketplace also sell through a business owned web store (e.g., hosted by Shopify, Squarespace, etc.).

- Amongst Amazon marketplace SMB Sellers, 85% say Amazon Prime is valuable and important to the success of their business.

- 83% of SMBs selling on online marketplaces use at least one "integrated tool" that helps with business operations like fulfillment, storage, and invoicing.

- Among the SMB Sellers using "integrated tools" offered by online marketplaces, 61% use Fulfillment by Amazon (FBA), 34% use Walmart Fulfillment Services, 32% use eBay Labels, and 26% use Etsy Payments.

- 66% of SMB Sellers that use Fulfillment by Amazon (FBA) also use at least one other online marketplace integrated tool, including 41% that also use Walmart Fulfillment Services.

SMB Sellers Benefit from Online Marketplaces

- The top three ways SMB Sellers say online marketplaces help their business compete with larger retailers are the ability to bring products to market easily (64%), increased access to new markets (59%), and reduced costs of inventory and warehousing (56%).

- 92% of SMB Sellers that sell on the Amazon.com marketplace say it is valuable and important to how their business sells goods.

- A majority of SMBs using integrated tools say they are important because they help with shipping (78%), payments (70%), order fulfillment (69%), storing inventory (51%), and managing returns (50%).

- Half of the SMB Sellers we surveyed that provided an estimated savings from using marketplace-provided integrated tools report savings over $20,000 annually.

- 98% of SMB Sellers that use Fulfillment by Amazon (FBA) say it saves their business money compared to competing services that they would procure independently.

The study, conducted from April 12-26, 2022, with a sample size of 1,000 and a margin of error of +/- 3.1% for the overall sample, can be found here.

About 3C

The Connected Commerce Council is a non-profit organization with a single goal: to promote small businesses' access to digital technologies and tools. 3C provides small businesses with access to the market's most effective digital tools available, provides coaching to optimize growth and efficiency, and cultivates a policy environment that considers and respects the interests of today's small businesses.