



The Importance of Online Sales Methods to Rural Small Sellers

The Typical Rural Seller Uses Many Sales Methods, But Online Sales are Disproportionately Important to Rural Sellers Compared to Sellers Generally

Background

In 2021, the Connected Commerce Council (3C) commissioned a survey of two thousand American small businesses that sell products to learn how they sell, where they sell, and what sales support services they value.

Through that research, we learned that even the smallest product sellers are adaptable, finding customers everywhere, using brick-and-mortar stores, seller-branded online shops, online marketplaces like Amazon and eBay, and apps like Facebook and Instagram. We called the report “Super Selling” to highlight the flexibility, intensity, and exhilaration of entrepreneurs innovating to connect with customers and grow a business.

This month we published our first comparative study, about small rural sellers. We asked many of the same questions to compare how rural sellers are similar to - or different from - the U.S. national average. We also asked new questions to help us understand the unique rural commerce environment.

Executive Summary

In many ways, rural sellers are the same as all sellers. Both use several different methods to reach customers - online and offline, wholesale and marketplaces, and direct-to-consumer apps. Every sales method has competitors vying for sellers’ allegiance, and there is no one-size-fits-all or dominant solution. For example, Amazon’s marketplace may be the most popular, but other marketplaces are almost as popular, and the vast majority of Amazon sellers also sell on other marketplaces and through other methods.

In other ways, rural sellers are markedly different. For example, while the most popular sales methods for small sellers generally are traditional brick and mortar and wholesaling, for rural sellers the most popular methods are online web stores and marketplaces. We believe that rural areas' lower population density requires further travel distances for traditional sales trips, i.e., wholesaling, so rural sellers find it more efficient to utilize online sales channels to reach distant customers. We're confident that many rural sellers are "online first."

Rural SMB Sellers vs. All SMB Sellers (National Average)

	All SMB Sellers	Rural SMB Sellers
Most Popular Sales Methods	Brick and Mortar Wholesale	Web Store Online Marketplace
Online Marketplace Revenue As % Of Total Revenue	17.5%	23%
All Online Revenue As % Of Total Revenue	54%	56%
Most Popular Online Marketplaces	Amazon eBay Walmart	Amazon eBay Etsy

Rural Sellers Use a Variety of Sales Methods - And All Are Competitive

Rural sellers use a variety of sales methods, including the following (in order of popularity):

Online Web Stores

Online Marketplaces

Brick and Mortar

Offline Marketplaces

Wholesale

The typical rural seller (59%) uses at least 3 sales methods to sell their product. Among the smallest sellers, with 10 or fewer employees, 49% use at least three sales methods. With limited staff and resources, we are confident that the smallest rural sellers are only utilizing sales methods that generate substantial revenue.

Many of the sales methods are very competitive, and rural sellers have several good choices. For example:

- A seller's online web store might be hosted by Shopify, Squarespace, Wix, or another platform.
- Among rural sellers, marketplace competition is surprisingly fierce. When asked about their online marketplaces, rural sellers identified Amazon as their top option (33%), followed by eBay (30%) and Etsy (24%).

How do Rural Sellers Succeed in Distant Markets?

Over half of rural small business sales (54%) are made locally, in the immediate area of where a business is primarily located. Of the remaining sales, 16% are within the state, 24% are outside the state, but within the U.S., and 6% are outside the country.

Rural sellers said that business-owned web stores (36%) and online marketplaces (33%) are among the most effective distant sales methods. This speaks to the importance of online sales channels to reach distant markets - which historically were reachable only through wholesaling. Today, rural sellers can start their business online and reach local and distant markets - including international markets - simultaneously.

Optimism

Interestingly, leaders of businesses using more sales methods are more optimistic about their businesses, their industries, and the economy. Compared to those using just one or two sales methods, rural sellers using 6-8 sales methods are:

- 2x likely to be confident of local economic growth over 3-5 years
- 80% more likely to be confident about their business growth over 3-5 years
- 50% more likely to think 2022 revenue will exceed 2021 revenue
- Almost 3x likely to be confident of increasing distant sales in the next year

In part, this highlights that maintaining a diversity of sales methods leads to greater success and optimism.

Conclusion: For Rural Sellers, Online Commerce is Disproportionately Important and Competition is Strong

3C's founder grew up in a rural community with fewer than 2,000 people, where small businesses sold only locally. Today, it is not an overstatement to say the entire world is open for rural sellers, especially those that utilize low-cost integrated digital platforms and tools to extend their reach and sell their products.

Rural small business leaders paint a very clear picture of diversity (many sales methods), competition (many choices within each sales method), opportunity (nearly half their sales are to distant customers), and optimism. There is no evidence that rural sellers lack options, and there is no evidence that Congress forcing changes to online retail platforms will benefit small rural sellers.