



# Navigating the Future:

**A Study of Sales Strategies and  
Challenges for Canada's Retail SMB**

**Research Report: Summer 2024**

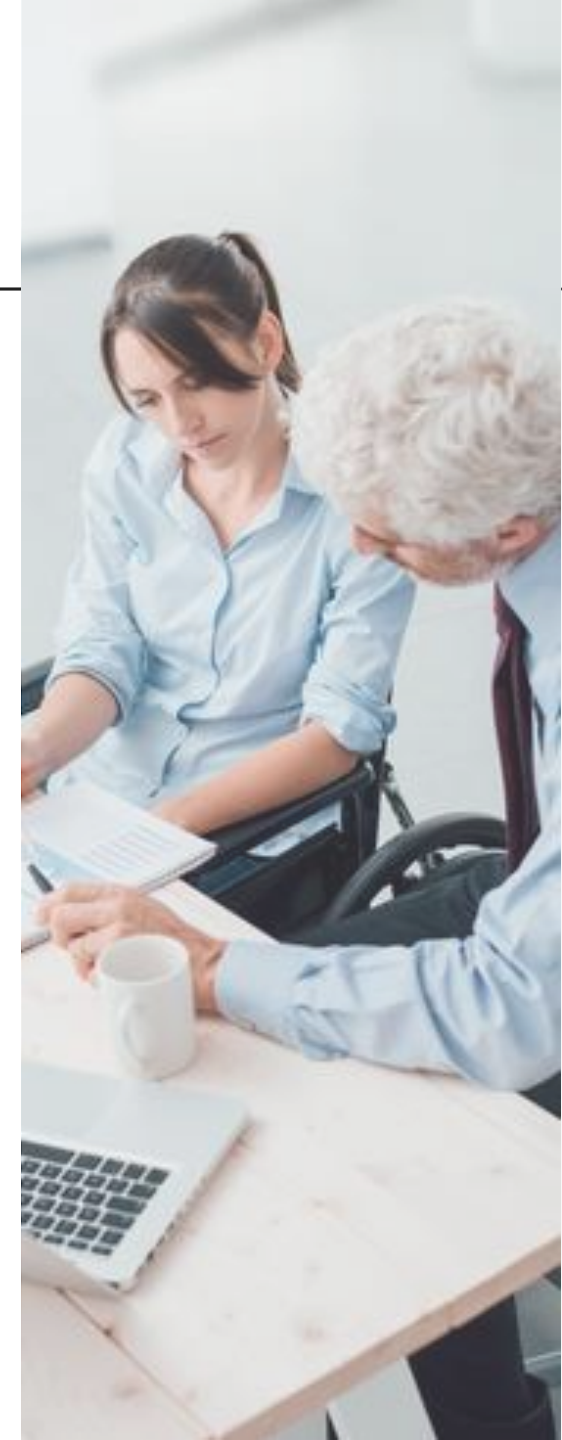
Project Number: 82522-012



# Content

---

<b>Context, Goals, Methodology &amp; Definitions .....</b>	<b>3</b>
<b>Key Insights and Data Highlights.....</b>	<b>10</b>
<b>1. Introduction.....</b>	<b>12</b>
<b>2. SMB's Use of Sales Methods.....</b>	<b>14</b>
a) Diverse Sales Methods.....	15
b) Novice Sellers & Advanced Sellers.....	17
c) SMB Leader Attitudes.....	18
d) Evolution of SMB Selling.....	19
e) Role of Digital Tools in Selling.....	21
f) Digital Tools Providers.....	23
g) Online Marketplaces.....	24
h) Use of Fulfillment Approaches.....	25
<b>3. Concluding Thoughts.....</b>	<b>26</b>
<b>Appendix.....</b>	<b>29</b>





# Context, Goals, Methodology & Definitions

## CONTEXT

Retail Council of Canada (RCC) advocates for retailers in Canada through effective advocacy, communications, and education.

The institution is now looking to understand how small and medium-sized retail businesses (SMB) currently sell their products to consumers and the challenges that they face to help them formulate strategies to improve their sales and market presence.

## GOALS

This research will provide insights into several key areas, including:

- Current sales practices among SMB in Canada.
- Revenue distribution across various sales methods.
- Trends in the significance of these sales methods and their expected evolution.
- Factors influencing the adoption of different sales techniques.
- Integration of digital tools within SMB sales processes.
- The impact of sales methods and digital tool utilization on SMB optimism and economic prospects.
- Trends and shifts shaping SMB sales strategies.



## DETAILS OF THE STUDY METHODOLOGY &amp; ANALYSIS



## METHODOLOGY

This study was conducted in two distinct phases:

**Phase 1:** An online quantitative survey involving 757 small and medium-sized businesses (SMB) across Canada.

**Phase 2:** Qualitative one-on-one interviews with decision-makers from 12 SMB throughout Canada.



## TARGET

Canadian-based SMB (fewer than 500 employees) that sell physical products to consumers. These businesses span a variety of industries, including clothing, food & beverage, books & toys, games, furniture, electronics, and much more.

These SMB are representatively distributed across Canada. All respondents have a deep understanding of their SMB's product distribution through various channels, with 97% also very knowledgeable about their contribution to revenue.

Most participants play a significant role in sales decisions: 69% are the sole or primary decision-maker, 25% share decision-making responsibilities, and only 5% contribute input to decision makers.



## WHEN

**Phase 1:** February 22<sup>nd</sup>, 2024, to March 28<sup>th</sup>, 2024.

**Phase 2:** May 2<sup>nd</sup>, 2024, to May 13<sup>th</sup>, 2024.



## SIGNIFICANT DIFFERENCES

No margin of error can be associated with a non-probability sample (i.e., a web panel in this case). For comparative purposes, though, a probability sample of 750 respondents would have a margin of error of  $\pm 3.5\%$ , 19 times out of 20.

Data in **red** indicate a significantly lower proportion than that of other segments.

Conversely, data in **green** indicate a significantly higher proportion than that of other segments.

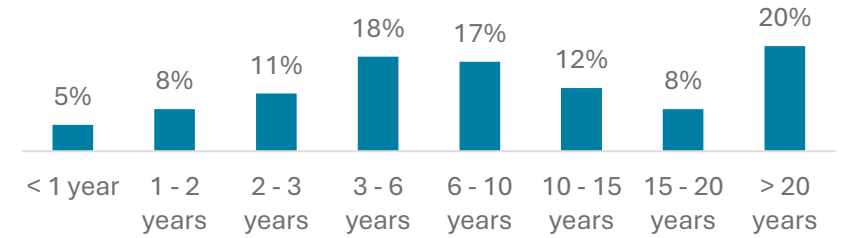
**TOTAL SMB** (n=757)

Most respondents in this study are founders or owners of small and medium-sized businesses (SMB) operating in Canada for over three years. Their businesses, primarily small retail or direct-to-consumer enterprises with fewer than 99 employees, offer a diverse array of products including clothing, food and beverages, books and music, and health and personal care items.

**Region**

West	31%
Ontario	38%
Quebec	24%
East	7%

**Time in Business**



**Gender**



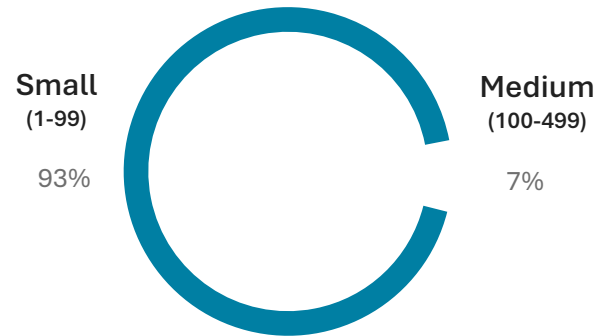
**Age** (average = 43)

18 to 24	4%
25 to 34	22%
35 to 44	32%
45 to 54	19%
55+	22%

**Role**

Owner/Founder	71%
Employee	29%

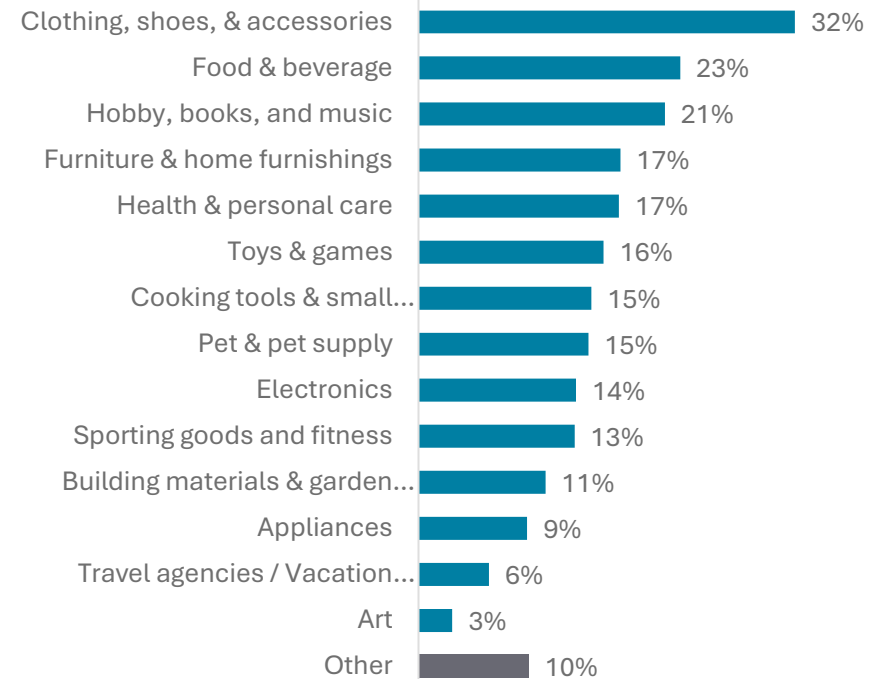
**Company Size**



**Sector**



**Products Sold**



## EXPLAINING THE TERMINOLOGY USED IN THE REPORT

**SMALL- AND MEDIUM SIZED BUSINESS (SMB):** An independent business with fewer than 500 employees that sell physical products directly to consumers. (One employee in this context indicates a sole proprietorship with an owner/operator.) This research exclusively studied Canadian-based SMB.

**SMB SELLERS:** This report defines SMB Sellers as all SMB that sell physical goods to consumers, either in the Retail Trade or Direct-to-Consumer sectors, using any of these eight sales methods: Brick & Mortar, Web Store, Online Marketplace, Click-to-Buy Social, Offline Marketplace, App Store, Wholesale, and On-Demand Delivery.

**SALES METHODS:** A "sales method" refers to a general approach or "channel" used to sell products to customers. Such methods encompass various forms, including sales via a physical storefront, an independent internet store owned by an SMB (such as company.ca), and digital marketplace platforms operated by third parties. This report analyzes eight specific sales methods that encompass most SMB sales activities in Canada: Brick & Mortar, Web Store, Online Marketplace, Click-to-Buy Social, Offline Marketplace, App Store, Wholesale, and On-Demand Delivery.



**ANALYZING SMB SELLERS STRATEGIES:** In this report, a "sales strategy" refers to the integration of various sales methods. For example, an SMB that sells grooming and skincare products may distribute these items through a physical store and simultaneously offer exclusive products via its own online store. This approach exemplifies a distinct sales strategy. Given the availability of eight different sales methods, SMB Sellers have the flexibility to employ multiple combinations and modify them as needed over time.

For analytical purposes, this report divides SMB Sellers into three distinct segments based on the number of sales methods they currently employ. These segments were designed specifically for this analysis. The segments are:

- ❖ Novice Sellers: SMB employing 1-2 different sales methods.
- ❖ Proficient Sellers: SMB employing 3-4 different sales methods.
- ❖ Advanced Sellers: SMB employing 5-8 different sales methods.

This research measures multiple variables associated with the number of sales methods used by an SMB Seller, with a particular emphasis on contrasting the extreme cases of Advanced Sellers and Novice Sellers to extract key insights. Proficient Sellers typically represent a midpoint in this spectrum, serving as a benchmark for many of the metrics we analyzed.

## DEFINING SMB PRIMARY SALES METHODS

**BRICK & MORTAR:** Engaging in direct-to-consumer retail sales through a company's conventional, physical storefront located at a specific address. Such establishments offer in-person shopping experiences in various retail sectors. (E.g., clothing boutiques, hardware stores, and wine shops.)

**WEB STORE:** Selling products directly to consumers via an online virtual store owned by the company. Typically, this involves an e-commerce platform integrated into a company-branded website hosted on its own URL. (E.g., aldo.com, knix.ca, and kotn.com.)

**ONLINE MARKETPLACE:** Retail sales of products through a digital marketplace platform managed by another company. This platform brings together a multitude of business sellers under a single web address. (E.g., Amazon.com, eBay, Walmart Marketplace, Etsy, and Poshmark.)

**CLICK-TO-BUY ON SOCIAL:** Retail sales directly enabled through the "click-to-buy" features on social media platforms. It allows consumers to purchase products seamlessly within platforms (E.g., Facebook Marketplace, Instagram Shop, and Pinterest) where product pins facilitate direct transactions.

**OFFLINE MARKETPLACE:** Selling products directly to consumers at physical venues managed by another organization, where multiple businesses also operate. (E.g., trade shows, farmers' markets, flea or street markets, auction houses, and common areas designated for kiosks, booths, pop-up stores, or mobile trucks).

**APP STORE:** Selling products directly to consumers through the company's own digital storefront available on app platforms such as iOS and Android. (E.g., Sephora App and Lululemon App, where users can browse, purchase, and track orders all within the app.)

**WHOLESALE:** Selling products in large quantities to retail partners, which then retail them to consumers. Typical examples of such partners include grocery and department stores.

**ON-DEMAND DELIVERY:** Retail sales where another company not only receives the order but also provides prompt delivery of your product(s). (E.g., Instacart, SkipTheDishes, and DoorDash, which specialize in "instant" or "on-demand" delivery solutions.)



## DIGITAL TOOLS DEFINITIONS

- **Payment Processing Systems:** used to facilitate the secure and smooth transfer of funds from a customer to a business. (E.g., PayPal, Stripe, Square, Moneris, Interac e-Transfer, Desjardins Monetico, etc.)
- **Social Media Management Tools:** software used to streamline and optimize the management of multiple social media accounts from a centralized platform. (E.g., Hootsuite, Buffer, Sprout Social, Later, Sendible, SocialBee, etc.)
- **Mobile Payment Systems:** that enable customers use their mobile devices, such as smartphones or tablets, for payment. (E.g., Apple Pay, Google Pay, Samsung Pay, Interact Flash, BMO Wallet, TD Wallet, RBC Wallet, etc.)
- **Search Engine Optimization (SEO) Tools:** that assist website owners and marketers in optimizing their online content to improve its visibility and ranking on search engine results pages. (E.g., Google Search Console, SEMrush, Ahrefs, Moz, SpyFu, etc.)
- **Digital Marketing Tools:** online platforms, software, and services used to promote products through digital channels. (E.g., Google Ads, Facebook Ads, Instagram Ads, etc. and email marketing platforms like Mailchimp and Constant Contact.)
- **Analytics and Reporting Tools:** used to collect, analyze, and present data related to website or application performance. (E.g., Google Analytics, Adobe Analytics, Hotjar, Matomo, Crazy Egg, etc.)
- **E-commerce Analytics Tools:** that help merchants understand customer behavior, track sales, and make data-driven decisions to optimize their online stores. (E.g., Shopify Analytics, WooCommerce Analytics, Magento Business Intelligence, Bold Commerce, etc.)
- **Live Chat and Customer Support Platforms:** real-time communication tools used to assist customers with inquiries, provide support, and address their concerns. (E.g., Intercom, Zendesk, LiveChat, Kayako, SnapEngage, JivoChat, etc.)
- **Customer Relationship Management (CRM) Platforms:** used to centralize and streamline customer-related data, automate sales and marketing processes, and enhance overall customer experience. (E.g., Salesforce, HubSpot, Zoho CRM, Microsoft Dynamics 365, etc.)
- **Social Proof and Reviews Platforms:** specialized in managing and displaying customer testimonials, ratings, and reviews. (E.g., Google Reviews, Trustpilot, Yotpo, Bazaarvoice, Feefo, Reevo, etc.)
- **Marketing Automation Platforms:** used to automate repetitive marketing tasks, streamline workflows, and manage multifaceted marketing campaigns across various channels. (E.g., HubSpot, Eloqua, Marketo, Pardot, ActiveCampaign, etc.)
- **Content Management Systems (CMS):** that allow users to create, manage, and organize digital content on a website without the need for extensive technical knowledge. (E.g., Shopify, Wix, Squarespace, WordPress, Drupal, Joomla, etc.)
- **E-learning and Product Education Platforms:** that facilitate the creation, delivery, and management of educational content, training courses, and product-related materials. (E.g., Coursera, LinkedIn Learning, edX, Teachable, Udemy for Business, LearnDash etc.)
- **Collaboration Tools:** designed to facilitate communication, coordination, and teamwork among individuals and groups within an organization. (E.g., Zoom, Trello, Slack, Microsoft Teams, Asana, Jira, etc.)
- **Affiliate Marketing Platforms:** that connect businesses with a network of affiliates. (E.g., Affiliate Network, ShareASale, CJ Affiliate, Rakuten Marketing, etc.)
- **Personalization and Recommendation Engines:** that analyze user behavior, preferences, and data to deliver personalized content, experiences, or product recommendations. (E.g., Barilliance, Dynamic Yield, Adobe Target, RichRelevance, Certona, etc.)
- **Wholesale Transactions Hubs:** e-commerce hubs, connecting suppliers, manufacturers, and brands with retailers and other businesses looking to purchase products in bulk quantities. (E.g., JOOR, NuORDER, Handshake, OrderEase, QuickBooks Commerce, etc.)
- **Mobile App Development Platforms:** that provide the resources needed to create mobile applications for various operating systems such as iOS and Android. (E.g., Xamarin, React Native, Flutter, PhoneGap/Cordova, etc.)

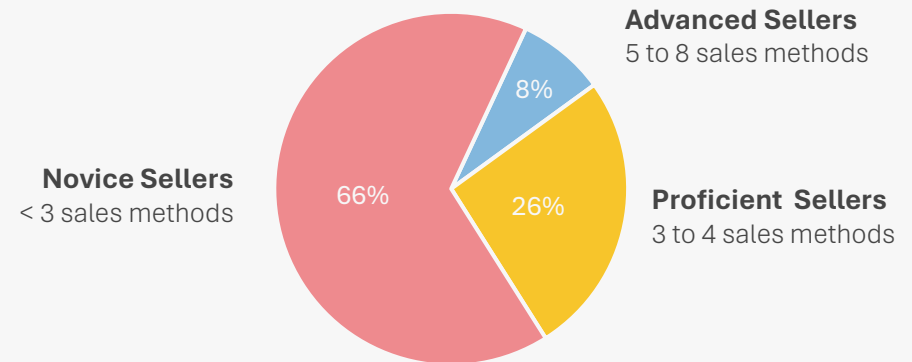


# Key Insights and Data Highlights

## THIS REPORT'S MOST IMPORTANT DATA POINTS

- This report focuses on eight primary sales methods, which are used by most SMB in Canada: Brick & Mortar Store, Web Store, Online Marketplace, Click-to-Buy on Social Media, Offline Marketplace, App Store, Wholesale, and On-Demand Delivery.
- The most popular of these eight sales methods are: Brick & Mortar (used by 50% of SMB), Web Store (41%), Online Marketplace (33%), and Click-to-Buy Social (28%).
- While using a digital sales method, most SMB often leverage multiple companies. For example, 84% of SMB sellers on Amazon Marketplace concurrently engage in sales on at least one additional online marketplace platform - 52% also offer their products on eBay, 33% on Facebook Marketplace, and 25% on Etsy.
- 71% of SMB revenue is driven by the top four sales methods: Brick and Mortar (31%), Web Store (15%), Online Marketplace (14%), and Click-to-Buy Social (11%).
- The average SMB use 2 sales methods and are referred to as “Novice Sellers” in this report. 26% use 3-4 (and are referred to as “Proficient Sellers”). And 8% use most of these different sales method (and are referred to as “Advanced Sellers”).
- Brick & Mortar stores contribute to 31% of revenue for Novice Sellers, compared to 20% for Advanced Sellers. This highlights the varying reliance on traditional storefronts between different types of sellers.
- 88% of all SMB Sellers utilize at least one digital tool (technology-based solutions or platforms that facilitates various tasks, e.g., payment processing, social media management, etc.).
- 94% of all SMB - and 97% of Advanced Sellers - say digital tools are valuable, if not critical, to their business success.
- 32% of all SMB expect to use digital tools more than before the COVID-19 pandemic.

### Three Types of SMB Sellers



- Compared to Novice Sellers, Advanced Sellers leaders are:
  - ❖ 2X as likely to be very optimistic about their business' future.
  - ❖ 5X as likely to project higher revenue this year (vs. 2023).
  - ❖ 1.5X as likely to be very optimistic about their industry shape.
  - ❖ 3X as likely to believe the Canadian economy is in excellent shape.

1



# Introduction

## NAVIGATING THE FUTURE: A STUDY OF SALES STRATEGIES AND CHALLENGES FOR CANADA'S RETAIL SMB



This report explores the evolving landscape of small and mid-sized business sales in the modern Canadian retail environment. It delves into the diverse ways buyers purchase, and sellers market their products today.

Traditionally, SMB selling was synonymous with the "mom and pop" or "main street" stores. Sophisticated sales strategies were typically reserved for larger companies with the resources to invest in advanced software and manage multiple sales channels.

However, this landscape has shifted dramatically. Canadian SMBs now have access to affordable, powerful digital tools and platforms that enable innovative selling methods, complementing traditional practices if desired. The distinction between digital versus physical, or online versus offline sales, is now an outdated and inadequate way to describe current retail operations. Regardless of their size, even the smallest SMB with fewer than ten employees can adopt advanced sales strategies that compete with, or even surpass, those of larger traditional retailers.

This report introduces a framework to understand the various sales methods employed by SMB. We examined the eight primary channels that collectively represent most SMB sales: Brick & Mortar Store, Web Store, Online Marketplace, Click-to-Buy on Social Media, Offline Marketplace, App Store, Wholesale, and On-Demand Delivery.

These methods can be used individually or in combination to develop successful, tailored sales approaches depending on factors like business size, industry, product range, and customer demographics.

2



## SMB's Use of **Sales Methods**

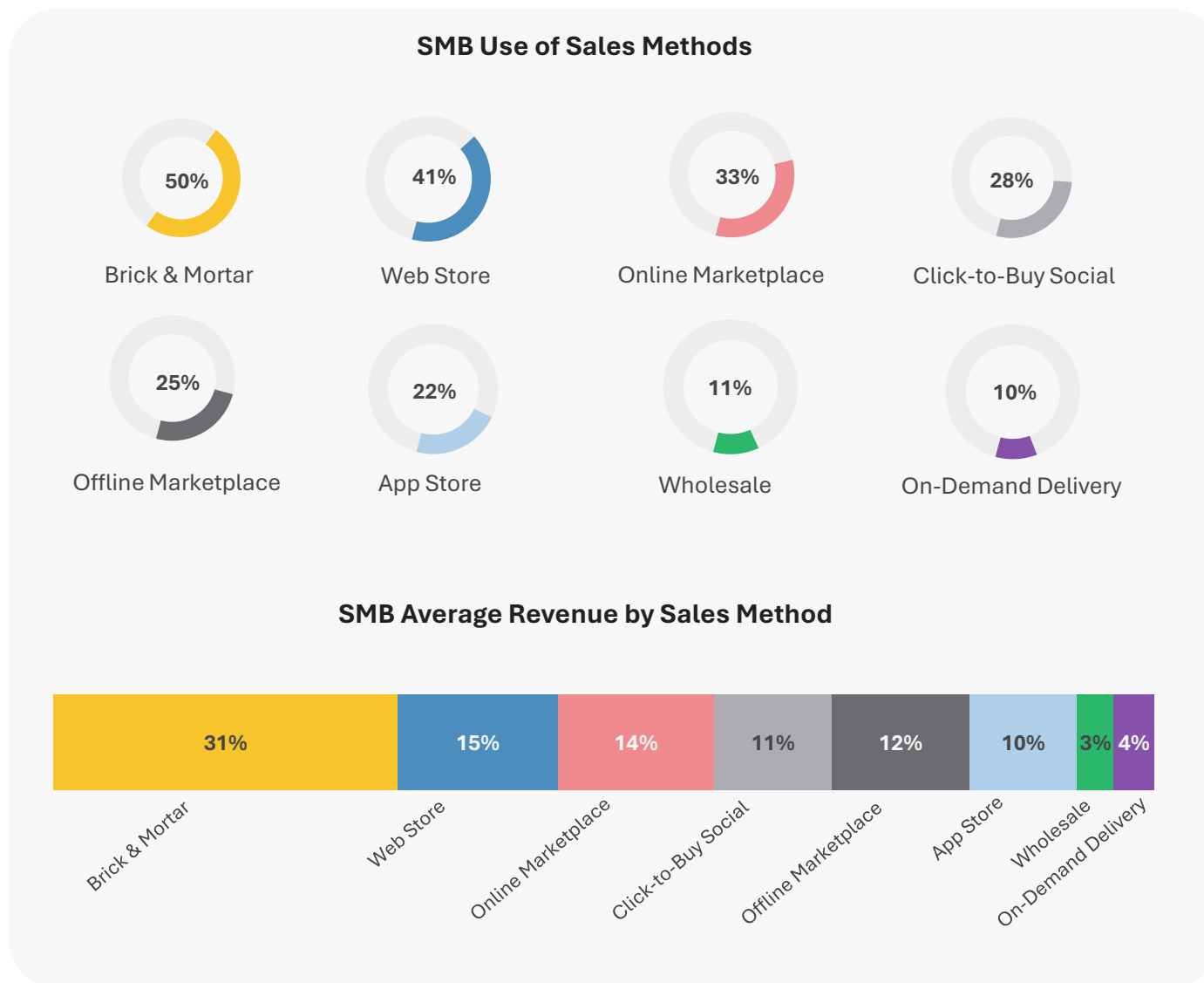
## SMB USE AN AVERAGE OF 2 DIFFERENT METHODS FOR SELLING THEIR PRODUCTS TO CUSTOMERS

**Defining Eight Primary Sales Methods:** This study outlines eight primary sales methods utilized by SMBs today, excluding phone and door-to-door selling due to their minimal overall contribution.

**Popularity of Sales Methods:** While various methods are employed by SMB Sellers, the most popular include Brick & Mortar (50%), Web Store (41%), Online Marketplace (33%), and Click-to-Buy Social (28%). Additionally, 76% of SMB Sellers use digital\* methods, while 70% utilize non-digital\* methods.

**Utilizing Multiple Sales Methods:** It's common for SMB Sellers to adopt multiple sales methods concurrently. Our findings show that 60% of SMB Sellers use more than one method, with the average being two.

**Diversified Revenue Streams:** Although Brick & Mortar and Web Stores collectively contribute 46% of SMB Sellers' revenue, other sales methods also play a significant role in revenue generation, even though some are still primarily used for branding rather than direct sales.



Base: TOTAL SMB (n=757)

\*Digital = Web Store, Online Marketplace, Click-to-Buy Social, App Store, and/or On-Demand Delivery. Non-Digital = Brick & Mortar Stores, Offline Marketplace, and/or Wholesale.

Q5: Which sales method(s) does your company currently uses to sell and/or reach new customers?

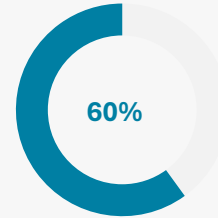
Q6: Listed below are the various sales methods utilized by your company. Could you please estimate the percentage contribution of each of these methods to your company's total gross sales revenue in the year 2023?

### FAST FACTS

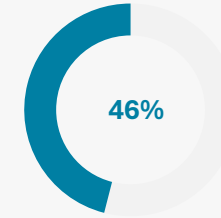
#### MORE INSIGHTS ABOUT USING MULTIPLE SALES METHODS



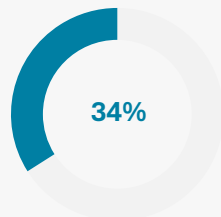
average number of sales methods  
SMB Sellers use



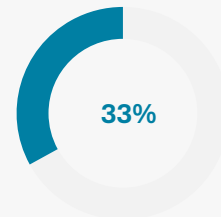
of SMB **employ more than one**  
sales method



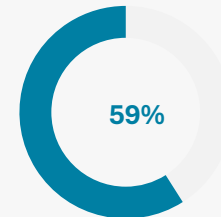
of SMB **revenue driven by the top two** sales  
methods - Brick & Mortar and Web Stores



of SMB Sellers **use at least**  
**three** different sales methods



of SMB Sellers **use Online Marketplaces**  
as a sales method



of SMB Sellers **expect Web Store revenues**  
**to grow in 2024** (vs 2023)



**“NOVICE SELLERS ” EMPLOY FEW SALES METHODS, WHEREAS “ADVANCED SELLERS” CAPITALIZE ON MULTIPLE SELLING OPPORTUNITIES**

**Novice, Proficient, and Advanced Sellers:** We've developed a framework to categorize SMB based on their use of sales methods, ranging from simple to complex:

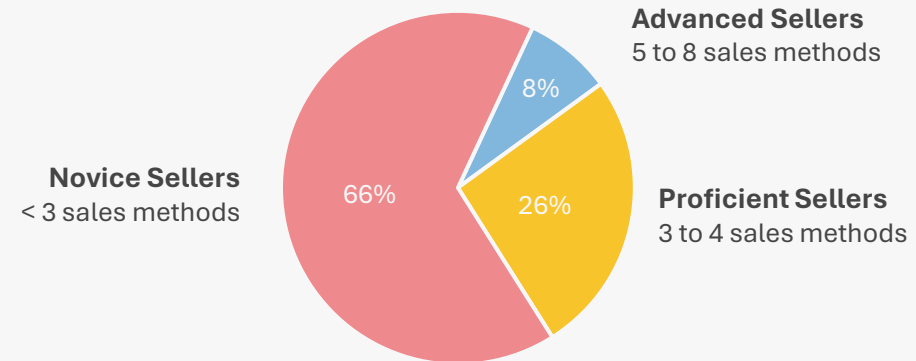
- ❖ **Advanced Sellers (8% of SMB)** utilize 5-8 sales methods.
- ❖ **Proficient Sellers (26%)** employ 3-4 sales methods.
- ❖ **Novice Sellers (66%)** use 1-2 sales methods.

**Fluidity in Sales Method Usage:** It's crucial to note that these categories are not fixed. SMB Sellers often transition between categories as they refine their sales strategies to best suit their business needs, industry, products, and target customers.

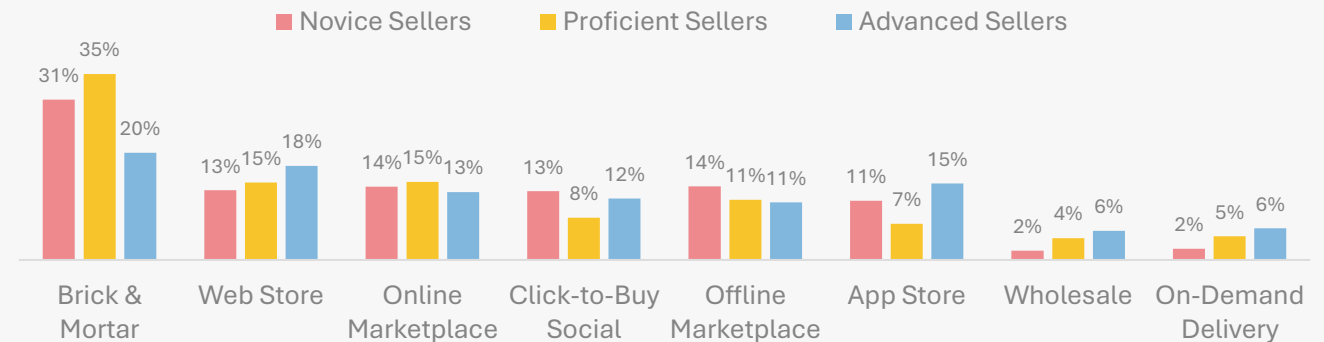
**General Trends Among SMB Sellers:** The average SMB uses 2 sales methods, typically classifying them as Novice Sellers. However, 34% of SMB are either Proficient or Advanced Sellers, utilizing at least three different sales methods.

**Impact of Multiple Sales Methods:** Advanced Sellers, who employ the most diversified sales strategies, have the least concentrated revenue streams. This diversity suggests that using multiple sales channels can reduce reliance on any single method, potentially stabilizing and increasing revenue.

Three Types of SMB Sellers



% of Revenue by Sales Methods



Base: TOTAL SMB (n=757), Advanced Sellers (n=61), Proficient Sellers (n=197), Novice Sellers (n=499)

Q5: Which sales method(s) does your company currently uses to sell and/or reach new customers?

Q6: Listed below are the various sales methods utilized by your company. Could you please estimate the percentage contribution of each of these methods to your company's total gross sales revenue in the year 2023?

## LEADERS OF ADVANCED SELLERS ARE MORE OPTIMISTIC ABOUT THEIR BUSINESS, THEIR INDUSTRY, AND THE OVERALL ECONOMY

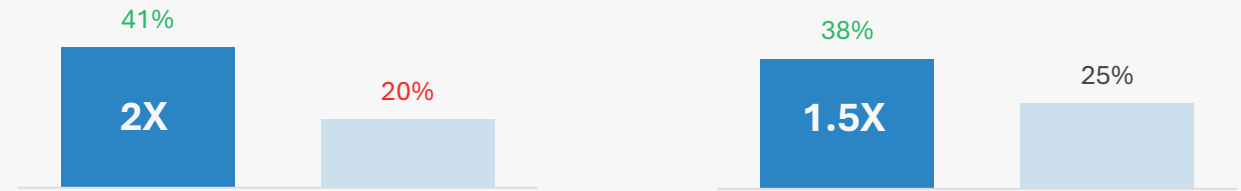
**Advanced Selling is Correlated With Optimism:** Leaders of Advanced Sellers demonstrate substantially higher optimism about their businesses, industries, and the Canadian economy compared to Proficient and Novice Sellers. This optimism is often linked to the diversification of sales methods and revenue streams, enhancing stability and growth prospects.

→ **Optimism:** While 78% of SMB overall are optimistic about their business futures, Advanced Sellers are 2X as likely to be very optimistic. In contrast, Novice Sellers are 1.5X more likely to be only optimistic, pessimistic, or very pessimistic.

→ **Revenue:** Overall, 76% of SMB anticipate higher revenue in 2024 than in 2023. Advanced Sellers are 5X more likely to expect increased revenue next year compared to Novice Sellers.

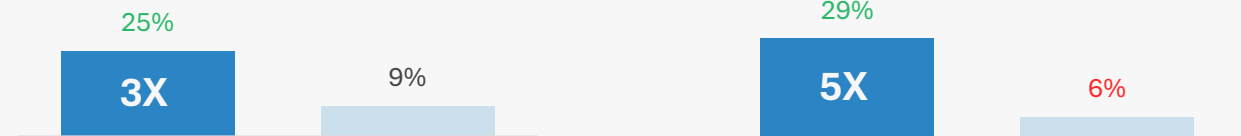
→ **SMB Industry & Canadian Economy:** Only 36% of SMB view the economy as excellent or good, but Advanced Sellers are 3X more likely to hold this view compared to Novice Sellers. Additionally, while 81% of SMB feel optimistic about their industry, Advanced Sellers are 1.5X more likely to be very optimistic.

### SMB Leaders Outlook – Advanced vs. Novice Sellers



Advanced Sellers are twice as likely to be **Very Optimistic** about their **business' future** compared to Novice Sellers.

Advanced Sellers are 1.5X as likely to be **Very Optimistic** about **their industry** compared to Novice Sellers.



Advanced Sellers are three times as likely to believe the **status of the Canadian economy** to be **excellent** compared to Novice Sellers.

Advanced Sellers are 5X as likely to project **higher revenue in 2024 (vs. 2023)** for their business compared to Novice Sellers.

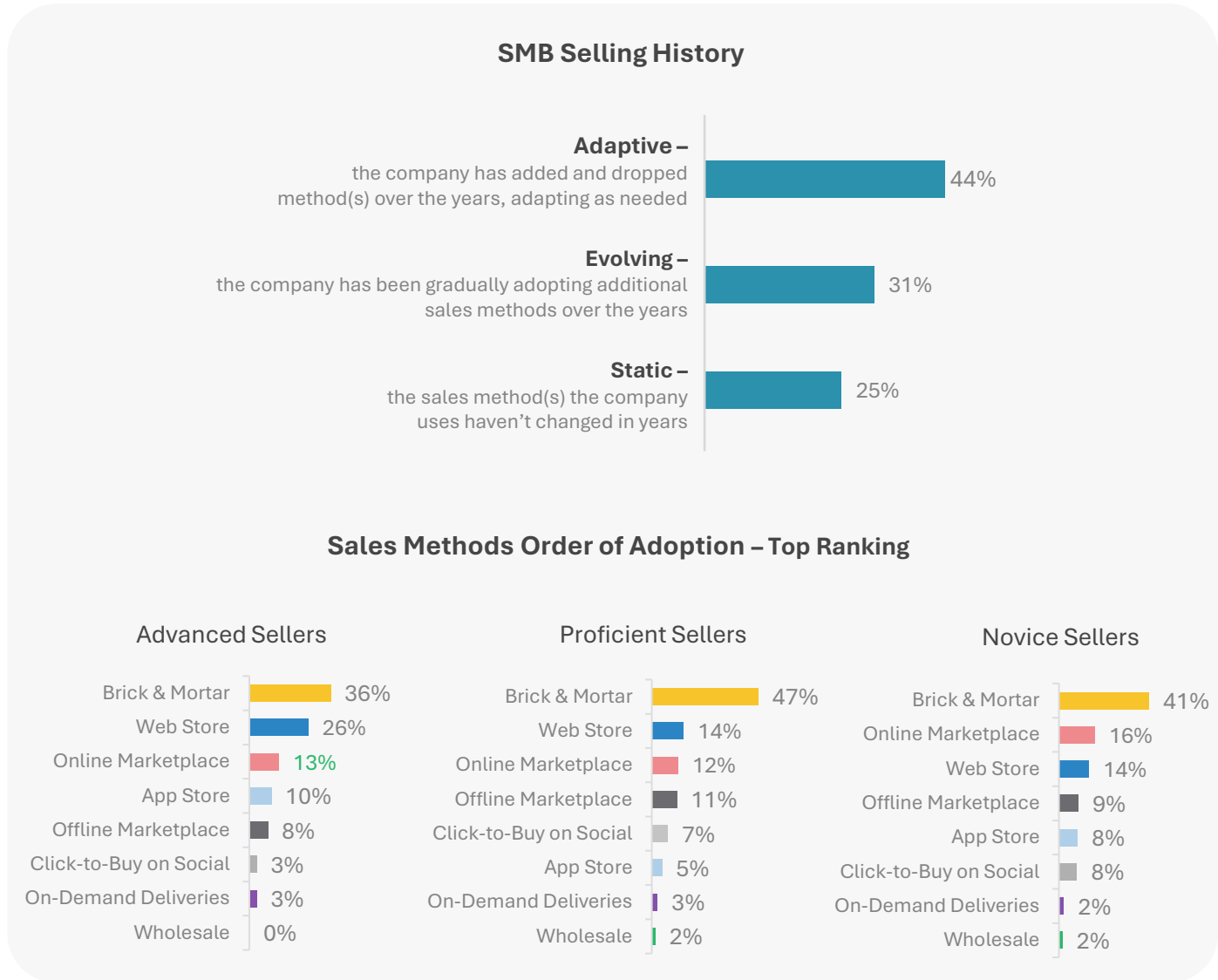
## THE MOST COMMON ROUTE FROM NOVICE TO ADVANCED SELLING INVOLVES ENHANCING OFFLINE SALES WITH ONLINE METHODS

### The Journey From Novice to Proficient or Advanced Seller:

The transition from Novice to Proficient or Advanced Sellers, who use three or more sales methods, typically unfolds gradually. Businesses often start with a simpler approach and incrementally adopt more methods rather than deploying multiple strategies right from the start.

The evolution of sales methods is also fluid, allowing for various possible paths. However, the most common "evolutionary journey" begins with Brick & Mortar stores and progressively incorporates additional methods, particularly Web Stores and Online Marketplaces.

While Offline Marketplaces (such as open-air street markets) play a role in this progression, their impact is relatively smaller. Notably, for businesses that evolve into Advanced Sellers, the App Store plays a more significant role, indicating a decisive shift towards a more digitally-focused sales strategy.



Base: TOTAL SMB (n=757), Advanced Sellers (n=61), Proficient Sellers (n=197), Novice Sellers (n=499)

Q7: Overall, how would you define your company's history regarding its use of different sales methods?

Q8. Listed below are the sales methods currently employed by your company. Kindly arrange them in chronological order of adoption, beginning with the first method implemented and proceeding to the most recent.

In cases where multiple methods were introduced simultaneously, please rank them based on their relative importance.

## SMB PRIMARILY VENTURE INTO ONLINE METHODS TO ENHANCE CUSTOMER ENGAGEMENT, EXPAND MARKET REACH, AND STRENGTHEN THEIR BRANDS

### Drivers of Sales Methods Adoption:

The main reasons SMB Sellers choose to employ digital sales methods such as Web Stores, Online Marketplaces, App Stores, and Click-to-Buy Social Media include enhancing customer engagement and experience, broadening market reach and accessibility, strengthening their brand and trust, and realizing financial gains. E.g., A Proficient Seller shared that they have recently started selling at Amazon because of their higher, more global traffic.

Drivers of Adoption									
Top 3 Drivers		Brick & Mortar	Web Store	Online Marketplace	Offline Mkt	App Store	Click-to-Buy Social	On-Demand Deliveries	Wholesale
n=		380	312	253	191	170	214	74	81
Customer Engagement and Experience		58%	37%	37%	55%	36%	45%	43%	21%
Brand and Trust Building		33%	36%	24%	29%	29%	27%	26%	33%
Financial Benefits		28%	33%	33%	34%	27%	33%	28%	58%
Operational Efficiency		28%	27%	29%	19%	24%	21%	34%	30%
Market Reach and Accessibility		26%	38%	47%	28%	28%	36%	28%	35%
Targeting Specific Markets		24%	28%	31%	34%	25%	32%	36%	38%

### Barriers Adoption

Barriers Adoption									
Top 3 Barriers		Brick & Mortar	Web Store	Online Marketplace	Offline Mkt	App Store	Click-to-Buy Social	On-Demand Deliveries	Wholesale
n=		377	445	504	566	587	543	683	676
Limited Resources		38%	31%	21%	26%	34%	24%	25%	18%
Method is Not Viable		31%	18%	25%	25%	27%	23%	32%	33%
Lack of Expertise		15%	28%	20%	21%	30%	29%	16%	18%
Product Suitability		19%	17%	20%	16%	21%	20%	23%	26%
Operational Challenges		19%	20%	17%	20%	19%	18%	17%	13%

## LIMITED RESOURCES AND LACK OF EXPERTISE ARE THE STRONGEST BARRIERS FOR ONLINE METHODS DEPLOYMENT

### Barriers of Sales Methods Adoption:

Limited resources, lack of expertise, and the perception that it is not a viable method are the main reasons SMB Sellers hesitate to adopt new sales methods. Product suitability and operational barriers also contribute to their reluctance, albeit to a lesser extent. E.g., A Novice Seller explained that she utilizes Facebook exclusively to promote events at her produce farm. She has not ventured into online sales yet due to her limited familiarity with the platform and her belief that customers prefer to physically inspect the products before purchasing them.

Base: Among those who use the method / Base: Among those who don't use the method  
 Q9a1-Q9h1. Below are all the reasons that influenced your company's decision to employ [insert] as a sales method. Now, please rank them in order of their importance, starting from the most until the least important.  
 Q10a1 - Q10h1. Please rank the reasons your company hasn't implemented a [insert method], from most to least important.

## SMB SELLERS ARE INCREASINGLY USING DIGITAL TOOLS, FINDING THEM VALUABLE AND OFTEN CRITICAL TO THEIR SALES PROCESSES

### Effects of COVID-19 on SMB Seller Digital Tool Use:

The impact of COVID-19 has significantly influenced the use of digital tools\* among SMB Sellers, with most maintaining or increasing their usage levels. Currently, 87% of SMB are using digital tools as much or more than before the pandemic, with 38% reporting an increase in their use.

Furthermore, the same percentage (87%) anticipates sustaining these heightened levels of digital tool usage into 2024, underscoring the shift towards digital-driven operations among Canadian small businesses.

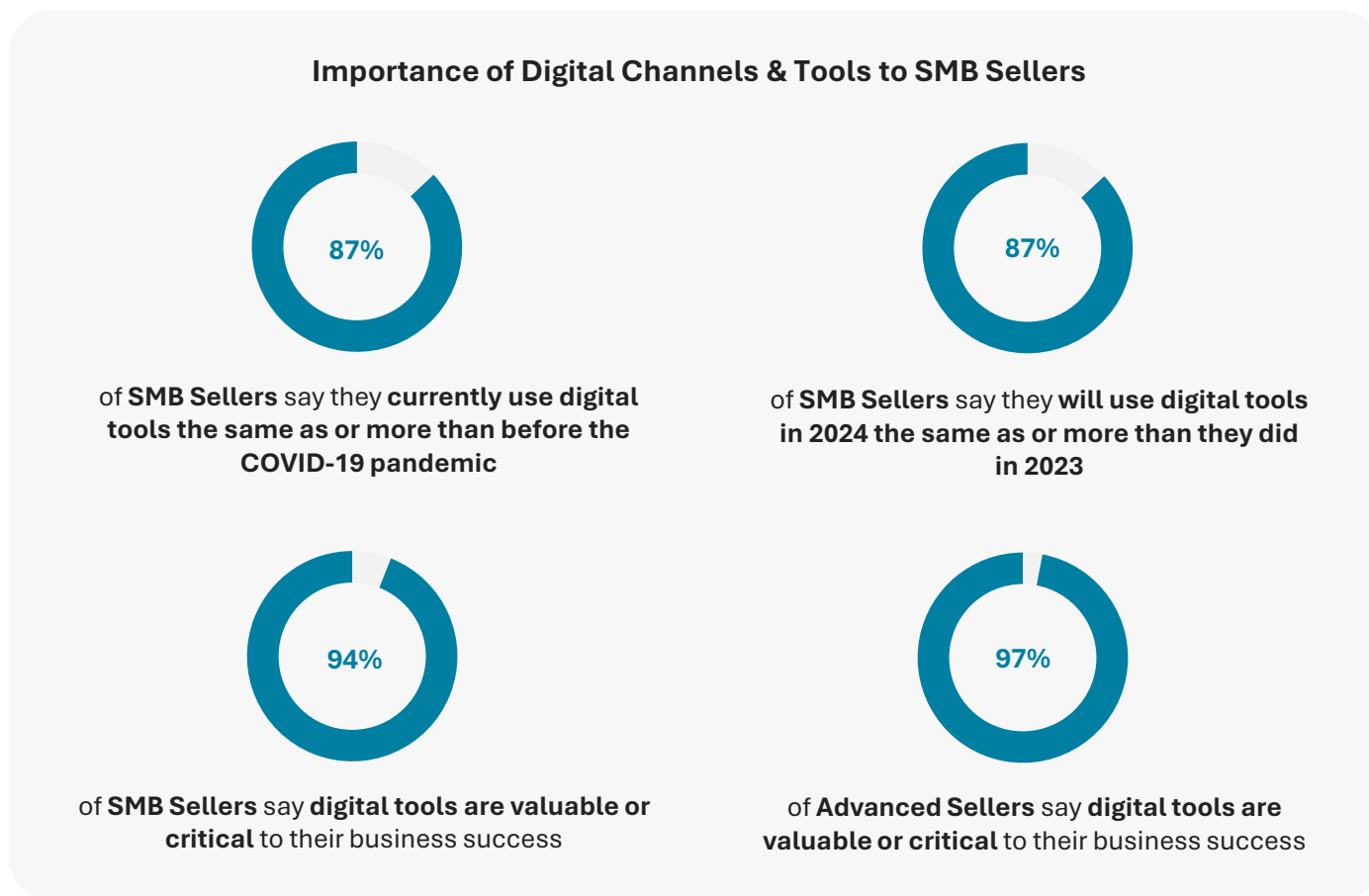
### Critical Role of Digital Tools for Making Sales:

Digital tools\* play a critical role in the sales processes of SMB Sellers. A vast majority (94%) consider these tools valuable or essential, with 46% stating that their sales operations could not function without them.

This reliance on digital tools is even more pronounced among Advanced Sellers — who generally employ more digitally-driven sales methods than Novice Sellers — with 97% acknowledging the importance or critical nature of digital tools for their sales.

\*Digital tools\* are technology-based solutions or platforms that facilitates various tasks, ranging from payment processing to social media management, improving efficiency, connectivity, and user engagement across diverse digital environments. See slide 15 for more details.  
Base: Among SMB that use the method (base varies by tool)

Q11a. How important are each of these digital tools to your business success? Q11b. How does the utilization of these digital tools compare to the period before the onset of the COVID-19 pandemic? Q11c. And how do you expect the use of these digital tools to change in 2024 compared to 2023?



E.g., An Advanced Seller who has been operating both a Web Store and a Brick & Mortar business since 2007, has shifted their focus more towards online sales since the onset of COVID-19. In addition to their Web Store, they now leverage Click-to-Buy features on social media and an App Store, with an estimated 65% of their sales now being generated online. They plan to continue this digital shift, noting that online interactions require less time per customer, as visitors can always return to the site. Conversely, with brick-and-mortar visits, there is just a singular opportunity to secure a sale.

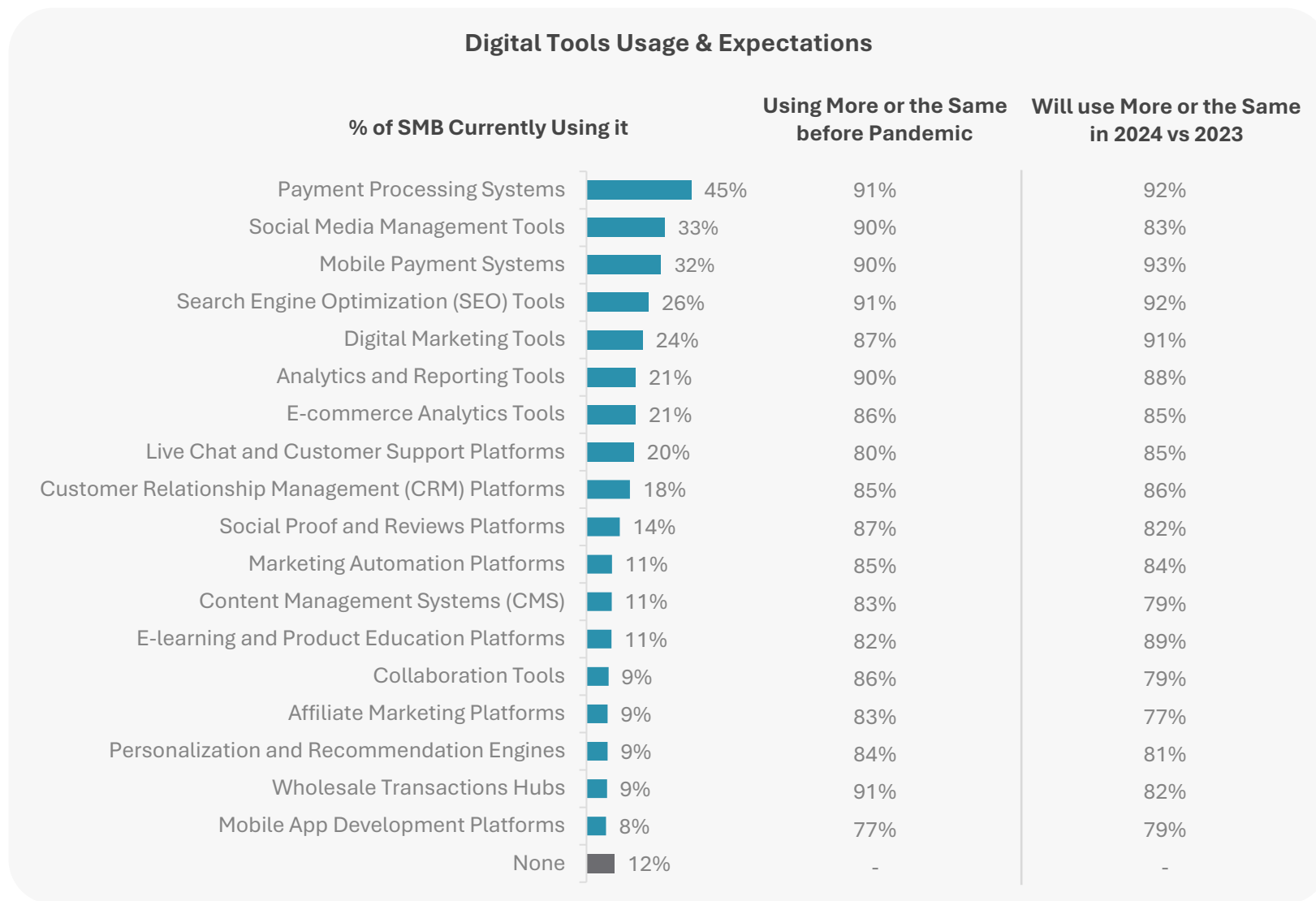
## PAYMENT PROCESSING SYSTEMS AND SOCIAL MEDIA MANAGEMENT AND SEARCH OPTIMIZATION (SEO) TOOLS ARE THE MOST WIDELY DIGITAL TOOL USED BY SMB SELLERS

88% of SMB Sellers utilize at least one digital tool, with Payment Processing Systems being the most common, followed by Social Media Management and Mobile Payment Systems. However, only about a third (39%) of Novice Sellers use Payment Processing Systems, underlining the opportunity for growth.

Post-COVID-19, the vast majority of SMB have either maintained or increased their usage of digital tools, notably Payment Processing Systems and SEO Tools.

Looking towards 2024, SMB plan to further enhance their use of digital tools, particularly Mobile Payment Systems and SEO Tools, reflecting an ongoing digital transformation in the sector and a growing dependence on digital technologies for business operations and expansion.

E.g., A Novice Seller who has traditionally relied on word-of-mouth and referrals, mentioned that they have recently updated their website and are implementing SEO strategies to enhance their online visibility, making it easier for potential customers to find them.



Base: TOTAL SMB (n=757)

Q11. Listed below are various digital tools that some companies employ to support their sales efforts. Kindly indicate all the tools currently utilized by your company, if any.

Q11b. How does the utilization of these digital tools compare to the period before the onset of the COVID-19 pandemic?

Q11c. And how do you expect the use of these digital tools to change in 2024 compared to 2023?

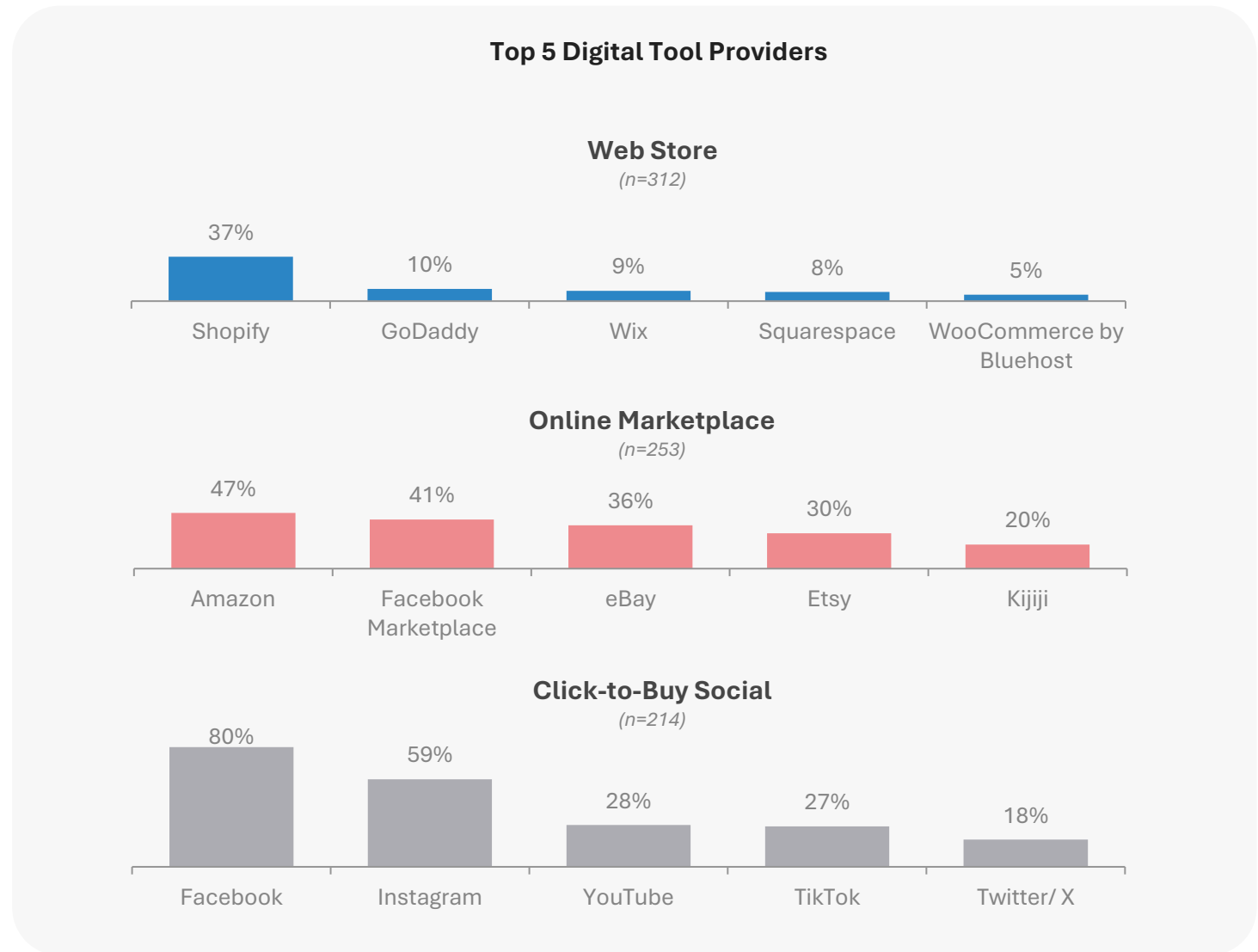
## DIFFERENT SALES METHODS ARE SUPPORTED BY THEIR OWN SETS OF SPECIALIZED DIGITAL TOOL PROVIDERS

Our analysis of the most common digital sales methods among SMB revealed distinct preferences for certain platforms but also highlighted a range of smaller or more niche providers tailored to each method.

For instance, while Shopify is a leading platform for creating Web Stores, other providers like GoDaddy, Wix, and Squarespace also serve a significant number of SMB Sellers.

Similarly, Amazon and Facebook lead the Online Marketplace scene and platforms like eBay, Etsy and Kijiji also maintain a strong presence among SMB Sellers.

In the realm of Click-to-Buy Social sales, Meta's Facebook and Instagram are the top choices for SMB with platforms like YouTube, TikTok, and X also attracting a considerable number of SMB users, indicating a diverse range of providers supporting various sales methods.



Base: Among SMB that use the method

Q5e: You've indicated that your company operates a website for sales and attracting new customers. Could you tell us which e-commerce platform provider is currently used to support your company's website operations?

Q5d: You stated that your company uses Online Marketplaces to sell and/or reach new customers. Which of the following companies does your company use?

Q5b: You indicated that your company utilizes "click-to-buy" features on social media to engage and sell to customers. Which of the following social media platforms your company actively uses for this purpose?

## SMBS HAVE ABUNDANT OPTIONS FOR SELLING THROUGH ONLINE MARKETPLACES

### Online Marketplace Competition and Strategy:

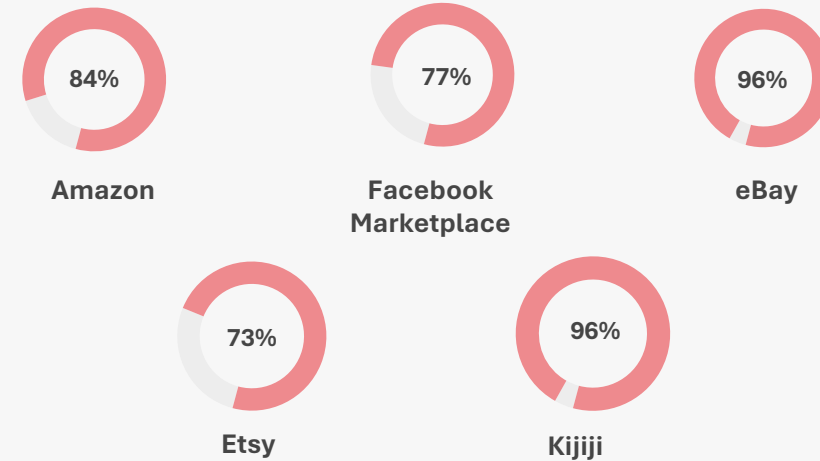
It is typical for sellers on Online Marketplaces to engage with multiple platforms simultaneously. Our research shows that nearly all SMB Sellers active on the top five online marketplaces also participate in at least one additional marketplace. For instance, 84% of those on Amazon Marketplace and 96% of those on eBay and Kijiji are also active on other platforms. This suggests that many sellers use these marketplaces strategically to expand their reach and scale operations by accessing a wider or different customer base.

### Diverse Engagement Among Marketplace Sellers:

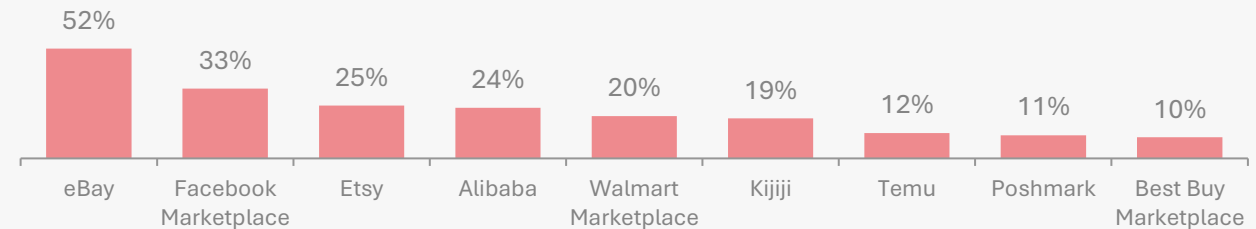
Amazon is leading Online Marketplace platform, preferred by 47% of SMB Sellers. Among these, a substantial 84% also engage with other online marketplaces. This distribution shows significant crossover with 52% of Amazon sellers also using eBay, 33% using Facebook, 25% on Etsy, and 24% on Alibaba, alongside other niche but popular options like Walmart Marketplace and Kijiji.

This analysis indicates that almost no SMB Sellers rely solely on any single platform to support their entire business operations, reflecting a broader strategy to maximize market presence across various online channels.

Of those SMB selling on a specific Online Marketplace, the % also selling on at least one additional Online Marketplace



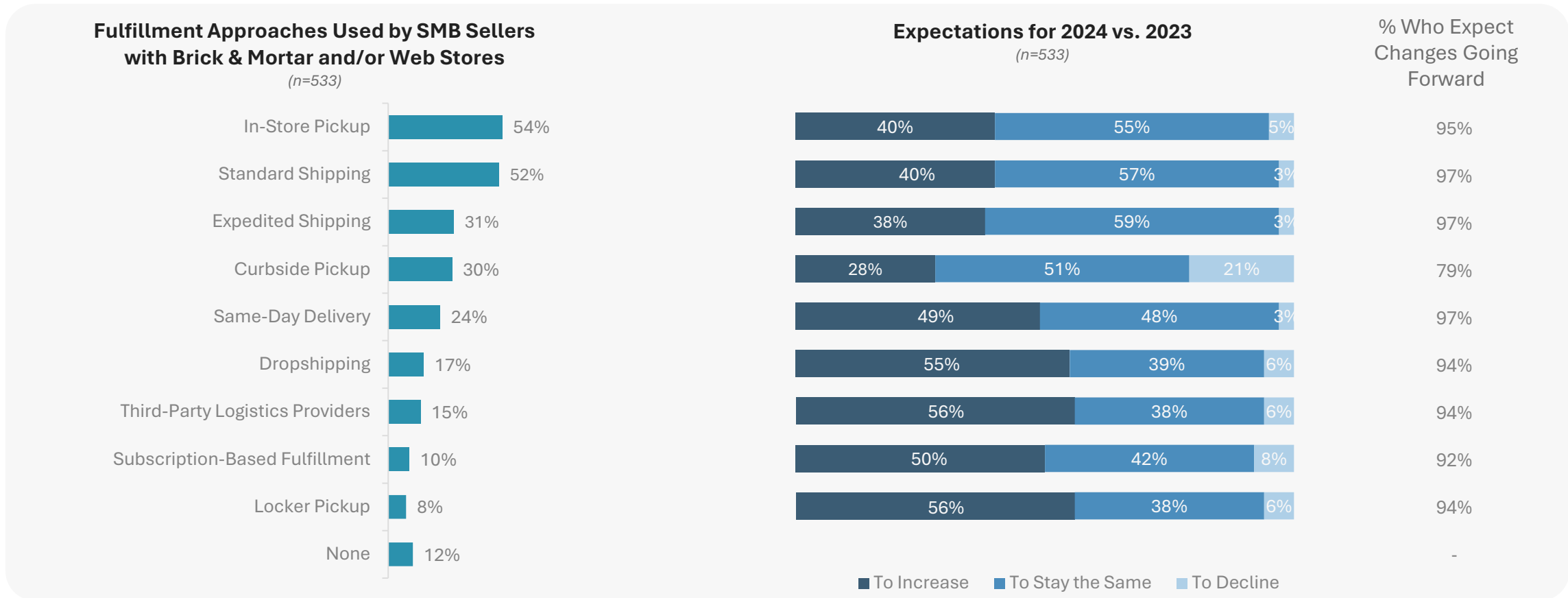
Percent of Amazon Marketplace sellers also using alternative Online Marketplaces





**Fulfillment Approaches are Broadly Adopted and Anticipated to Expand Further:**

88% of SMB Sellers with a Brick & Mortar and/or Web Store currently utilize at least one fulfillment method, with 46% anticipating an increase in their usage in 2024 compared to 2023. The most favored fulfillment methods are In-Store Pickup and Standard Shipping, succeeded by Expedited Shipping and Curbside Pickup. Notably, a quarter of these sellers provide Same-Day Delivery as well.



Base: SMB that use Brick-and-Mortar AND/OR Website.  
 Q12. Listed below are various methods used to deliver products to customers after they make a purchase. Please indicate all the methods currently utilized by your company, if any.  
 Q12a. How do you expect the use of these methods to change in 2024 compared to 2023?

3

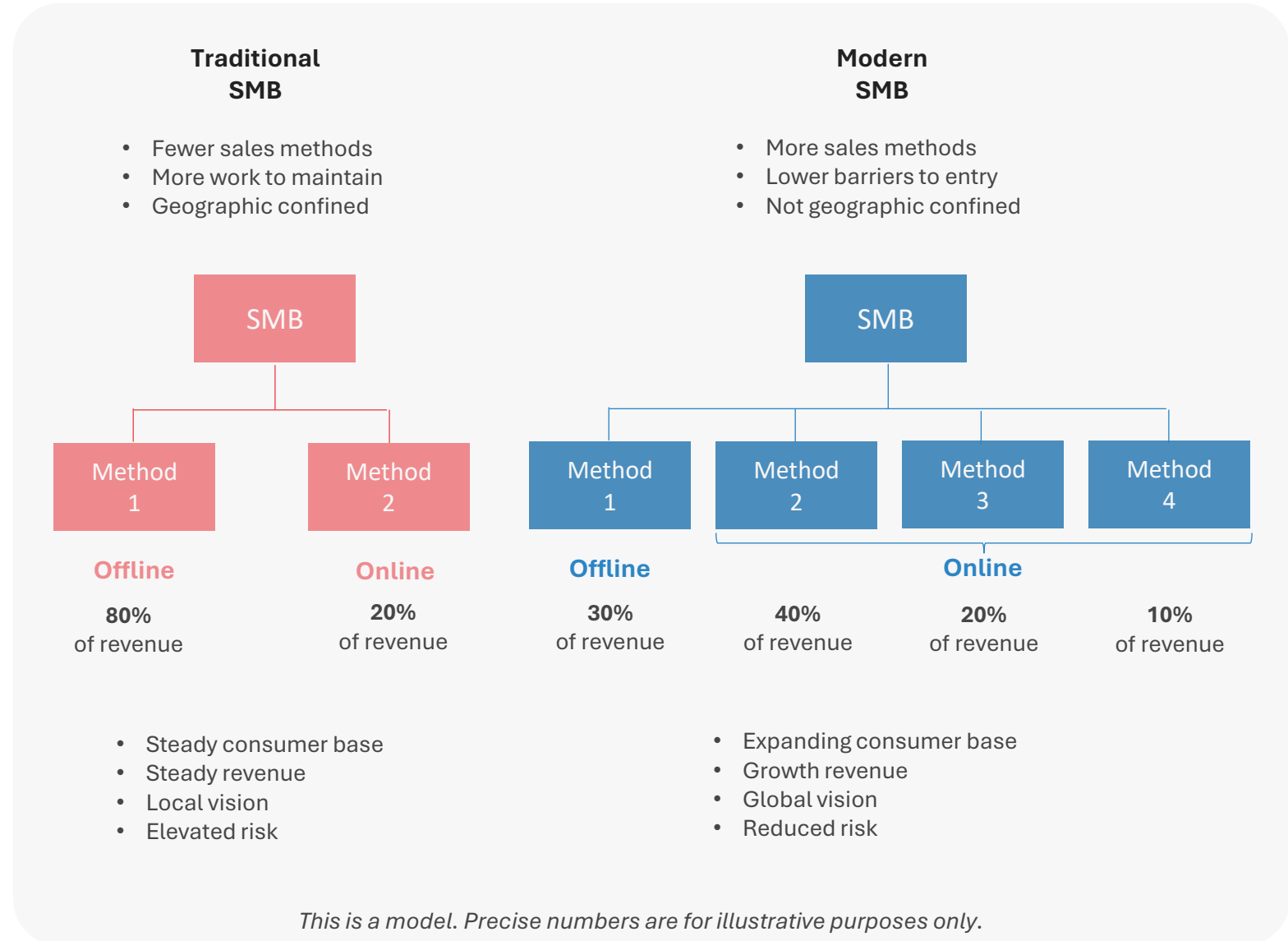


## Concluding **Thoughts**

## MODERN RETAIL FOR SMALL BUSINESSES MEANS DIVERSIFICATION, EXPERIMENTATION, AND GROWTH OPPORTUNITIES

The old way of thinking about selling as an SMB was to confine your strategy to one or two methods of selling: usually a Brick & Mortar with a simple Web Store. Managing multiple sales methods was costly and a lot of work, and SMB Sellers faced major tradeoffs in doing so.

Today, different methods of selling have low barriers to entry and have blurred traditional lines. Contemporary SMB Sellers mix-and-match sales methods to build sales strategies that suit their business, industry, number and type of products, customer profile, and budget.



## MAJOR TECHNOLOGY PROVIDERS POWER THE MODERN RETAIL OPERATIONS OF CANADIAN SMBS



Digital tools have significantly shaped the evolution of retail, influencing aspects ranging from online store management to payment processes in physical stores and farmers' markets, to manage social media engagement, and internet search optimization. The COVID-19 pandemic further accelerated this shift, making digital tools increasingly valuable, if not critical, to most SMB's sales processes.

Key providers of these tools, including companies like Amazon and Facebook are important technology partners for SMB Sellers. This group also includes Shopify, GoDaddy, eBay, Etsy, and Kijiji, as well as Walmart, which remains the world's largest retailer by a significant margin.

Additionally, SMB Sellers who utilize a broader array of sales methods and digital technologies not only anticipate higher revenue but also hold more optimistic views about their business, their industry, and the Canadian economy. This success suggests that SMB Sellers are effectively leveraging digital tools, services, and platforms provided by diverse tech companies. Thus, if SMB owners have any economic concerns, these issues usually originate from other areas (such as high taxation, excessive regulations, and high labour costs, to name just a few).



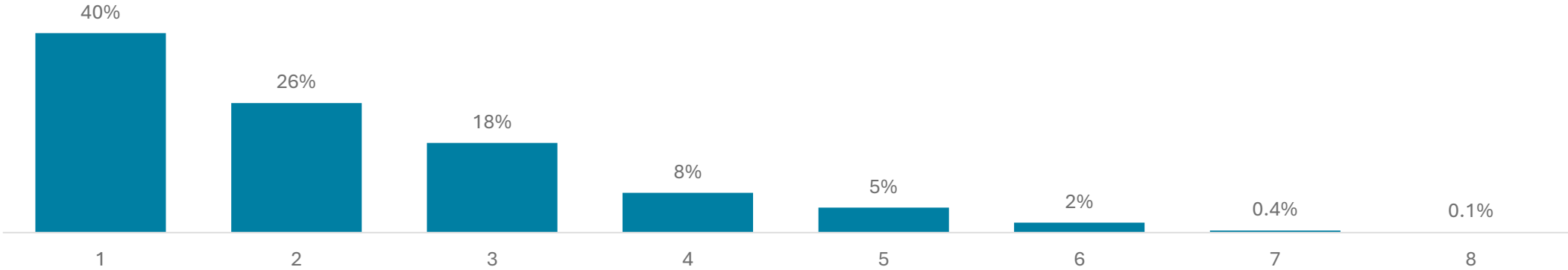
# Appendix



# Diverse Sales Methods

60% of SMB Sellers employ more than one sales method, and that the average number of sales methods deployed is two (2.2).

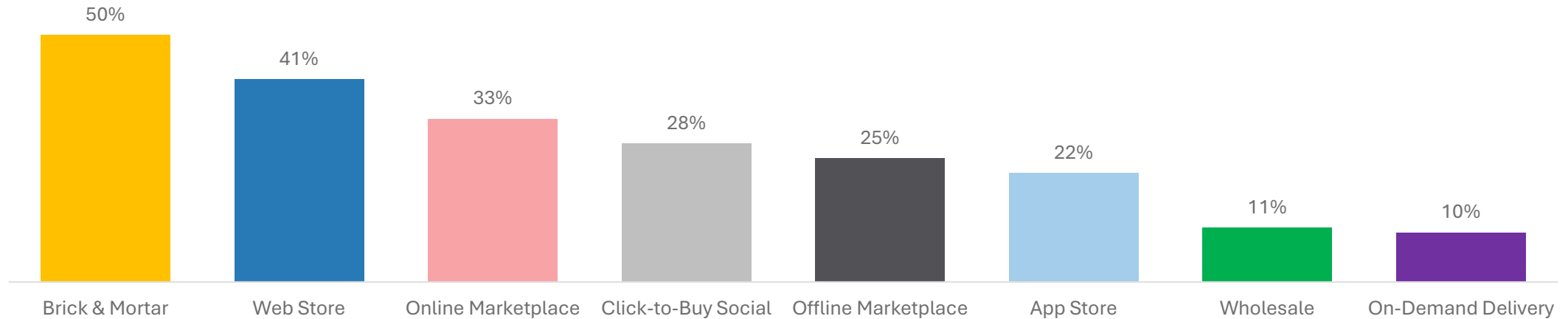
### SMB Number of Sales Methods Used



*Average number of Methods Used: 2.2*

The top five most used methods are: Brick & Mortar, Web Store, Online Marketplace, Click-to-Buy Social, and Offline Marketplace.

### SMB Use of Sales Methods



Digital Methods\*: 76%

Non-Digital Methods\*: 70%

\*Digital = Web Store, Online Marketplace, Click-to-Buy Social, App Store, and/or On-Demand Delivery. Non-Digital = Brick & Mortar Stores, Offline Marketplace, and/or Wholesale.

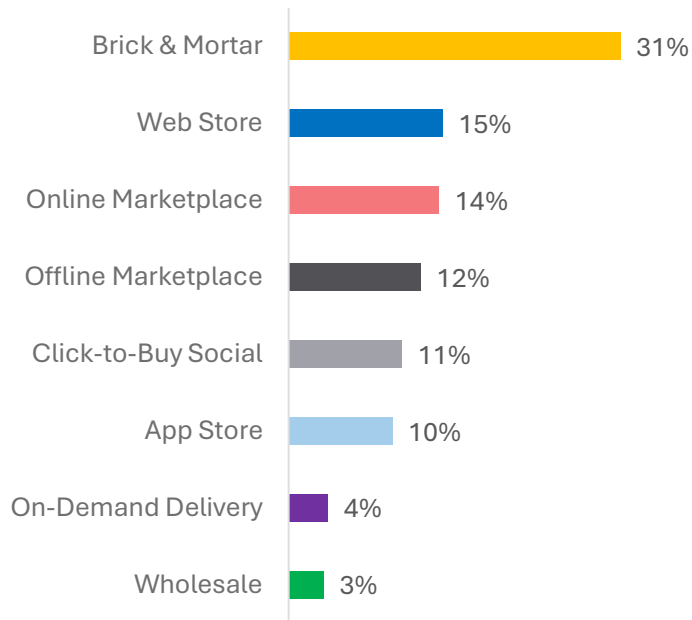
Base: TOTAL SMB (n=757)

Q5. Which sales method(s) does your company currently uses to sell and/or reach new customers?

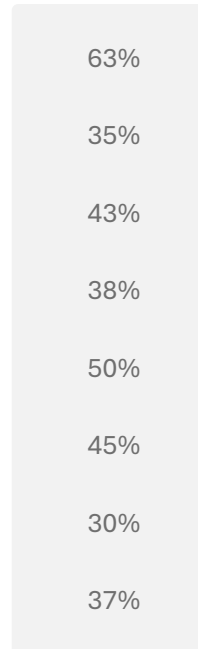


While Brick & Mortar and Web Stores account for 46% of SMB Sellers' revenue, other sales channels also contribute significantly. Moreover, SMB Sellers anticipate higher growth from these alternative channels compared to Brick & Mortar stores in 2024.

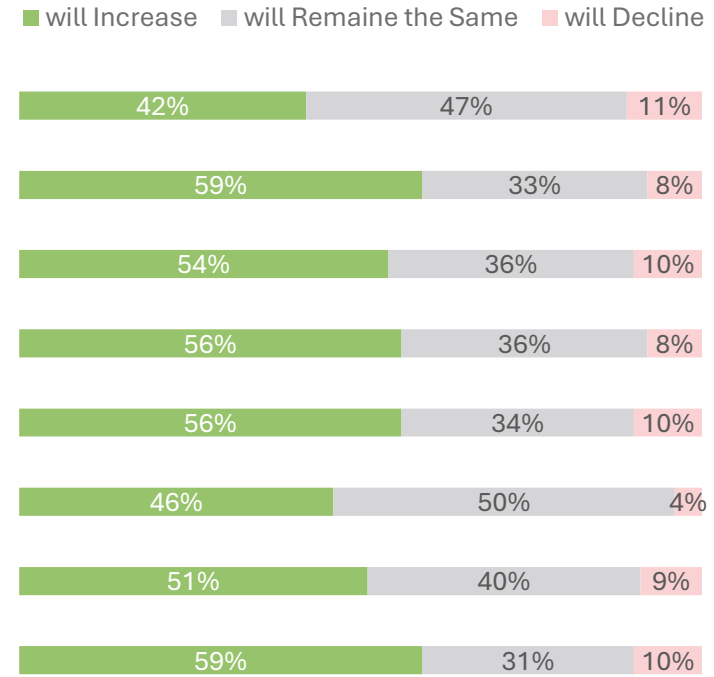
### SMB Average Revenue by Sales Method



### Revenue / Usage Ratio



### Revenue Expectations for 2024



Base: TOTAL SMB (n=757)

Q6: Listed below are the various sales methods utilized by your company. Could you please estimate the percentage contribution of each of these methods to your company's total gross sales revenue in the year 2023?

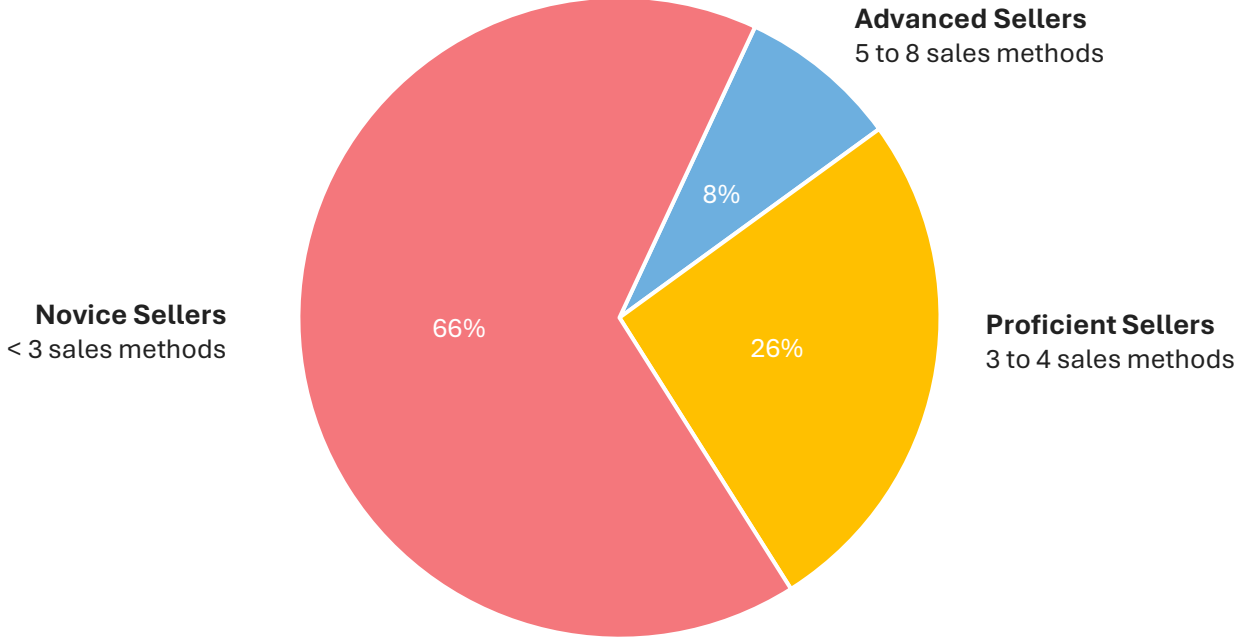
Q6a1: Compared to 2022, has the contribution of each of these methods to your company's total gross sales revenue increased, decreased, or remained the same?



# Advanced Sellers & Novice Sellers

Advanced Sellers make up 8% of SMB Sellers, Proficient Sellers account for 26%, and Novice Sellers constitute the majority at 66%.

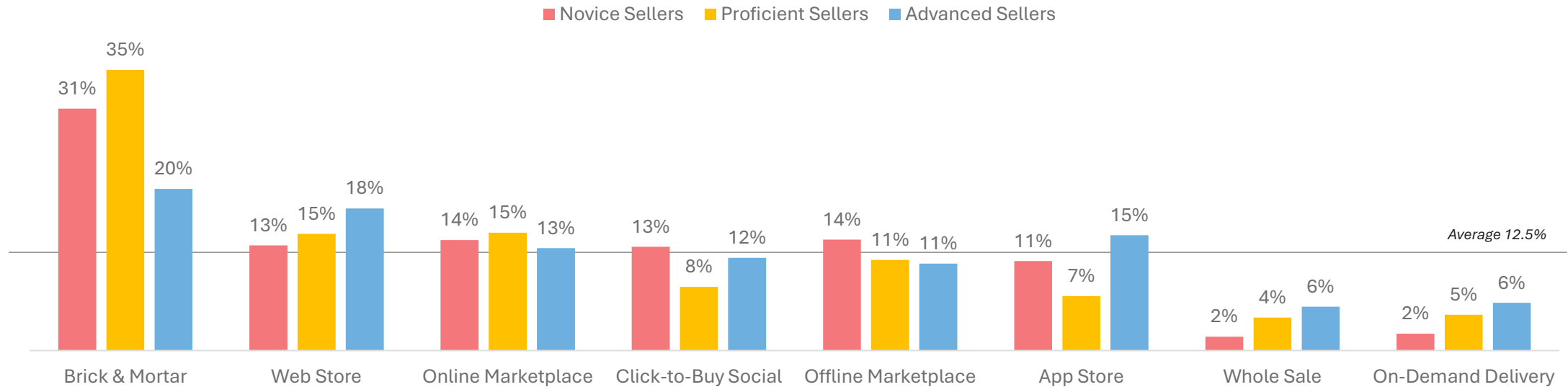
Three Types of SMB Sellers



Base: TOTAL SMB (n=757), Advanced Sellers (n=61), Proficient Sellers (n=197), Novice Sellers (n=499)  
Q5. Which sales method(s) does your company currently uses to sell and/or reach new customers?

Advanced Sellers exhibit the least concentrated revenue, suggesting that as SMB Sellers utilize a broader array of sales channels, their revenue sources diversify, thereby decreasing their dependence on any single sales method.

### % of Revenue by Sales Methods



Base: TOTAL SMB (n=757), Advanced Sellers (n=61), Proficient Sellers (n=197), Novice Sellers (n=499)

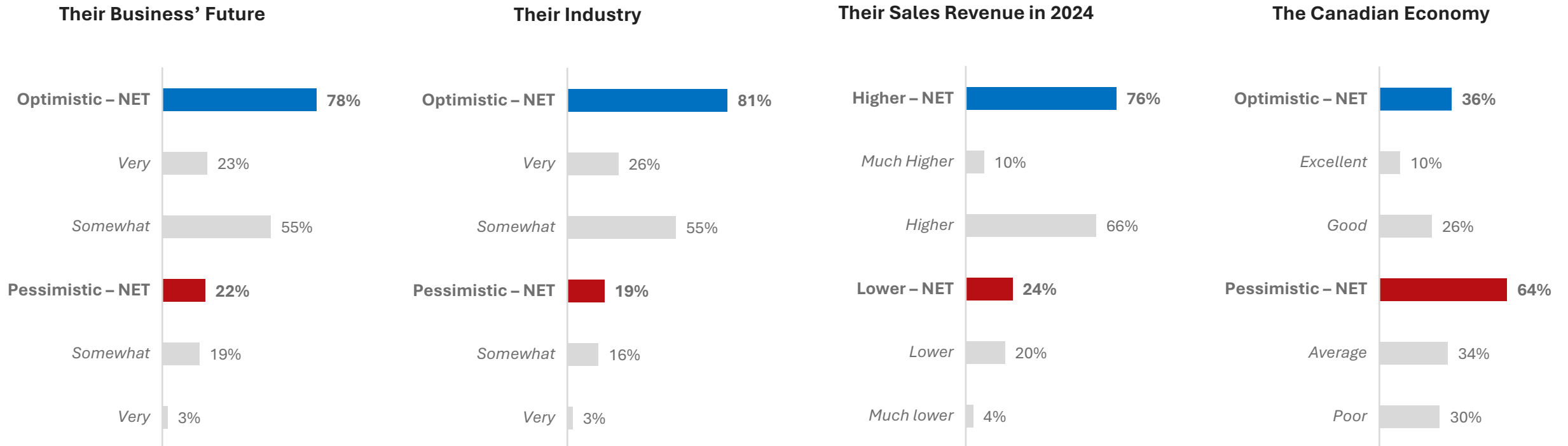
Q6: Listed below are the various sales methods utilized by your company. Could you please estimate the percentage contribution of each of these methods to your company's total gross sales revenue in the year 2023?



# SMB Leader Attitudes

SMB leaders are optimistic about their industry and their business' future, though many view the state of the economy as poor or average.

### SMB Leaders Outlook towards...



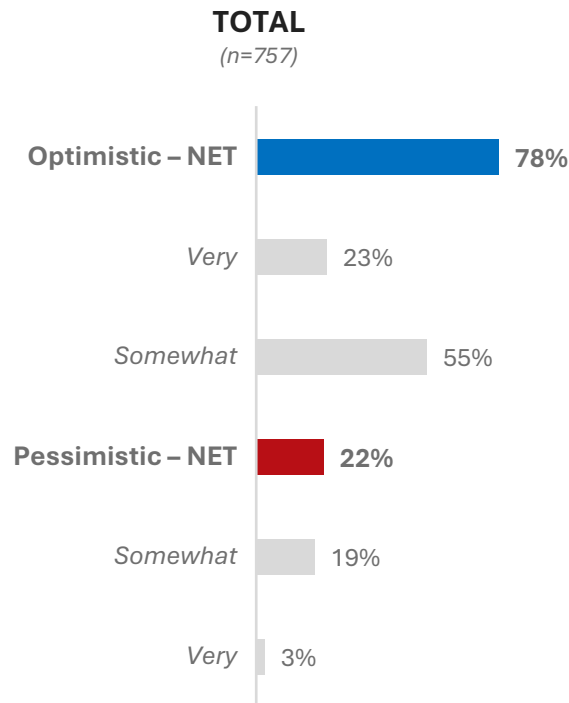
Base: TOTAL SMB (n=757)

Q1: How would you rate the industry in which you work, and your company operates in? Q2: How do you feel about the general state of the Canadian economy?

Q3: And how are you feeling regarding your company's future? Q4a: How do you anticipate your company's revenue for 2024 will compare to that of 2023?

Advanced Sellers tend to be very optimistic about their business' future, while Novice Sellers are notably less optimistic.

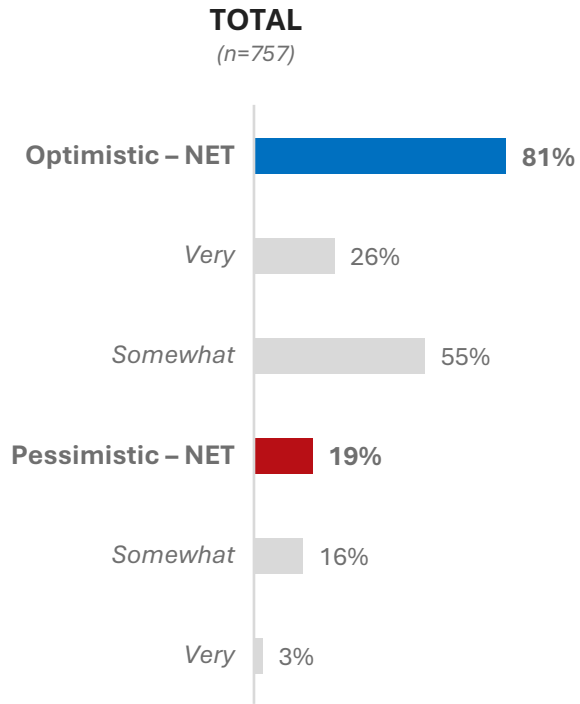
### SMB Leaders Outlook towards... their Business's Future



	<b>Advanced Sellers</b> (n=61)	<b>Proficient Sellers</b> (n=197)	<b>Novice Sellers</b> (n=499)
<b>Optimistic – NET</b>	<b>84%</b>	<b>81%</b>	<b>76%</b>
Very	41%	24%	20%
Somewhat	43%	56%	56%
<b>Pessimistic – NET</b>	<b>16%</b>	<b>19%</b>	<b>24%</b>
Somewhat	13%	16%	21%
Very	3%	3%	3%

Advanced Sellers are significantly more optimistic about the industry compared to other SMB Sellers.

**SMB Leaders Outlook towards... their Industry**

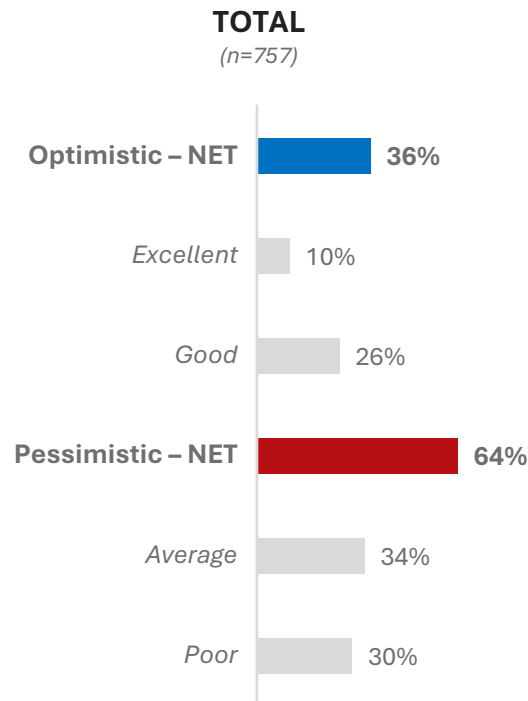


	<b>Advanced Sellers</b> (n=61)	<b>Proficient Sellers</b> (n=197)	<b>Novice Sellers</b> (n=499)
<b>Optimistic – NET</b>	<b>85%</b>	<b>81%</b>	<b>81%</b>
Very	<b>38%</b>	24%	25%
Somewhat	<b>48%</b>	57%	56%
<b>Pessimistic – NET</b>	<b>15%</b>	<b>19%</b>	<b>19%</b>
Somewhat	10%	15%	17%
Very	5%	4%	2%



Advanced Sellers have a significantly more positive outlook on the Canadian economy than other SMB Sellers.

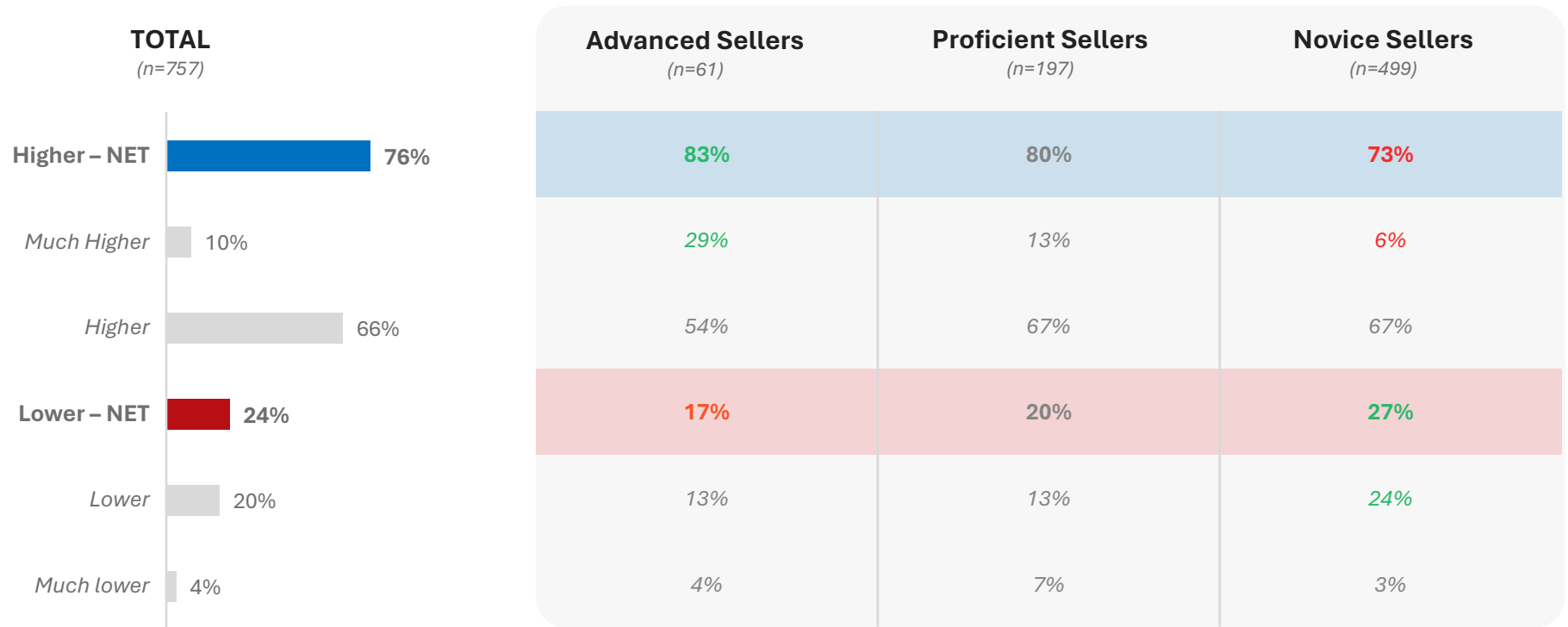
### SMB Leaders Outlook towards... the Canadian Economy



	Advanced Sellers (n=61)	Proficient Sellers (n=197)	Novice Sellers (n=499)
<b>Optimistic – NET</b>	<b>57%</b>	34%	35%
Excellent	25%	8%	9%
Good	33%	26%	26%
<b>Pessimistic – NET</b>	<b>43%</b>	66%	65%
Average	23%	30%	36%
Poor	20%	36%	29%

Advanced Sellers are significantly more likely to expect higher sales revenue in 2024 compared to 2023 than other SMB Sellers.

**SMB Leaders Outlook towards... their Sales Revenue in 2024**

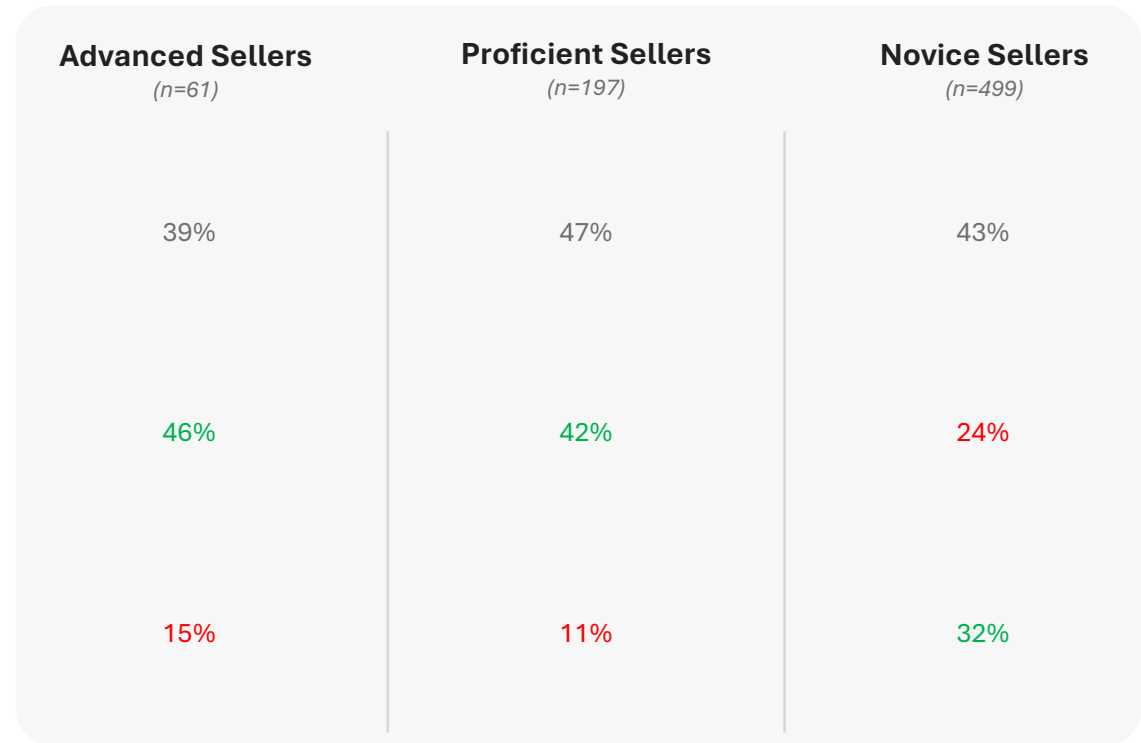
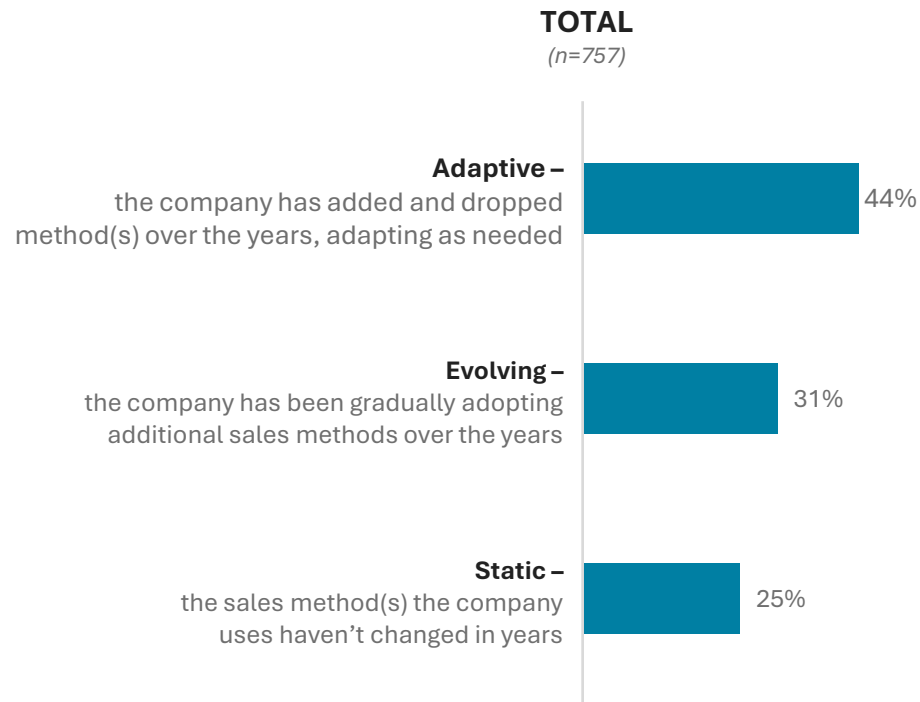




# Evolution of SMB Selling

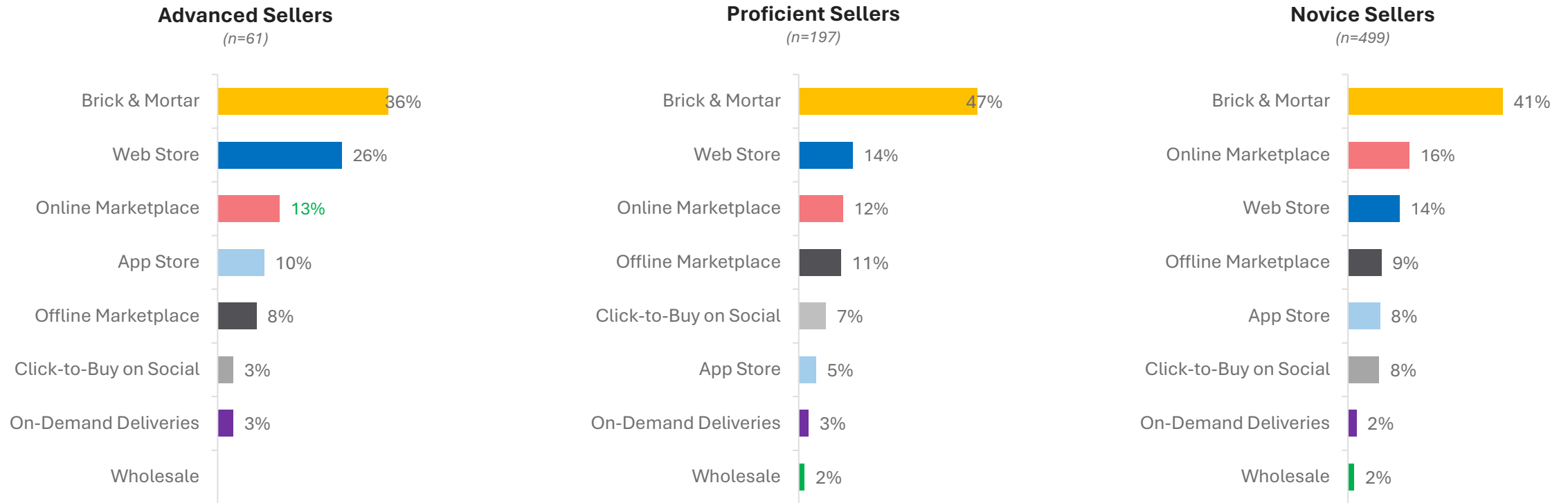
SMB’s choices in sales methods are fluid, with many businesses having modified their strategies over time to adapt to market demands. Typically, the transition from Novice to Proficient or Advanced Sellers, who employ three or more sales methods, is a gradual process. Companies tend to evolve by incrementally adopting additional sales methods rather than implementing numerous approaches from the outset.

### SMB’s Selling History



SMB Sellers demonstrate flexible and varied choices in sales methods, but the most common "evolutionary journey" typically begins with Brick & Mortar stores and progressively includes additional methods, especially Web Stores and Online Marketplaces. Offline marketplaces like open-air street markets also contribute, though to a smaller extent. Notably, for businesses that evolve into Advanced Sellers, the App Store plays a more important role, indicating a decisive shift towards a more digitally-focused sales strategy.

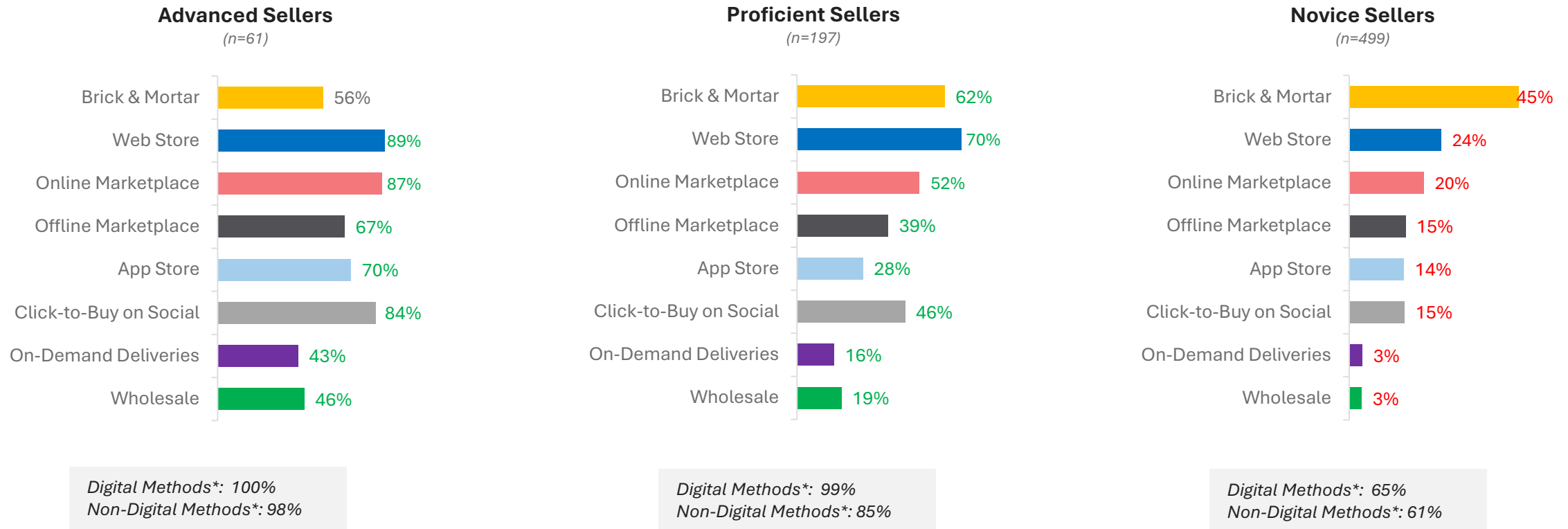
### Sales Methods Order of Adoption – Top Ranking



Q8. Listed below are the sales methods currently employed by your company. Kindly arrange them in chronological order of adoption, beginning with the first method implemented and proceeding to the most recent. In cases where multiple methods were introduced simultaneously, please rank them based on their relative importance.

Most SMB Sellers in Canada start as traditional "Main Street" businesses with a physical storefront and gradually integrate additional, primarily digitally-driven, sales methods over time first.

### SMB Use of Sales Methods



\*Digital = Web Store, Online Marketplace, Click-to-Buy Social, App Store, and/or On-Demand Delivery. Non-Digital = Brick & Mortar Stores, Offline Marketplace, and/or Wholesale.  
 Q5. Which sales method(s) does your company currently uses to sell and/or reach new customers?

The primary reasons SMB adopt digital sales methods like Web Stores, Online Marketplaces, App Stores, and Click-to-Buy Social are to enhance customer engagement and experience, broaden market reach and accessibility, strengthen their brand and trust, and realize financial gains.

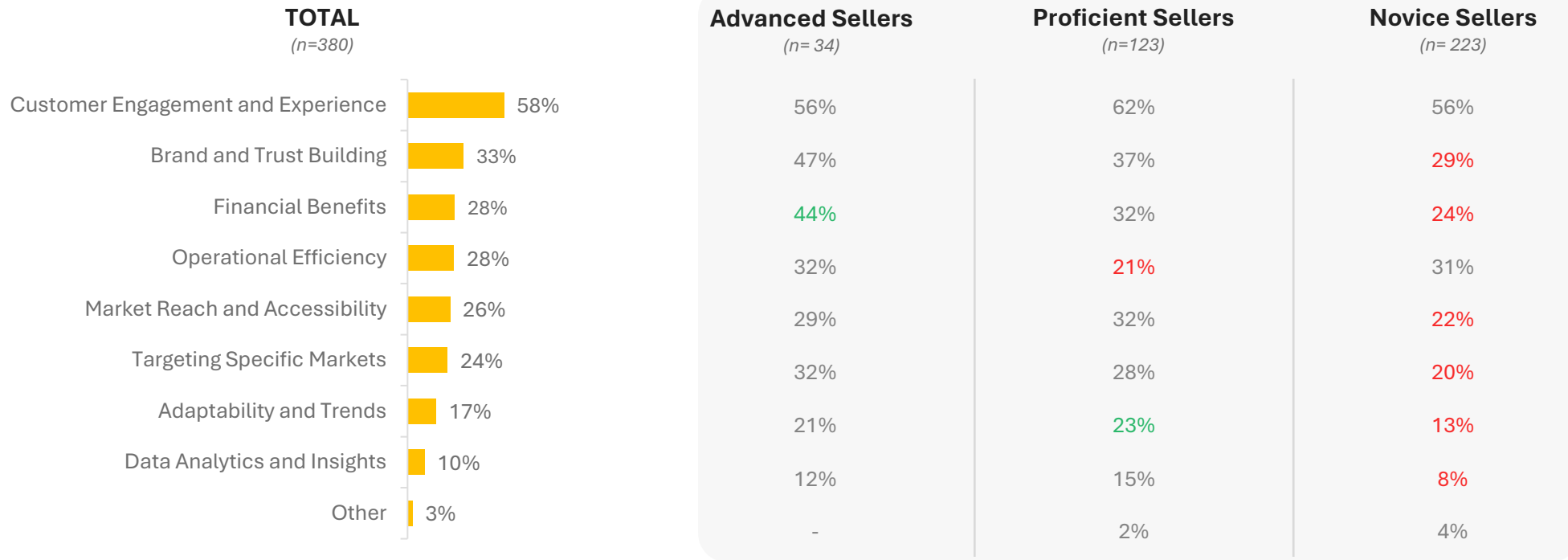
### Drivers of Use of Sales Methods

	Brick & Mortar	Web Store	Online Marketplace	Offline Mkt	App Store	Click-to-Buy Social	On-Demand Deliveries	Wholesale
<i>n=</i>	380	312	253	191	170	214	74	81
Customer Engagement and Experience	58%	37%	37%	55%	36%	45%	43%	21%
Brand and Trust Building	33%	36%	24%	29%	29%	27%	26%	33%
Financial Benefits	28%	33%	33%	34%	27%	33%	28%	58%
Operational Efficiency	28%	27%	29%	19%	24%	21%	34%	30%
Market Reach and Accessibility	26%	38%	47%	28%	28%	36%	28%	35%
Targeting Specific Markets	24%	28%	31%	34%	25%	32%	36%	38%
Adaptability and Trends	17%	29%	29%	18%	26%	32%	27%	15%
Data Analytics and Insights	10%	20%	20%	15%	18%	20%	19%	11%
Other	3%	1%	0%	0%	2%	0%	0%	1%

Base: Among those who use the method Q9a1-Q9h1. Below are all the reasons that influenced your company's decision to employ [insert] as a sales method. Now, please rank them in order of their importance, starting from the most until the least important.

The primary reasons SMB Sellers opt to open a Brick & Mortar store include enhancing customer engagement and experience, strengthening their brand and trust, and realizing financial gains.

### Brick & Mortar – Drivers of Use

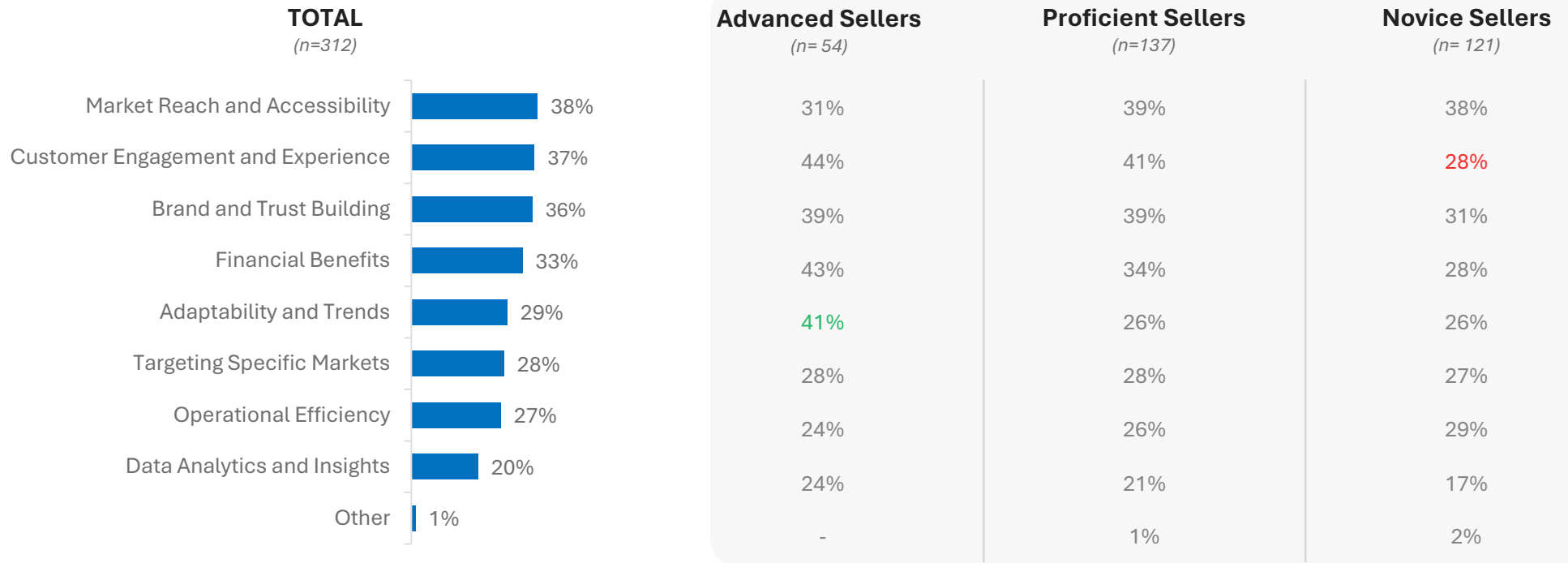


Base: Among those who use the method Q9b1. Below are all the reasons that influenced your company's decision to employ brick-and-mortar store a sales method. Now, please rank them in order of their importance, starting from the most until the least important.



The primary reasons SMB Sellers choose to add a Web Store as a sales method include enhancing customer engagement and experience, strengthening their brand and trust, realizing financial gains, and better adapting to market trends.

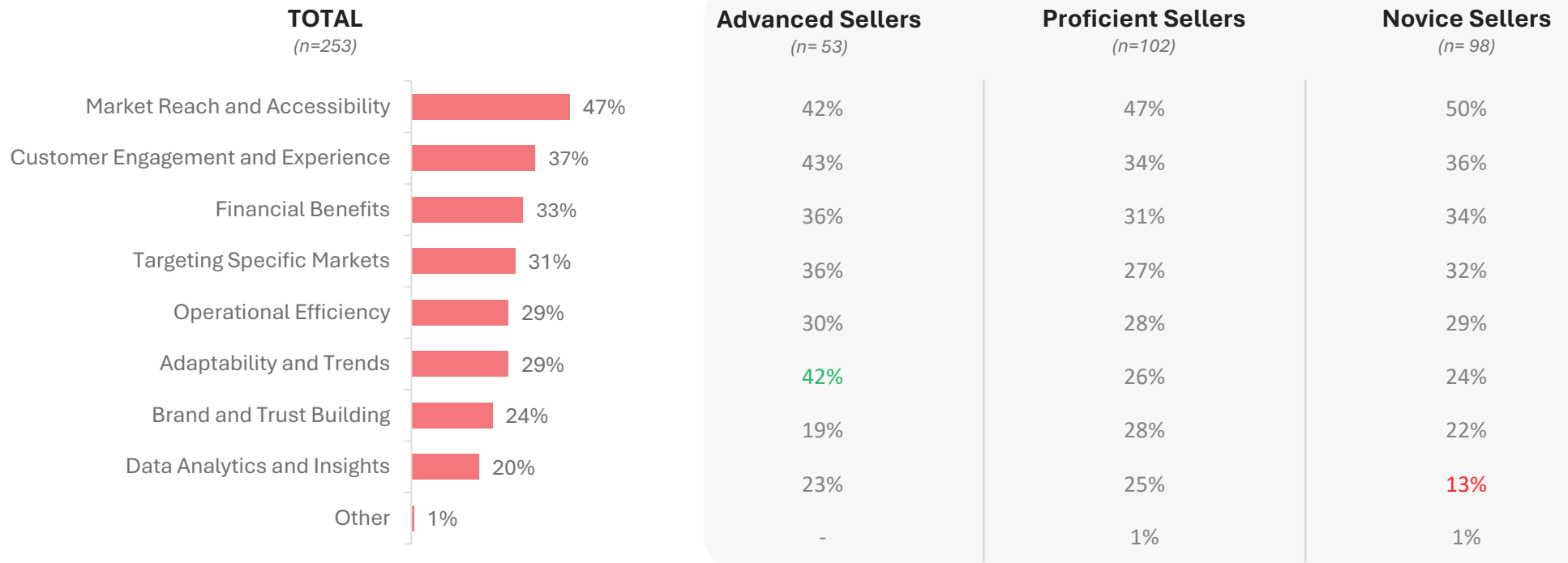
### Web Store – Drivers of Use



Base: Among those who use the method Q9g1. Below are all the reasons that influenced your company's decision to employ website as a sales method. Now, please rank them in order of their importance, starting from the most until the least important.

The main reasons SMB Sellers choose to add an Online Marketplace as a sales method are to broaden market reach and accessibility, improve customer engagement and experience, and adapt to market trends.

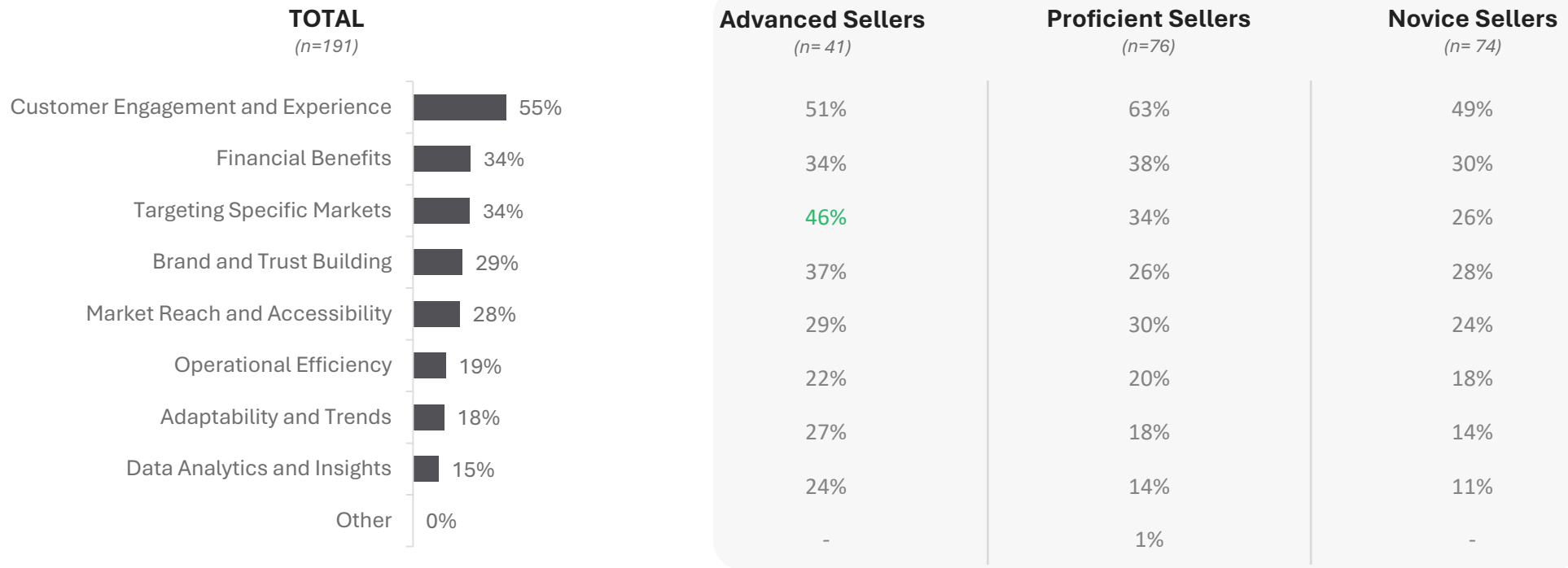
### Online Marketplace – Drivers of Use



Base: Among those who use the method Q9f1. Below are all the reasons that influenced your company's decision to employ online marketplace as a sales method. Now, please rank them in order of their importance, starting from the most until the least important.

The primary reasons SMB Sellers choose to start employing Offline Marketplaces as a sales method include enhancing customer engagement and experience, targeting specific markets, and building trust and brand recognition.

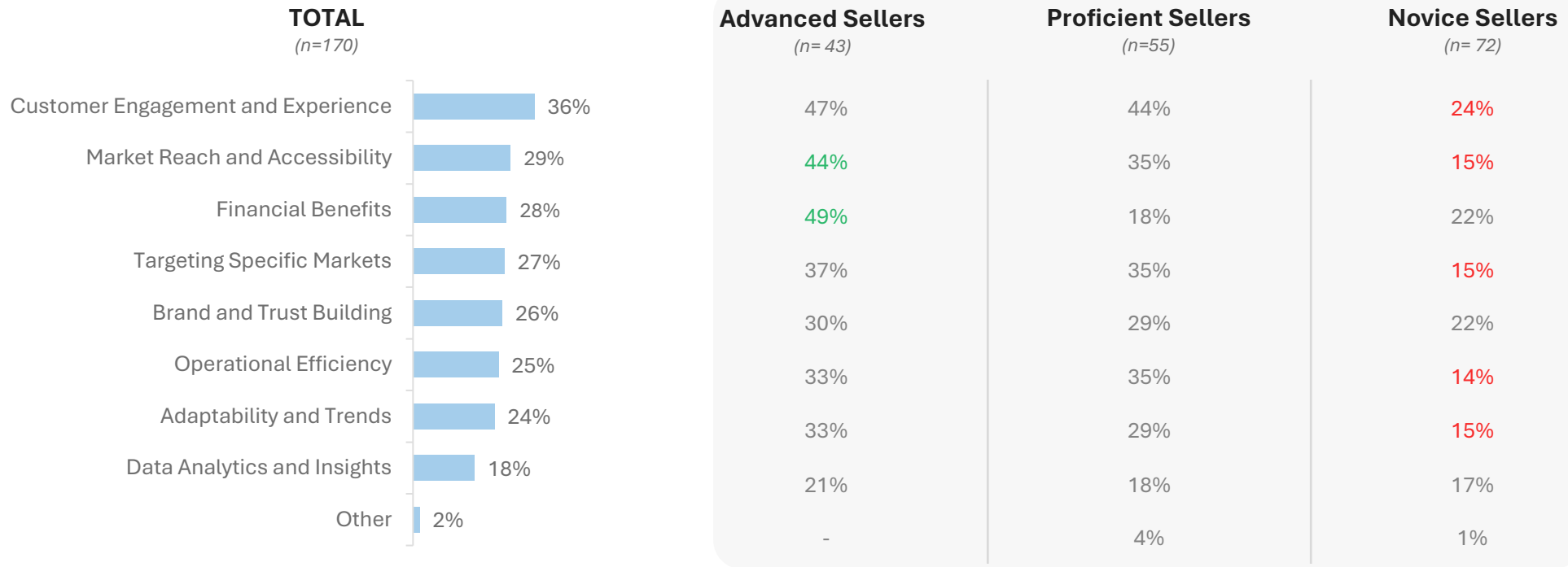
### Offline Marketplace – Drivers of Use



Base: Among those who use the method Q9d1. Below are all the reasons that influenced your company's decision to employ offline marketplaces as a sales method. Now, please rank them in order of their importance, starting from the most until the least important.

The primary reasons SMB Sellers choose to start employing an App Store as a sales method are to enhance customer engagement and experience, broaden market reach and accessibility, and realize financial gains.

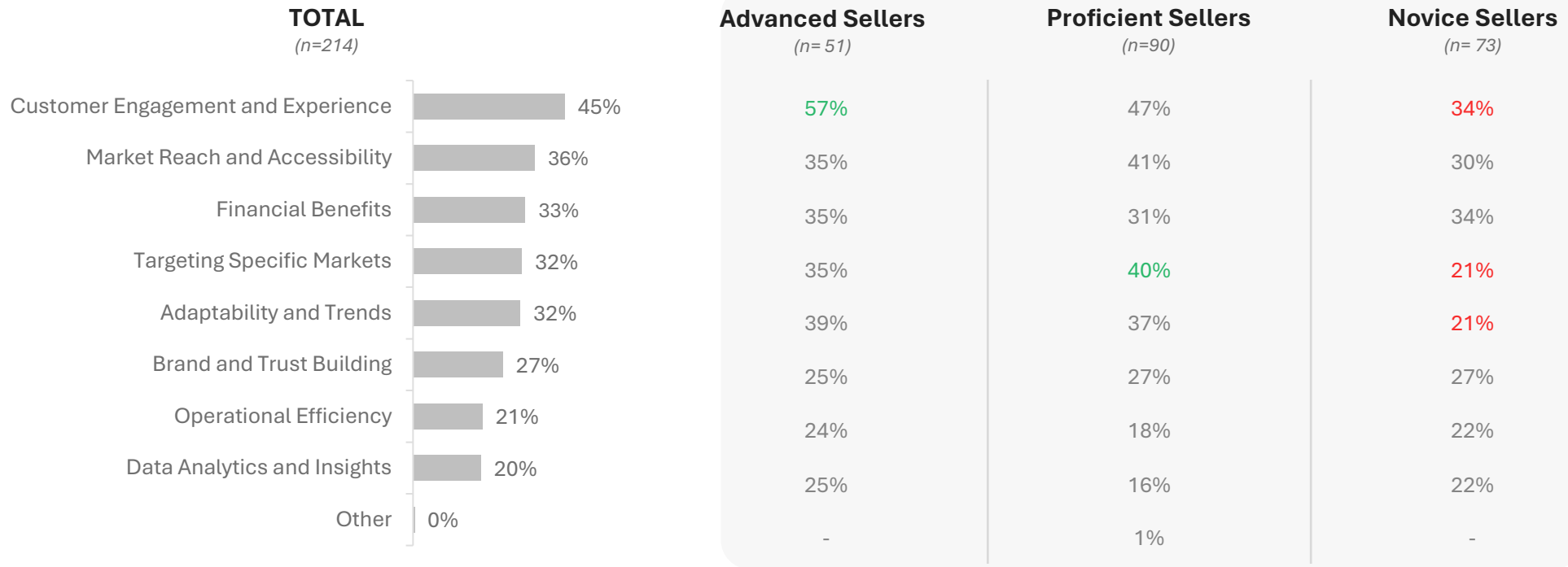
### App Store – Drivers of Use



Base: Among those who use the method Q9a1. Below are all the reasons that influenced your company's decision to employ a mobile app a sales method. Now, please rank them in order of their importance, starting from the most until the least important.

The primary reasons SMB Sellers choose to employ Click-to-Buy Social Media as a sales method are to enhance customer engagement and experience, broaden market reach and accessibility, and target specific markets.

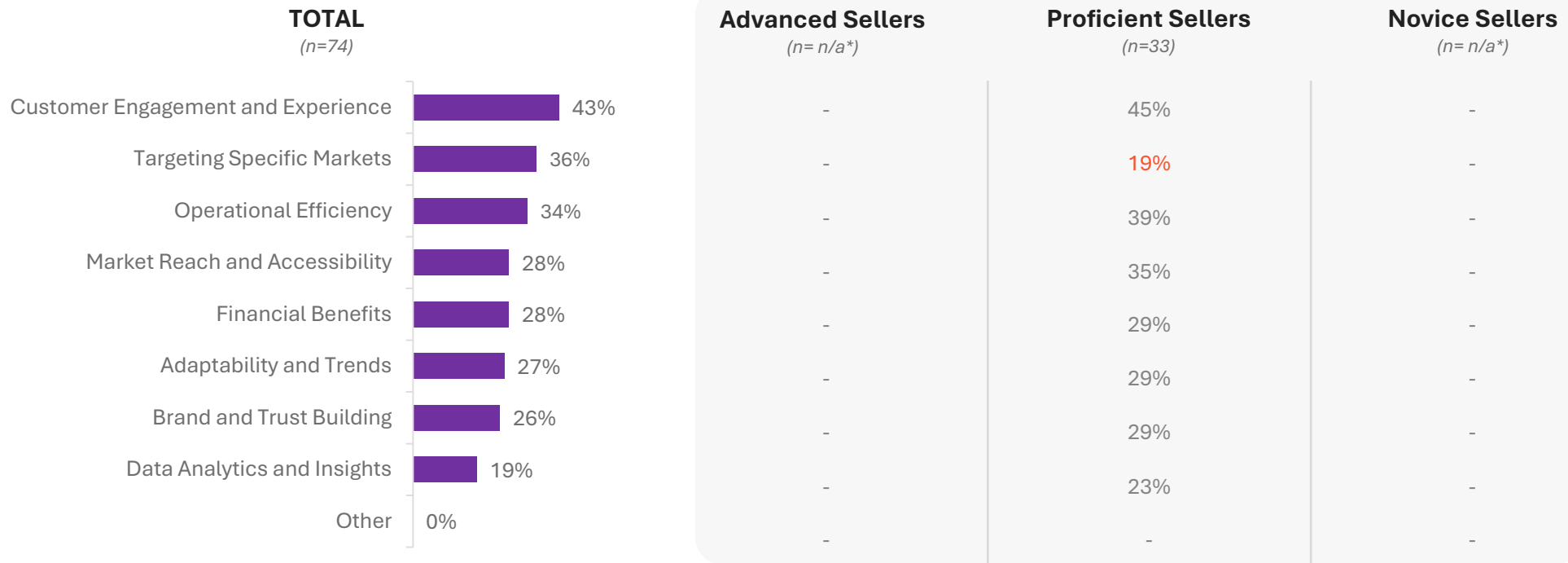
### Click-to-Buy Social – Drivers of Use



Base: Among those who use the method Q9c1. Below are all the reasons that influenced your company's decision to employ click-to-buy social media as a sales method. Now, please rank them in order of their importance, starting from the most until the least important.

The primary reasons SMB Sellers choose to add On-Demand Delivery companies as a sales method are to enhance customer engagement and experience, improve operational efficiency, and broaden market reach and accessibility.

### On-Demand Deliveries – Drivers of Use



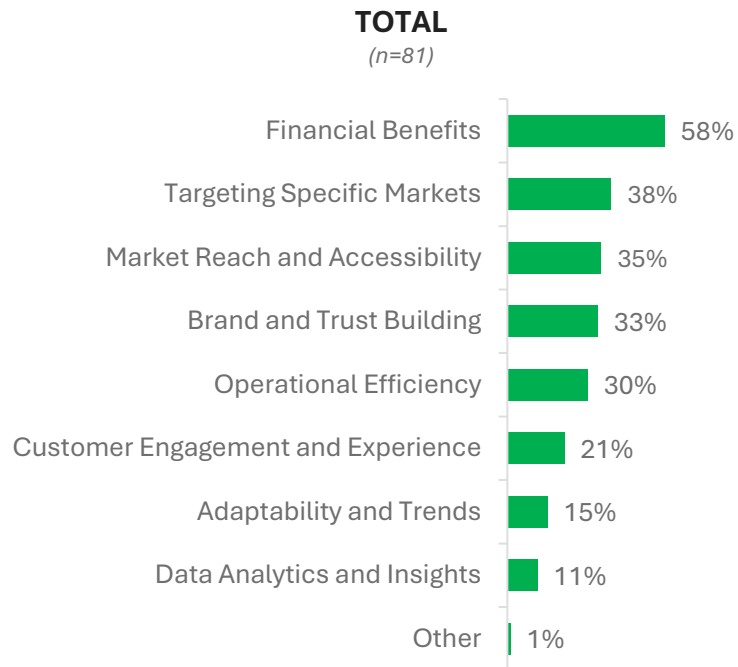
\*n/a – sample too low to report (< 33)

Base: Among those who use the method

Q9e1. Below are all the reasons that influenced your company's decision to employ on-demand delivery companies as a sales method. Now, please rank them in order of their importance, starting from the most until the least important.

The primary reason SMB Sellers start employing wholesale as a sales method is to achieve financial benefits.

### Wholesale – Drivers of Use



	Advanced Sellers (n= n/a*)	Proficient Sellers (n=37)	Novice Sellers (n= n/a*)
Financial Benefits	-	76%	-
Targeting Specific Markets	-	32%	-
Market Reach and Accessibility	-	16%	-
Brand and Trust Building	-	41%	-
Operational Efficiency	-	35%	-
Customer Engagement and Experience	-	16%	-
Adaptability and Trends	-	8%	-
Data Analytics and Insights	-	11%	-
Other	-	3%	-

\*n/a – sample too low to report (< 33)  
Base: Among those who use the method

Q9h1. Below are all the reasons that influenced your company's decision to employ wholesale as a sales method. Now, please rank them in order of their importance, starting from the most until the least important.

Limited resources, lack of expertise, and the perception that it is not a viable method are the main reasons SMB Sellers hesitate to adopt new sales methods. Product suitability and operational barriers also contribute to their reluctance, albeit to a lesser extent.

### Barriers of Use of Sales Methods

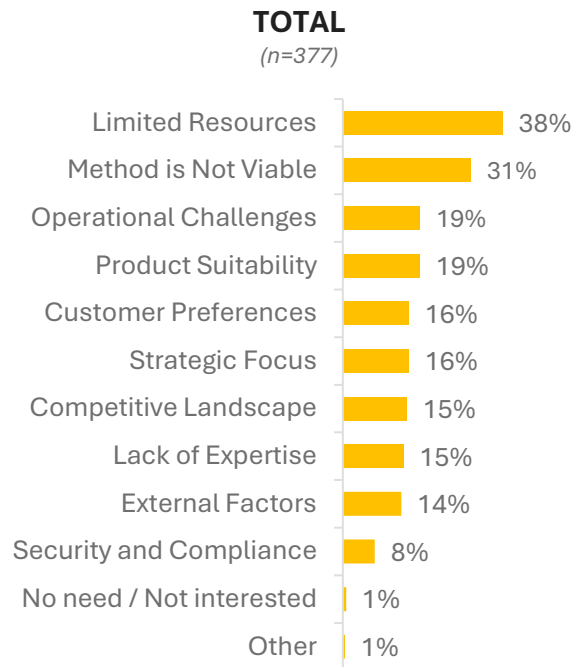
Top 3 Barriers	Sales Methods							
	Brick & Mortar	Web Store	Online Marketplace	Offline Mkt	App Store	Click-to-Buy Social	On-Demand Deliveries	Wholesale
<i>n</i> =	377	445	504	566	587	543	683	676
Limited Resources	38%	31%	21%	26%	34%	24%	25%	18%
Method Perceived as Not Viable	31%	18%	25%	25%	27%	23%	32%	33%
Lack of Expertise	15%	28%	20%	21%	30%	29%	16%	18%
Product Suitability	19%	17%	20%	16%	21%	20%	23%	26%
Operational Challenges	19%	20%	17%	20%	19%	18%	17%	13%
Customer Preferences	16%	13%	19%	16%	25%	21%	18%	13%
Strategic Focus	16%	14%	17%	16%	14%	14%	17%	16%
External Factors	14%	12%	11%	13%	10%	8%	10%	11%
Security and Compliance	8%	11%	12%	11%	12%	11%	10%	8%
Competitive Landscape	15%	6%	14%	12%	10%	9%	7%	11%
No need / Not interested	1%	0%	1%	1%	1%	2%	1%	-
Other	1%	1%	1%	1%	0%	1%	1%	1%

Base: Among those who don't use the method Q10a1 – Q10h1. Please rank the reasons your company hasn't implemented a [insert method], from most to least important.



Limited resources and the perception that it is not a viable method are the main barriers preventing SMB Sellers from adopting Brick & Mortar stores as a sales method.

### Brick & Mortar – Barriers of Use



	Advanced Sellers (n= n/a*)	Proficient Sellers (n=74)	Novice Sellers (n= 276)
Limited Resources	-	46%	37%
Method is Not Viable	-	36%	28%
Operational Challenges	-	24%	17%
Product Suitability	-	18%	18%
Customer Preferences	-	11%	16%
Strategic Focus	-	22%	13%
Competitive Landscape	-	16%	14%
Lack of Expertise	-	18%	13%
External Factors	-	14%	13%
Security and Compliance	-	7%	8%
No need / Not interested	-	-	1%
Other	-	-	0%

\*n/a – sample too low to report (< 33)

Base: Among those who don't use the method

Q10b1. Please rank the reasons your company hasn't implemented a brick & mortar store, from most to least important.

Limited resources, lack of expertise, and operational challenges are the main barriers preventing SMB Sellers from adopting a Web Store as a sales method.

### Web Store – Barriers of Use



	Advanced Sellers (n= n/a*)	Proficient Sellers (n=74)	Novice Sellers (n= 276)
Limited Resources	-	38%	29%
Lack of Expertise	-	30%	27%
Operational Challenges	-	27%	19%
Method is Not Viable	-	23%	17%
Product Suitability	-	13%	18%
Strategic Focus	-	13%	14%
Customer Preferences	-	13%	13%
External Factors	-	20%	10%
Security and Compliance	-	13%	11%
Competitive Landscape	-	10%	4%
No need / Not interested	-	2%	0%
Other	-	-	1%

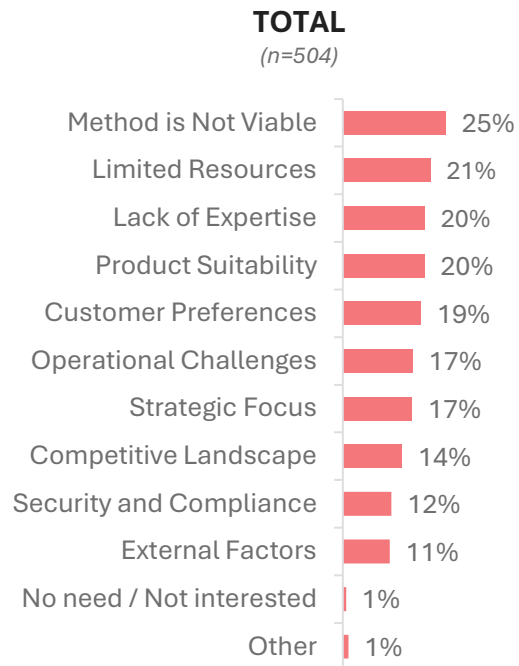
\*n/a – sample too low to report (< 33)

Base: Among those who don't use the method

Q10g1. Please rank the reasons your company hasn't implemented a website, from most to least important.

The perception that it is not a viable method, limited resources, lack of expertise, product suitability, and consumer preferences are the main barriers preventing SMB Sellers from adopting Online Marketplaces as a sales method.

### Online Marketplaces – Barriers of Use



	Advanced Sellers (n= n/a*)	Proficient Sellers (n=95)	Novice Sellers (n= 401)
Method is Not Viable	-	25%	25%
Limited Resources	-	21%	20%
Lack of Expertise	-	19%	19%
Product Suitability	-	22%	19%
Customer Preferences	-	18%	18%
Operational Challenges	-	20%	16%
Strategic Focus	-	21%	15%
Competitive Landscape	-	25%	11%
Security and Compliance	-	12%	12%
External Factors	-	17%	10%
No need / Not interested	-	1%	1%
Other	-	1%	1%

\*n/a – sample too low to report (< 33)

Base: Among those who don't use the method

Q10f1. Please rank the reasons your company hasn't implemented online marketplaces, from most to least important.

Limited resources, not being a viable method, and lack of expertise are the primary reasons SMB Sellers choose not to employ Offline Marketplace as a sales method.

### Offline Marketplace – Barriers of Use



	Advanced Sellers (n= n/a*)	Proficient Sellers (n=121)	Novice Sellers (n= 425)
Limited Resources	-	36%	22%
Method is Not Viable	-	29%	24%
Lack of Expertise	-	22%	21%
Operational Challenges	-	26%	17%
Strategic Focus	-	17%	16%
Product Suitability	-	13%	17%
Customer Preferences	-	12%	16%
External Factors	-	15%	12%
Competitive Landscape	-	17%	11%
Security and Compliance	-	16%	10%
No need / Not interested	-	1%	1%
Other	-	1%	1%

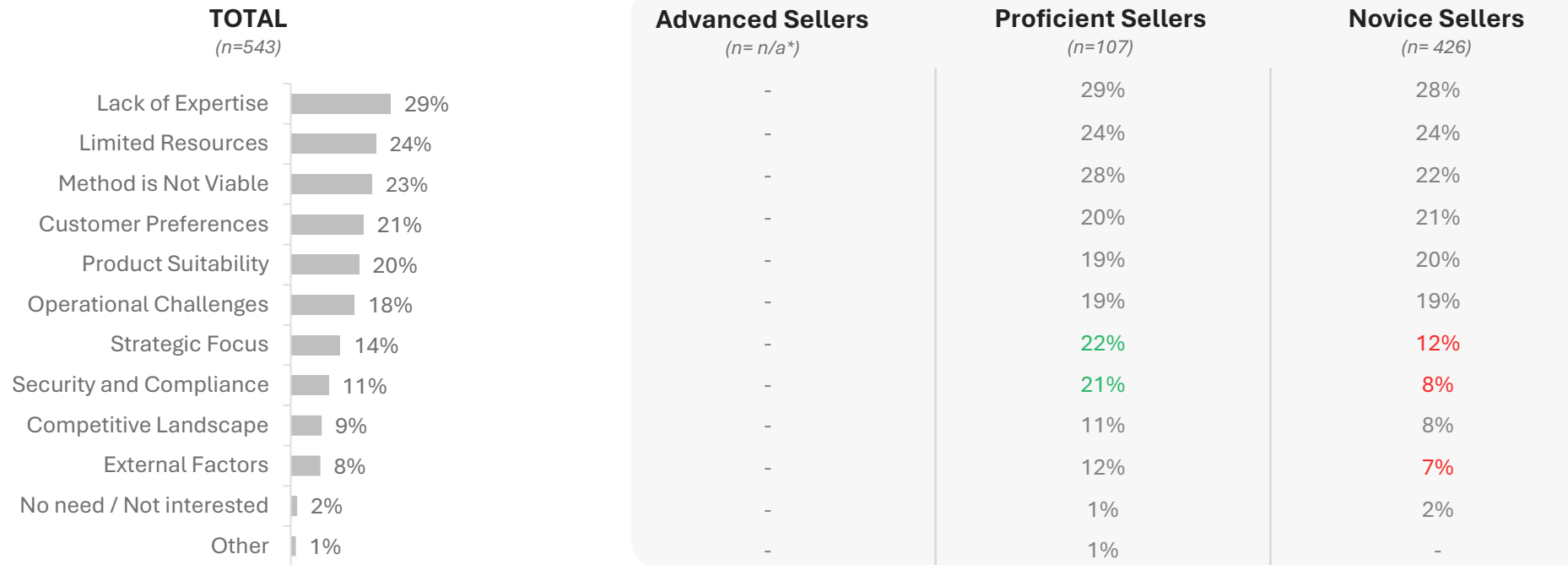
\*n/a – sample too low to report (< 33)

Base: Among those who don't use the method

Q10d1. Please rank the reasons your company hasn't implemented offline marketplace, from most to least important.

Lack of expertise, limited resources, and not being a viable method are the primary reasons SMB Sellers choose not to employ Click-to-Buy on Social Media as a sales method.

### Click-to-Buy Social – Barriers of Use



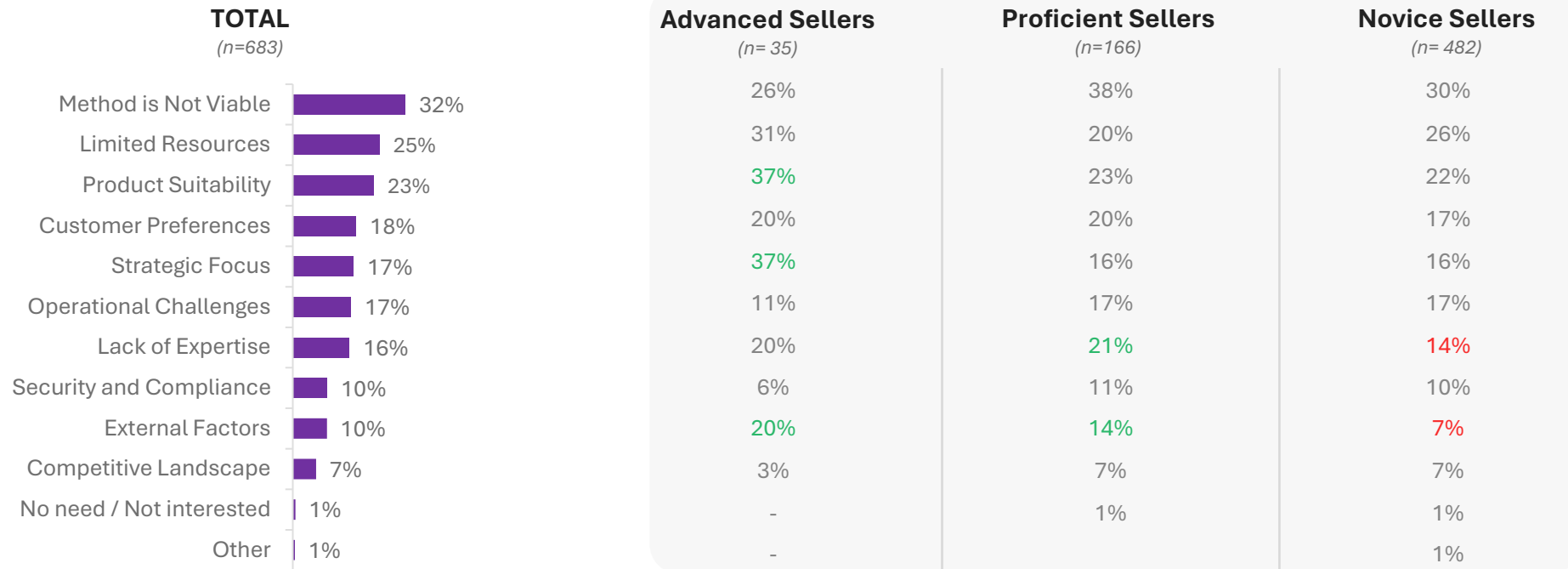
\*n/a – sample too low to report (< 33)

Base: Among those who don't use the method

Q10c1. Please rank the reasons your company hasn't implemented click-to-buy on social media, from most to least important.

Not being a viable method, limited resources, and product suitability are the primary reasons SMB Sellers choose not to employ On-Demand Deliveries on Social Media as a sales method. Strategic Focus is a stronger barrier among Advanced Sellers.

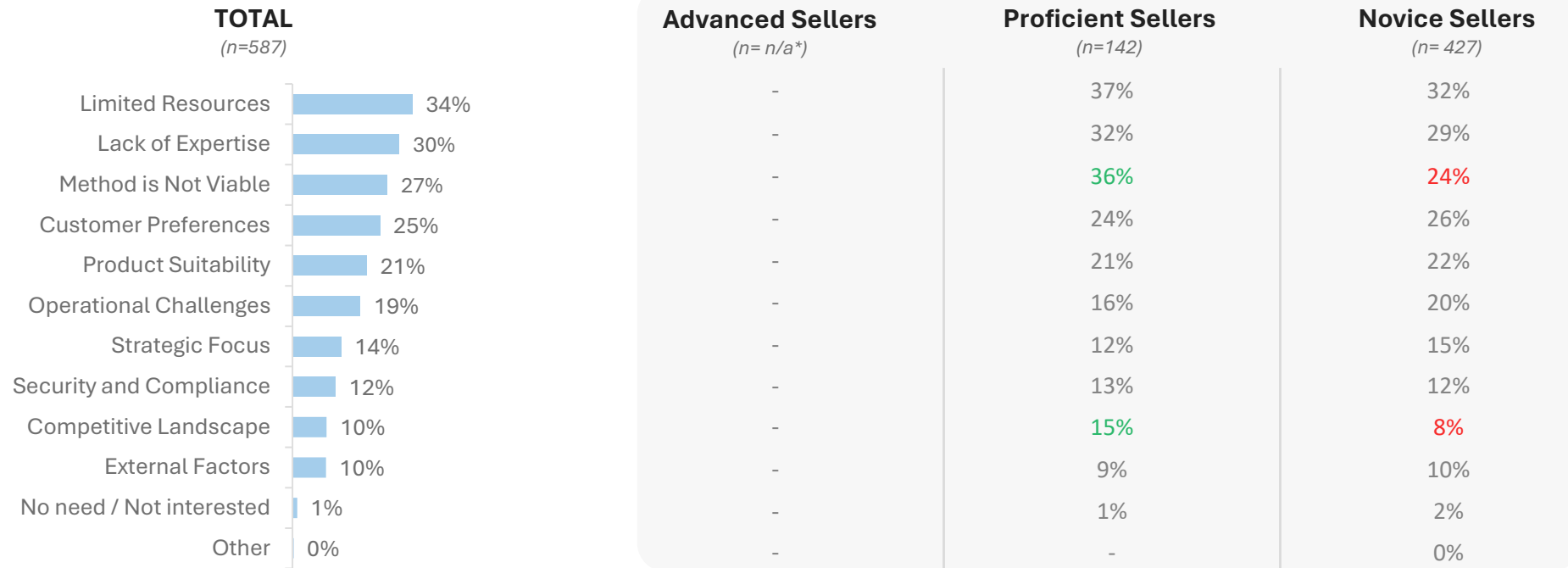
### On-Demand Deliveries – Barriers of Use



Base: Among those who don't use the method Q10c1. Please rank the reasons your company hasn't implemented on-demand deliveries companies, from most to least important.

Limited resources, lack of expertise, and the perception that it is not a viable method are the primary reasons SMB Sellers choose not to employ App Stores as a sales method.

### App Store – Barriers of Use



\*n/a – sample too low to report (< 33)

Base: Among those who don't use the method

Q10a1. Please rank the reasons your company hasn't implemented a mobile app, from most to least important.

Not being a viable method and product suitability are the primary reasons SMB Sellers choose not to employ wholesale as a sales method. Competitive Landscape and external factors are stronger barriers for Advanced Sellers.

### Wholesale – Barriers of Use



	Advanced Sellers (n= 33)	Proficient Sellers (n=160)	Novice Sellers (n= 483)
Method is Not Viable	33%	33%	34%
Product Suitability	18%	31%	25%
Limited Resources	27%	23%	16%
Lack of Expertise	18%	19%	17%
Strategic Focus	27%	16%	16%
Customer Preferences	21%	13%	13%
Operational Challenges	21%	13%	13%
External Factors	24%	14%	9%
Competitive Landscape	33%	15%	7%
Security and Compliance	9%	11%	8%
Other	-	2%	0%
Don't know / Refused	-	-	2%

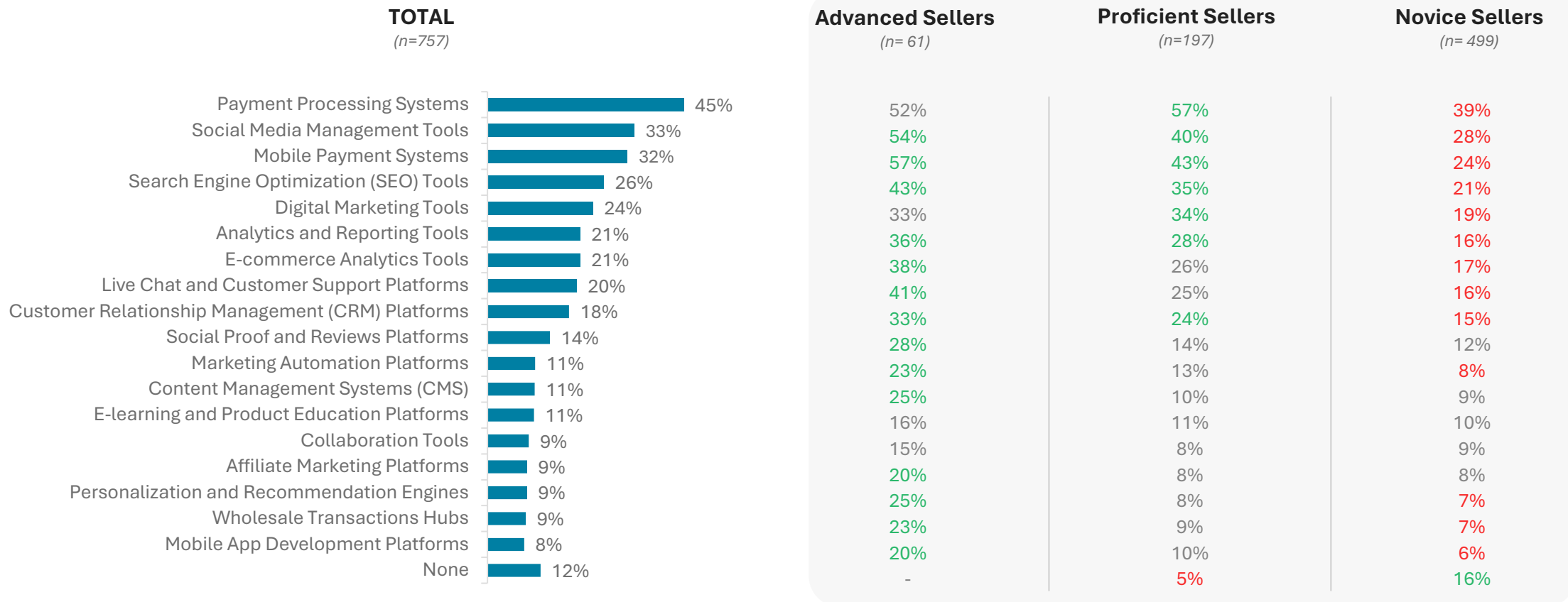




# Role of **Digital Tools** in Selling

88% of SMB Sellers currently use at least one digital tool, with Payment Processing Systems being the most common, followed by Social Media Management Tools and Mobile Payment Systems. Notably, only about a third of Novice Sellers use Payment Processing Systems.

### Digital Tools Currently Used by SMB Sellers

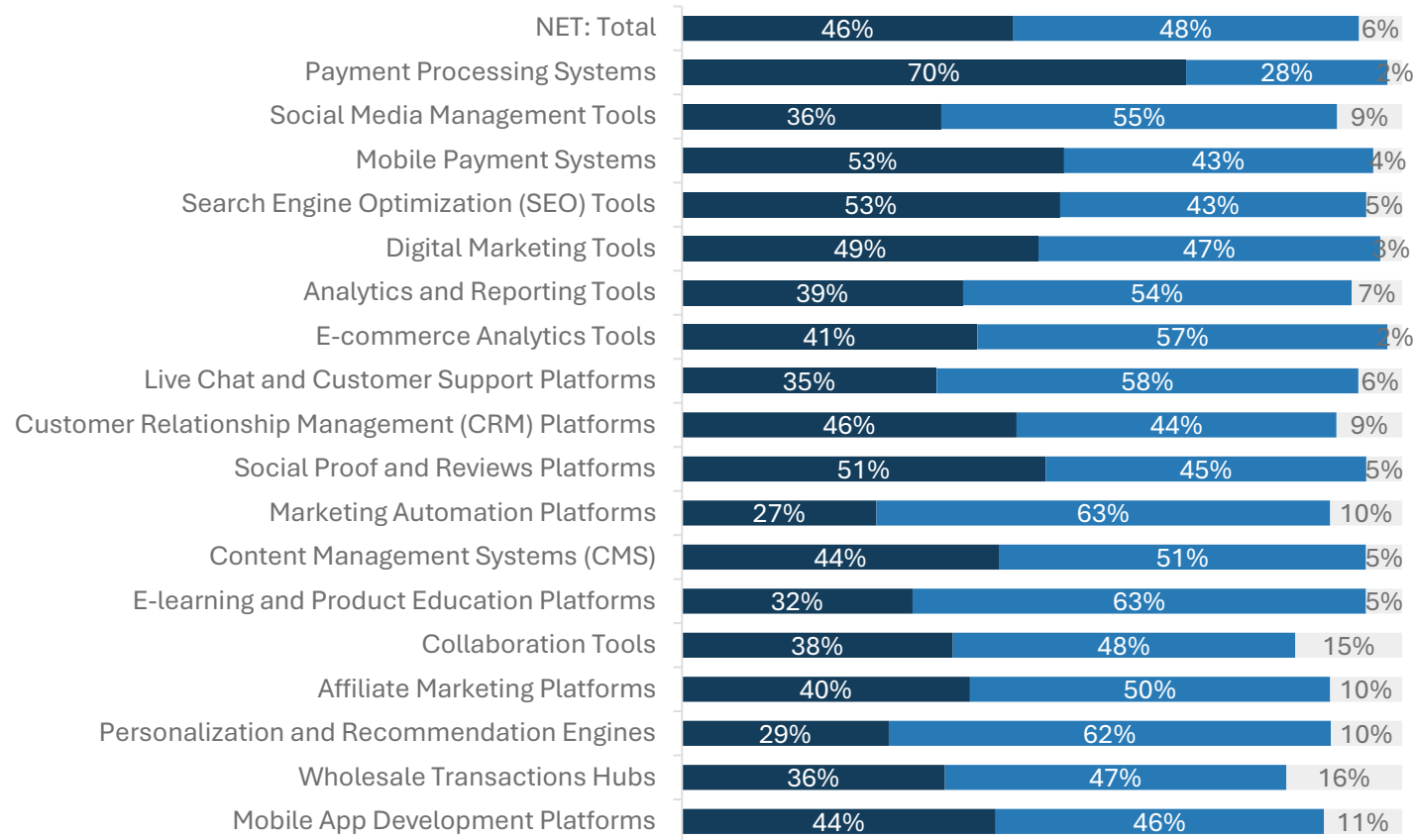
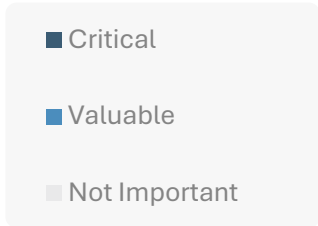


Base: TOTAL SMB (n=757)

Q11. Listed below are various digital tools that some companies employ to support their sales efforts. Kindly indicate all the tools currently utilized by your company, if any.

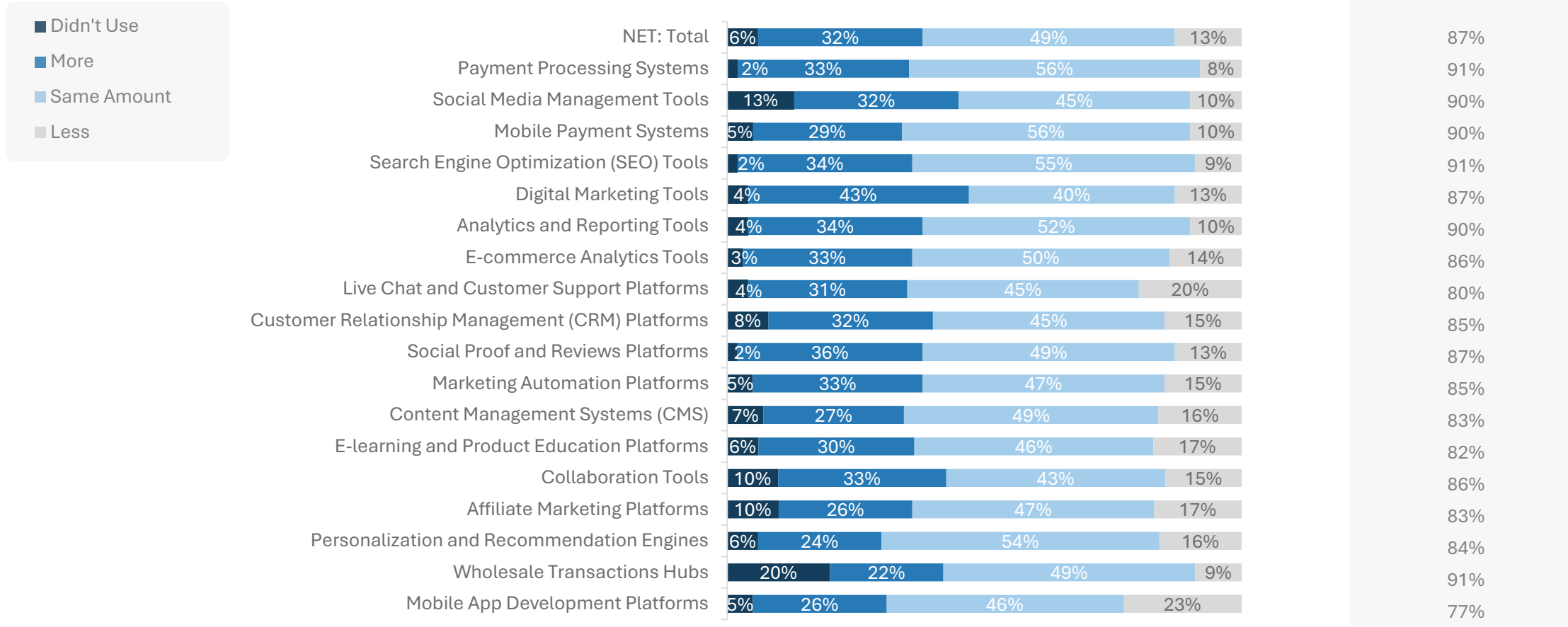
94% of SMB Sellers who use digital tools regard them as valuable or critical to their business success, particularly valuing Payment Processing Systems and E-commerce Analytics Tools the most.

### Importance of Digital Tools Used



87% of SMB Sellers report using digital tools as much or more than they did before the COVID-19 pandemic, with notable increases in the adoption of Search Engine Optimization (SEO) Tools and Social Media Management Tools.

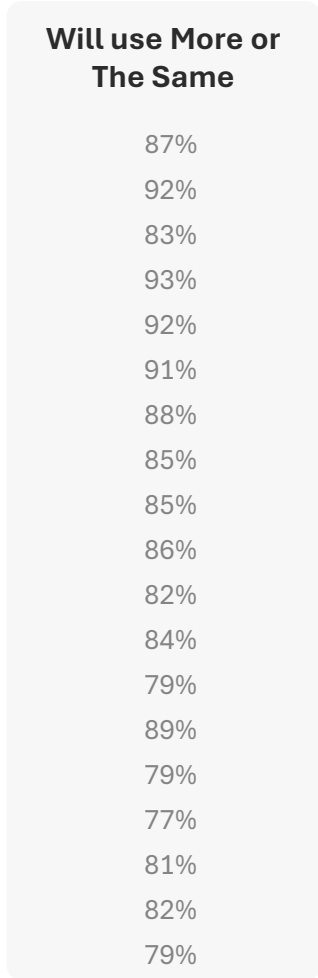
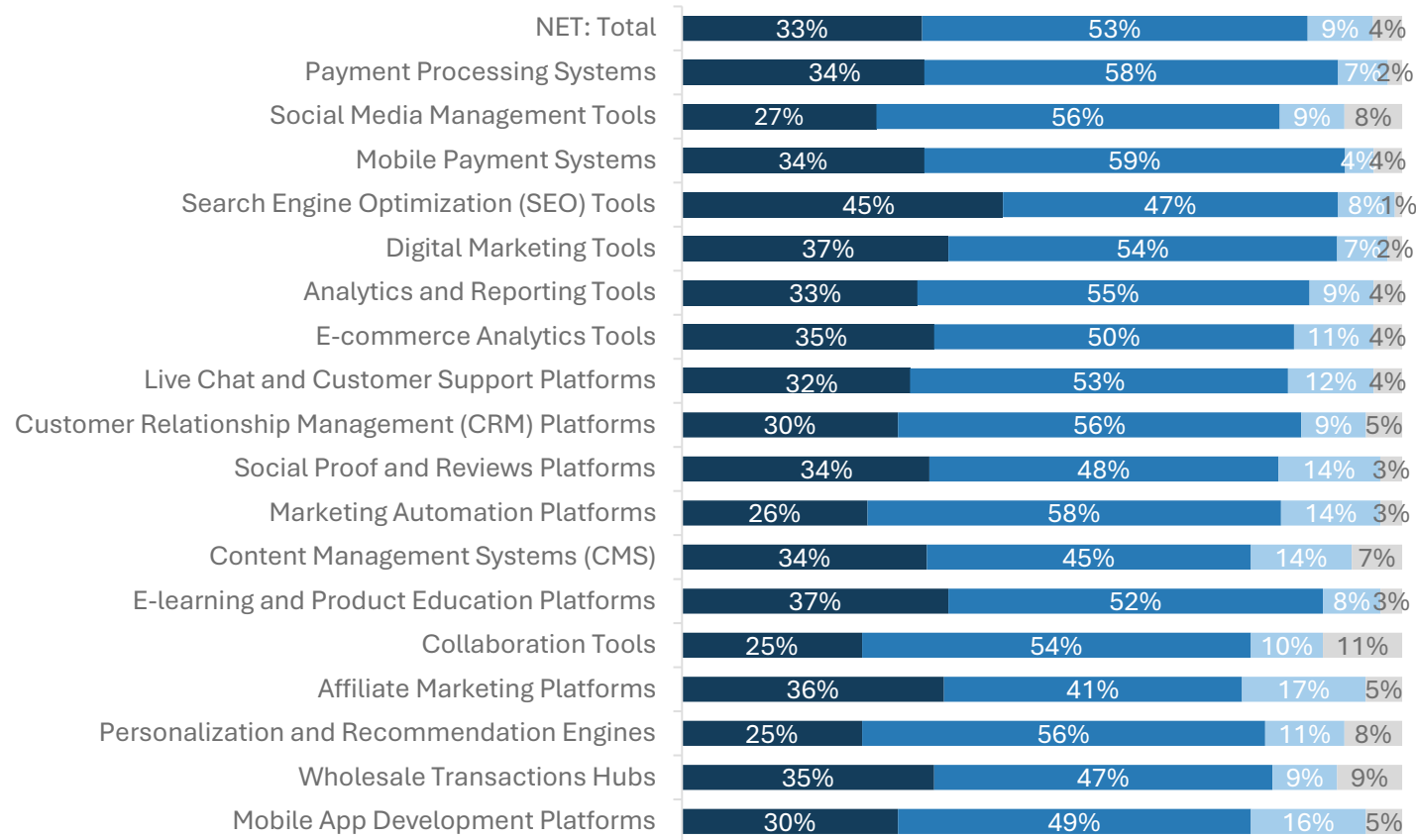
### Use of Digital Tools Compared to Before the COVID-19 Pandemic



Base: Among all SMB that use the method (base varies by tool)  
 Q11b. How does the utilization of these digital tools compare to the period before the onset of the COVID-19 pandemic?

87% of SMB Sellers anticipate using digital tools in 2024 as much as or more than they did in 2023, with significant increases expected in the adoption of Mobile Payment Systems, Payment Processing Systems, and Search Engine Optimization (SEO) Tools.

### Expected Use of Digital Tools in 2024 vs. 2023



Base: Among all SMB that use the method (base varies by tool)  
 Q11c. And how do you expect the use of these digital tools to change in 2024 compared to 2023?

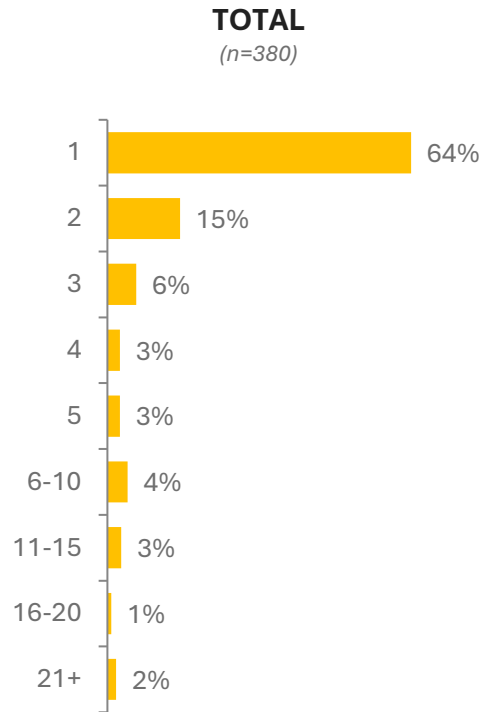
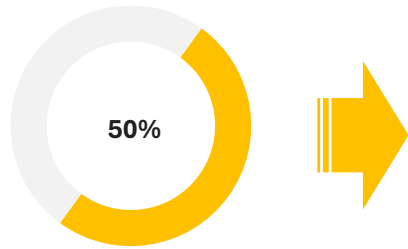


# Sales Methods **Deep Dive**

Two-thirds of SMB Sellers with a brick-and-mortar presence operate just a single store location in Canada.

### Number of Brick & Mortar Stores

**SMB that use Brick & Mortar Store**  
(n=380)



Mean = 3.3

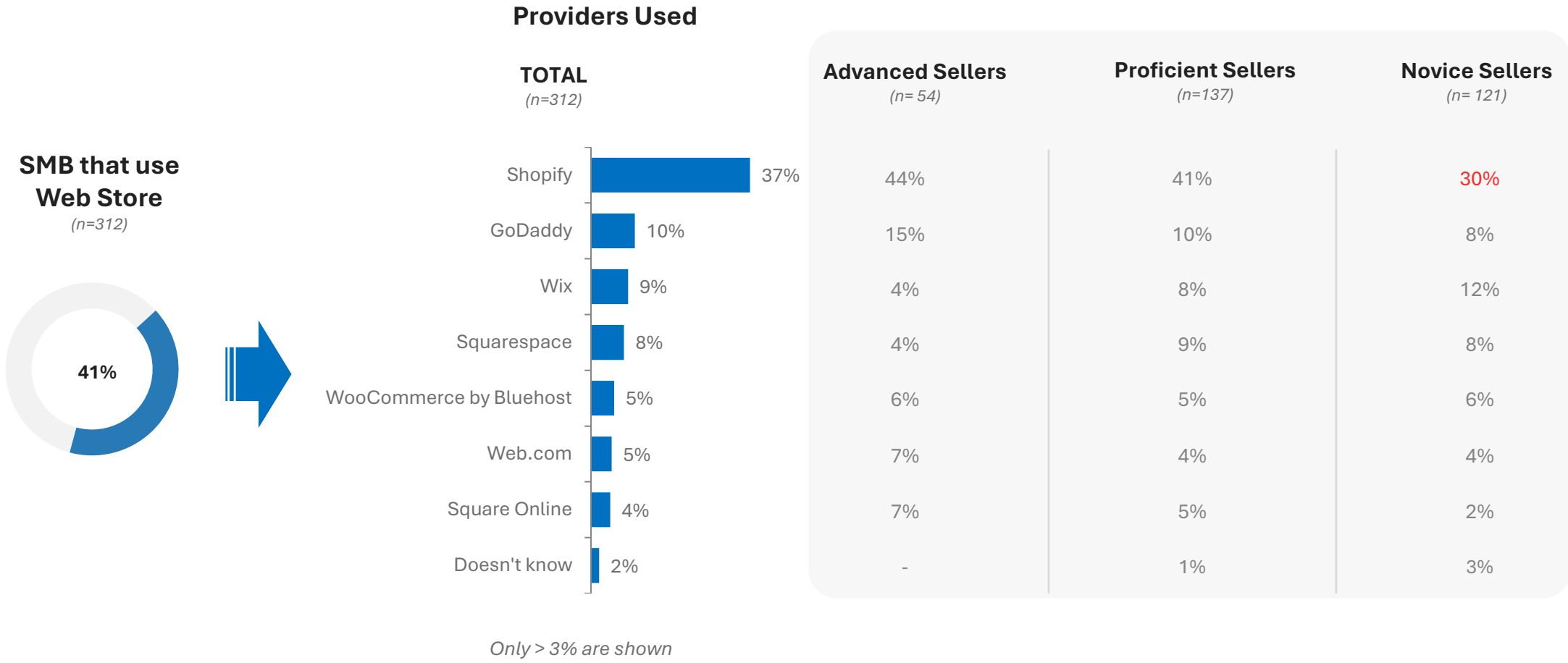
	Advanced Sellers (n= 34)	Proficient Sellers (n=123)	Novice Sellers (n= 223)
1	41%	55%	72%
2	24%	17%	13%
3	12%	3%	7%
4	9%	3%	1%
5	3%	3%	2%
6-10	6%	9%	1%
11-15	3%	7%	0%
16-20	3%	-	1%
21+	-	2%	2%

Mean = 3.2

Mean = 4.1

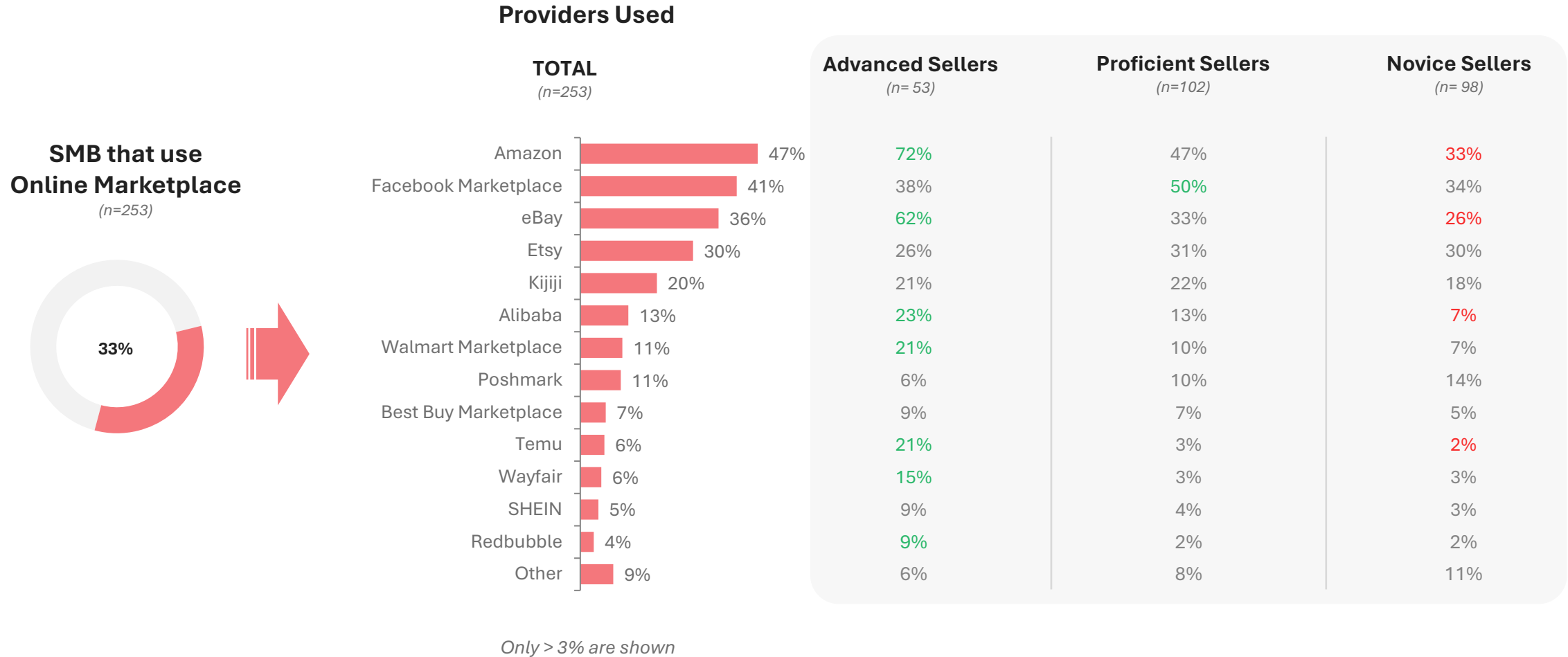
Mean = 2.9

Shopify is the predominant e-commerce platform for SMB Sellers with websites, followed distantly by GoDaddy, Wix, and Squarespace.





Amazon and Facebook are the primary online marketplaces utilized by SMB Sellers, with eBay and Etsy also being popular choices.

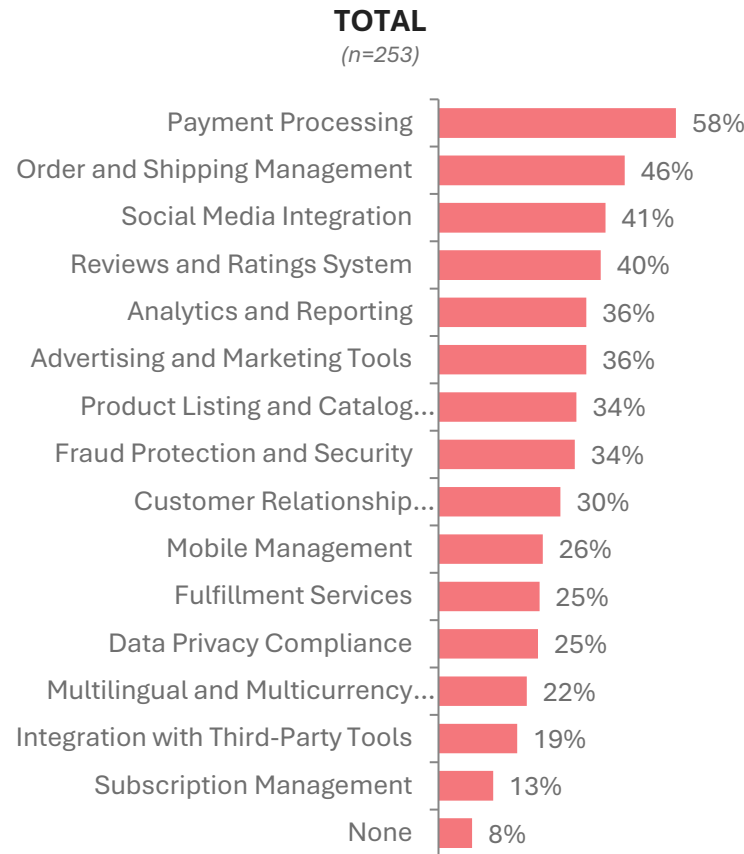
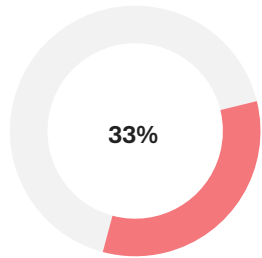


Integrated tools are utilized by 98% of SMB Sellers that employ Online Marketplaces. Payment processing is the most frequently used tool, followed by order and shipping management, social media integration, and systems for reviews and ratings.

### Integrated Tools Used

#### SMB that use Online Marketplace

(n=253)



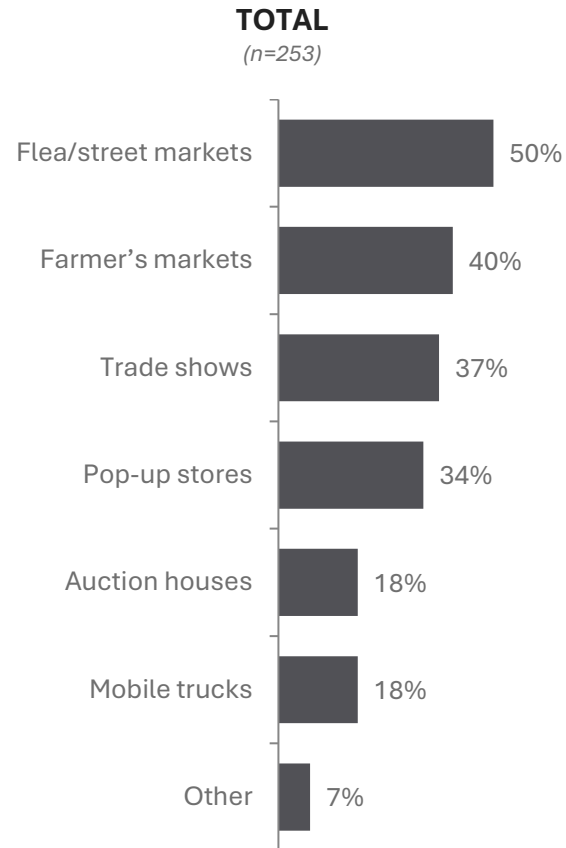
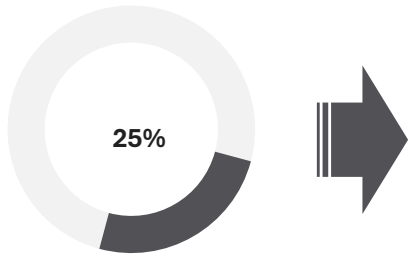
Advanced Sellers (n= 53)	Proficient Sellers (n=102)	Novice Sellers (n= 98)
74%	62%	47%
68%	48%	32%
60%	46%	26%
40%	43%	37%
53%	36%	28%
53%	34%	30%
43%	32%	31%
57%	31%	23%
45%	28%	23%
45%	23%	18%
40%	24%	18%
43%	25%	14%
38%	19%	16%
40%	18%	10%
25%	14%	7%
-	8%	13%

Base: SMB that use Online Marketplaces  
Q5d1. Below are some integrated tools typically offered by online marketplace platforms. Which of the following tools, if any, does your company use?

Approximately 50% of SMB Sellers that participate in offline marketplaces utilize flea or street markets, while 40% opt for farmers' markets and trade shows. Additionally, one-third of these businesses employ pop-up stores.

### Type of Marketplaces Used

**SMB that use Offline Marketplace**  
(n=191)

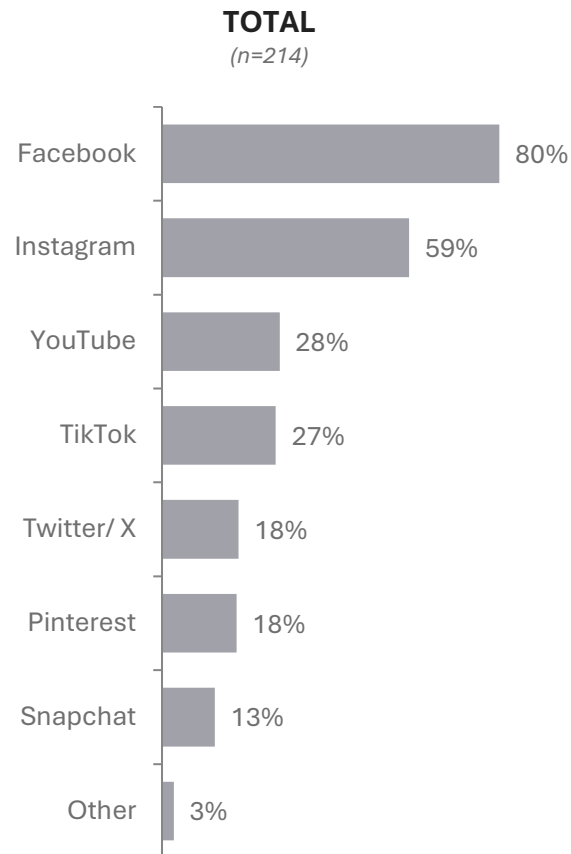
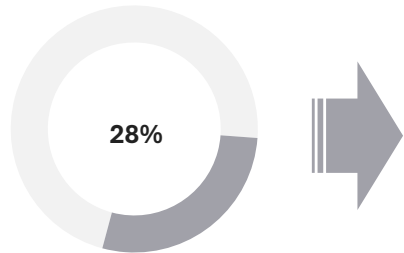


	Advanced Sellers (n= 41)	Proficient Sellers (n=76)	Novice Sellers (n= 74)
Flea/street markets	54%	51%	46%
Farmer's markets	41%	46%	34%
Trade shows	39%	37%	36%
Pop-up stores	54%	36%	20%
Auction houses	32%	9%	20%
Mobile trucks	32%	17%	12%
Other	10%	8%	5%

Facebook and Instagram are the most frequently used platforms by SMB Sellers that employ Click-to-Buy features on Social Media.

### Social Media Platforms Used

**SMBs that use Click-to-Buy Social**  
(n=214)



	Advanced Sellers (n= 51)	Proficient Sellers (n=90)	Novice Sellers (n= 73)
Facebook	92%	87%	64%
Instagram	82%	68%	32%
YouTube	45%	21%	25%
TikTok	33%	27%	23%
Twitter/ X	37%	9%	16%
Pinterest	25%	11%	21%
Snapchat	29%	7%	8%
Other	2%	-	7%

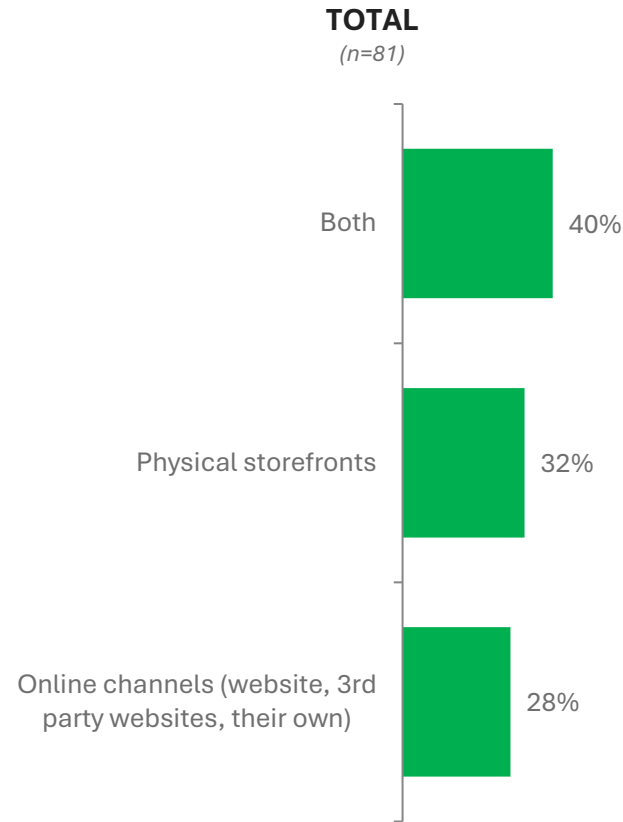
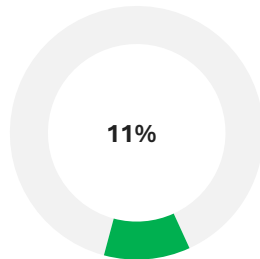
Base: SMB that use Click-to-Buy on Social Media

Q5b. You indicated that your company utilizes "click-to-buy" features on social media to engage and sell to customers. Which of the following social media platforms your company actively uses for this purpose?

Most SMB Sellers that use wholesaling as a sales strategy engage with their organizational partners through both online platforms and physical storefronts. The exclusive use of online channels is comparable to the exclusive use of physical storefronts.

### Type of Platform Used

**SMB that use Wholesale**  
(n=81)



	Advanced Sellers (n= n/a*)	Proficient Sellers (n=37)	Novice Sellers (n= n/a*)
Both	-	32%	-
Physical storefronts	-	35%	-
Online channels (website, 3rd party websites, their own)	-	32%	-

\*n/a – sample too low to report (< 33)  
 Base: SMB that use Wholesaling  
 Q5f: You mentioned that your company employs wholesaling as a strategy for sales and to engage new customers.  
 Do the businesses your organization partners with operate through online platforms, physical storefronts, or a combination of both?



## Navigating the Future:

A Study of Sales Strategies and Challenges for Canada's Retail SMB

# Questions

**Have questions about the data in this report?**

Please contact:

Adrian Bachmann, AVP, Insights

at [abachmann@leger360.com](mailto:abachmann@leger360.com)

