

WHITE PAPER

Digitally-enabled B2B Sales &

THE HUMAN FACTOR

**How salespeople impact buyers,
brands, and the industries they serve.**

WRITTEN BY

ARI LOWENSTEIN

MarketTime

Executive Vice President,
Corporate Development

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MARKETTIME

“

Our sales representatives don't just sell our line. They build loyalty and trust between our customers and our company. As cliché as it may sound, they are indeed our eyes, our ears, our voice, and our feet on the street.

”

Debbie McKeough, Director of Sales
Stonewall Kitchen & Michel Design Works

EXECUTIVE SUMMARY

Independent retailers have more options today than ever before on how to discover brands and procure products for their stores. Brands, in turn, also have multiple new go-to-market channels to reach their wholesale buyers. In this evolving landscape - with the growth of online marketplaces, B2B ecommerce sites and digital tools- what is the role of the salesperson? With over 6,000 brands, 7,000 salespeople and 300,000 retailers leveraging the MarketTime suite of B2B sales tools, MarketTime has a unique vantage point from which to address this question.

Drawing upon an analysis of billions of dollars of annual sales data and hundreds of survey responses and interviews, we find that salespeople continue to deliver significant value to both their brand partners and retail customers. The most successful stakeholders are employing a hybrid approach utilizing both digital and human resources by engaging with salespeople. In other words, both digital tools AND great salespeople are part of the winning solution. The Human Factor is alive and well. We hope you find this white paper informative and look forward to your thoughts and feedback.

INTRODUCTION

While the sales on stand-alone online marketplaces have grown significantly over the past three years, this model still accounts for only a fraction of overall purchases. The hybrid model that utilizes salespeople, in-person selling, and integrated online tools currently accounts for over 85% of all wholesale transactions in this sector. This includes sales agencies, tradeshow, and brands' own sales structures. The MarketTime ecosystem alone accounts for \$5 billion in annual wholesale transactions, nearly five times larger than the largest online-only B2B marketplace in this sector.

In comparing the two models, what is the consideration? As the purpose of both models is to help buyers discover brands and order product for their businesses, a comparison should be based on the success of the resulting choices.

THE QUESTION

Assuming a parity of conditions including retail settings, location, price strategy, demographics, and force majeure; Do retailers and brands enjoy better outcomes when a salesperson is working directly with a buyer on behalf of a brand?

Many factors influence the success of buyer-brand relationships. Salespeople play a pivotal and traditional role in the wholesale marketplace that serves retailers in the gift, toy, home, housewares, apparel, and associated verticals.

There are many avenues to success including new customers, successful product launches and revenue. Across all industries, the most common measure of success is the one that fuels all of these: the rate and size of reorders. A buyer returning to purchase indicates that the product has sold to consumers, has created profit for the retailer, and there is a subsequent demand for more of that product.

So, why is it that salespeople have better outcomes when compared with online-only resources?

When a retailer uses an online-only resource, they are, effectively, working alone. These sites collect behavioral data based on other buyers' purchases. They then use this data to recommend products based on predictive analytics.

Much, however is missing from this approach. These platforms lack a broad swath of critical data and intel that salespeople gather and exploit. Every store is unique. When determining what will work in one store versus another, drawing comparisons based simply on what was purchased by other retailers isn't enough.



Carin Moore

Director of Sales
Compendium

“Local reps bring knowledge imparted directly by the brand and from their experience in working with retailers from a variety of verticals. This helps retailers capture a higher margin and stay in stock, while allowing them to focus on other parts of their business.”

There are many factors to understand and consider before suggesting a line or a product to a retailer. Some of them include:

What is the store like and what feeling does the store seek to evoke in the consumer?

What other products work well at this store?

Who shops there?

What products do not sell well in this type of store or this geographical area?

What types of businesses are nearby?

What lines are carried in nearby stores?

These are a few examples of information critical to knowing what will work and what won't work for a specific retailer.



172

On average, salespeople surveyed visit 172 unique customers in a 6-month period.

20-60 brands

Salespeople are experts on a broad variety of products. 60% of salespeople surveyed are trained on between 20 and 60 brands.

100-300 customers

70% of surveyed salespeople service between 100 and 300 retailers.

82%

of salespeople surveyed see direct contact as the best way to initiate a reorder from a customer.

Data drawn from:

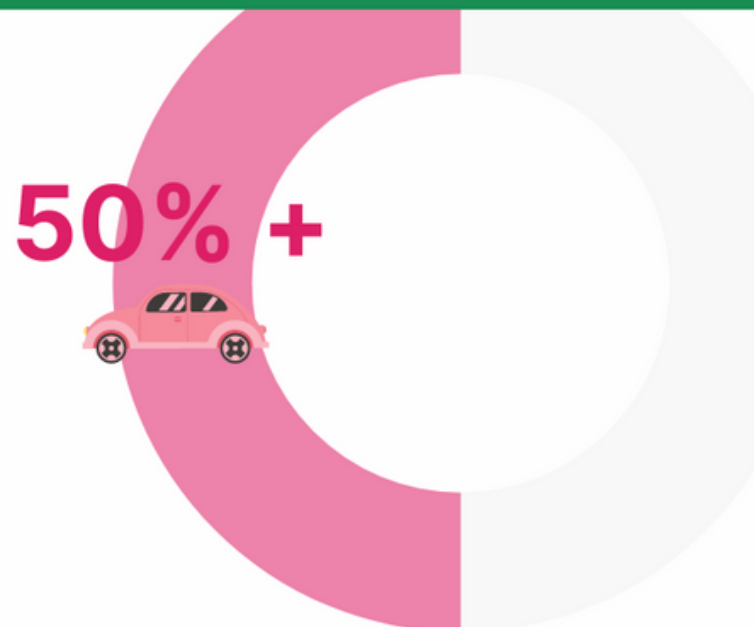
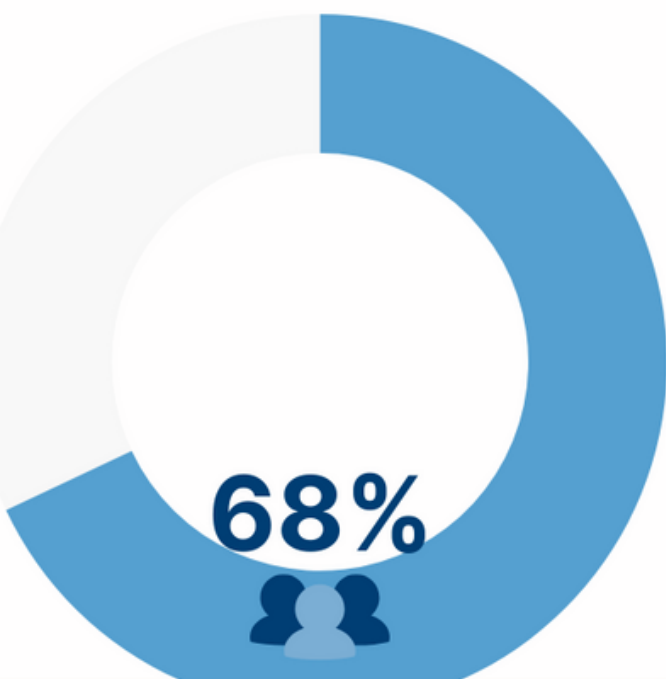
- MarketTime ecosystem data analysis - \$5 billion of order value & 3.5 million transactions
- Salesperson survey – 173 respondents from 37 states
- Self-reporting from brands active on online-only marketplaces
- Interviews with 20 sales managers

Most importantly, the model that depends on stand-alone online marketplaces lacks the experience, engagement, and interaction that a salesperson provides. In a recent survey, over 67% of salespeople reported over 10 years of experience in the wholesale industry and over 60% of respondents have been with the same agency for over 5 years. A salesperson guides a buyer towards products they believe work for that specific business. They know trends, they know the town, they learn about that buyer and their unique business. And they are vested in the outcome.

“
I'm going to help my customers spend their money like I would spend my money ... because if they're not making money, I'm not making money ... we help one another by lifting one another up ... that's when we win.

Kelly Spears, Central Texas Territory Manager
Cliff Price and Company

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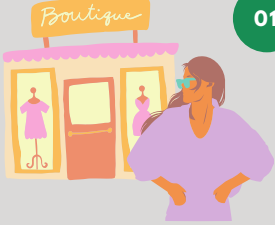
68% of salespeople surveyed write 50% or more of their orders on the road while visiting their customers.

WHICH OUTCOME BUILDS STRONGER BRANDS?

JANE SHOPPING

with a salesperson

01 AWARENESS



Jane and her rep, Brad, explore the current trends that Jane might want to carry in her store. Jane trusts Brad as a knowledgeable salesperson.

02 CONSIDERATION

Jane researches options online and in-person. She reaches out to Brad with her questions.



03 THE SELECTION PROCESS

Jane meets with Brad, sometimes they meet in person and sometimes virtually. Brad helps Jane determine which lines and items to order:



- Knowing Jane's store, Brad is able to help determine the mix of products from multiple lines that will sell well for her. Brad is often able to supply samples or describe the quality and feel to Jane.
- Brad has a different perspective than the manufacturer as he can evaluate the sales and reorders in each region at similar stores. Based on this Brad helps Jane order the colors and styles that will sell.
- Brad assists Jane in making order choices based on sell-through and inventory availability.

04 MERCHANDISE PRODUCT

Brad reaches out to Jane when her product arrives to ensure everything is as she expected. As he knows Jane's store, and the product, well, he also helps her with merchandising and marketing.



05 REORDERING

With Brad's advice, products are flying off the shelves! Brad and Jane communicate frequently. Based on Jane's inventory and the knowledge of the reorder time, Brad helps Jane determine when to reorder more product.

LAUREN SHOPPING

without a salesperson

01 AWARENESS



Lauren is aware of some current trends that she wants to buy for her store.

02 CONSIDERATION

Lauren researches her options online.



03 THE SELECTION PROCESS

Lauren orders several products from different lines hoping they will do well in her store and hopes they will be in stock to reorder.



04 MERCHANDISE PRODUCT

When Lauren receives her products, she is surprised that the quality or feel is not what she expected. Lauren tries to work out how to sell and promote the products.



05 REORDERING

Lauren reorders the few items that sold well but finds that they are out of stock or will not arrive that season.

Lauren has a bad experience and does not reorder the line.

In reviewing the likelihood of reorders, we found similar results to the data that Brandwise, a MarketTime company, first reported in 2020. We combined the MarketTime ecosystem data with data shared by brands that also sell on stand-alone online marketplaces. Factoring out supply chain related disruptions in 2021, we found that orders placed with a salesperson (reorder rate over 71%) out-performed orders placed without a salesperson (reorder rate under 35%).

Reorder rate for orders placed with a salesperson



Reorder rate for orders placed without a salesperson



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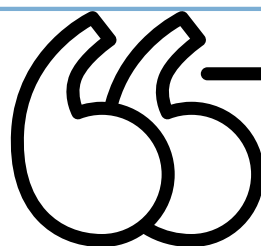
“The independent rep model is the best way to bridge the gap between vendors and independent retailers. Good reps maintain their value in the process by acting as consultants for their customers on a myriad of issues. Good retailers rely on those good reps. Online marketplaces are a growing, and important, resource for retailers but they can’t stand as the lone resource. They lack, among other things, the personal contact, advice about market trends and merchandising suggestions that a good rep can provide.”

Andy Cykman, Managing Partner, Insight Out

DEEPER DIVE

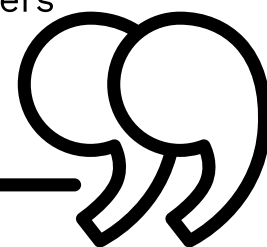
We analyzed data with a tighter focus, that being first-time transactions between buyers and brands.

We compared outcomes from online-only vs salesperson-originated first orders and tracked the outcomes for a reorder being placed within six months. With that, the results clearly show the value of the salesperson's involvement from the beginning.



Lisa Bach, Executive Director,
Global Retail Sales
Chronicle Books +
Galison/Mudpuppy/Lacroix

We know that the right Gift Rep will know our line, our customer's store, and how to best develop lasting relationships with buyers who will then write orders that are curated for success.



Here's what we found with first-time orders:

Salesperson-originated
orders resulted in a
reorder

68%

of the time.

Online-only orders resulted
in a reorder within 6
months

42%

of the time.

*Note: within the MarketTime ecosystem, all online-only sales enjoy the benefit of a follow-up by a salesperson, thus increasing the likelihood of a reorder.

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Our sales representatives don't just sell our line. They build loyalty and trust between our customers and our company. As cliché as it may sound, they are indeed our eyes, our ears, our voice, and our feet on the street. As a company and their partner, it is our responsibility to really listen to them, understand the challenges they face on the road and give them the tools they need to succeed.

”

Debbie McKeough, Director of Sales
 Stonewall Kitchen & Michel Design Works
 2022 Manufacturer of the Year - Retailer Excellence Awards

THE DIFFERENCE IN THE FIRST TIME REORDER RATE IS SIGNIFICANT. THERE ARE MANY FACTORS THAT CONTRIBUTE TO THIS.

How do salespeople get more reorders?

 **Visit their customers in person**

These visits provide valuable insights, create opportunities for in-store training and allow salespeople to garner intel to share with brands and their sales managers.

 **Collaboration on the order**

Salespeople offer insight on new products and bestsellers, guide buyers away from products that might not work for that store and alert buyers to current promotions.

 **Provide feedback to brands**

Salespeople solicit and share reactions from buyers, allowing brands to react more rapidly and accurately to feedback on new products, pricing, quality, packaging or breakage.



CONCLUSION

In an evolving industry landscape, our research supports a simple conclusion: The Human Factor is alive and well. Stakeholders that employ a hybrid approach of both digital and human resources by engaging with salespeople generate superior results. Retailers achieve better sell-through. Brands build stronger relationships with their customers and benefit from more rapid product feedback cycles.

This research has been compiled by the MarketTime team, and we would like to thank the hundreds of customers and stakeholders who contributed.

At MarketTime, a cornerstone of our business is the support of salespeople and the extraordinary value they offer to the many industries we serve. If you'd like to learn about the tools we provide to salespeople, which help them create well over three million wholesale orders every year, reach out to us at sales@marketttime.com. We would love to learn about your business goals and set up a demonstration that fits your specific needs.

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Denik's Independent Reps add a unique layer of expertise to the buying experience by suggesting the best brands & recommended curations so that their retailers can enjoy quick turns and high sell-through. We love supporting our Reps!

”

Lindsay Foster, V.P. Retail Sales, Denik