

## News

## According to a New Study from Vorys eControl, 77% of Brand Manufacturers Say Their Online Marketplaces Are Growing Faster than Their Traditional Wholesale Business

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As brand manufacturers develop their digital sales, the first “[State of Brand Manufacturers](#)” study released today by [Vorys eControl](#) and [Forrester](#) found that online marketplaces have become a significant part of those digital strategies. Among 140 brand manufacturer decision makers surveyed, an average of 27% of their sales are now digital, including online marketplaces, direct to consumer (DTC), and wholesale dot-com.

Brand decision makers tell us that an average of 36% of their digital sales happen specifically on online marketplaces. Over three-quarters also say that marketplace sales are growing faster than their traditional wholesale business, and 62% say the same of their DTC sales. Fully 87% say they have found value in being present on online marketplaces.

However, they also note that marketplaces pose several business challenges. The study found that brand manufacturers are concerned about managing online marketplaces in terms of:

- **Gray market and counterfeit issues.** Because there are generally few limits to who can sell and few limits on what can be offered for sale on marketplaces, online marketplaces often carry unauthorized or counterfeit goods that are frequently advertised at prices lower than what is available elsewhere in retail. 87% of brand manufacturer decision makers surveyed agree that gray market sales are a problem on online marketplaces.
- **A lack of consumer data.** Over two-thirds of brand manufacturer professionals surveyed are disappointed in the amount of customer data that they receive from marketplaces, particularly when brand manufacturers do not act as sellers.
- **Channel conflict with traditional retail.** 74% of brand manufacturer decision makers surveyed worry about channel conflict with traditional wholesale partners as a problem associated with digital commerce.

To address these challenges and take control of their marketplace identities, brands can use some of the following tools and approaches:

- **Bolster Direct-To-Consumer (DTC) selling.** DTC sales are an as-yet underexploited opportunity. 79% of brand manufacturers surveyed say it's a focus area for their future business strategy, but just 46% say it's already a strong part of their business. Brand manufacturers can take several measures to increase their DTC sales, including making their DTC presence more attractive and prominent.
- **Select a subset of products for marketplace distribution.** Brand manufacturers should analyze carefully whether to sell their best-sellers on marketplaces, or if they do, create unique bundling or packaging to encourage upsells or more margin.
- **Use e-control to manage distribution, both online and offline.** Among brand manufacturers surveyed, 36% embrace a more holistic distribution approach, commonly called e-control. E-control programs aim to control online sales using a combination of advertised pricing policies, distribution policies, data analytics, and legally backed unauthorized seller enforcement.

"Our survey results show that brand manufacturers need to take proactive steps to grow and develop all of their digital sales," said Forrester VP, Principal Analyst Sucharita Kodali. "Implementing smart digital strategies – including investing in DTC, internal and external governance, and innovative marketplace control approaches – helps brand manufacturers reap sales, acquire customers, and protect their brand."

"In order to be successful, brands often have no choice but to sell their products on online marketplaces. However, when moving from storefronts into online marketplaces brand managers must build new skills and find the right partners to ensure continued control over their business," said Whitney Gibson, leader of Vorys eControl. "Our survey results outline the successful strategies that many brands have used to tackle the challenges posed by online marketplaces."

To learn more about how to address these challenges, download the full report [here](#).

#### About the survey:

In early 2021, Forrester, in partnership with Vorys eControl, conducted a survey of brand manufacturer executives about their digital commerce strategies. The survey included questions about their focus on direct-to-consumer sales, wholesale dot-com relationships, and online marketplaces. Responses were received from 140 decision makers at organizations across Asia Pacific, EMEA, Latin America, and North America.

#### About Vorys eControl:

Vorys eControl – a division of Vorys, Sater, Seymour and Pease LLP – provides integrated solutions to help brands control the sale of their products in the age of eCommerce. We have represented more than 500 brands, including many of the world's largest companies. Vorys eControl leaders regularly speak across the country educating companies and service providers regarding innovative solutions to the challenges brands face in today's market. Vorys eControl's full scope of data, technology and professional services allows us to provide a truly comprehensive approach that delivers unique business value. To learn more, visit [vorysecontrol.com](http://vorysecontrol.com).