

SIGNIFICANT POINTS

- Most workplaces are small, employing fewer than 50 workers.
- About two-thirds work in office and administrative support, sales, or transportation and material-moving occupations.
- While some jobs require a college degree, a high school education is sufficient for most jobs.
- Consolidation and new technology should slow employment growth in some occupations, but many new jobs will be created in other occupations.

Nature of the Industry

When consumers purchase goods, they usually buy them from a retail establishment, such as a supermarket, department store, gas station, or Internet site. When retail establishments, other businesses, governments, or institutions—such as universities or hospitals—need to purchase goods for resale, equipment, office supplies, or any other items, they normally buy them from wholesale trade establishments.

Wholesale trade firms are essential to the economy. They buy large lots of goods, usually from manufacturers, and sell them in smaller quantities to businesses, governments, other wholesalers, or institutional customers. They simplify product, payment, and information flows by acting as intermediaries between the manufacturer and the final customer. They store goods that neither manufacturers nor retailers can store until consumers require them. In so doing, they fill several roles in the economy. They provide businesses a nearby source of goods made by many different manufacturers; they provide manufacturers with a manageable number of customers, while allowing their products to reach a large number of users; and they allow manufacturers, businesses, institutions, and governments to devote minimal time and resources to transactions by taking on some sales and marketing functions—such as customer service, sales contact, order processing, and technical support—that manufacturers otherwise would have to perform.

The wholesale trade industry is divided into three sectors: Merchant wholesalers, durable goods; merchant wholesalers, nondurable goods; and wholesale electronic markets and agents and brokers.

Firms in the *merchant wholesalers, durable goods* sector sell capital or durable goods to other businesses. Merchant wholesalers generally take title to the goods that they sell; in other words, they buy and sell goods on their own account. Durable goods are new or used items that generally have a normal life expectancy of 3 years or more. Establishments in this sector of wholesale trade are engaged in wholesaling durable goods, such as motor vehicles, furniture, construction materials, machinery and equipment (including household appliances), metals and minerals (except petroleum), sporting goods, toys and hobby goods, recyclable materials, and parts.

Firms in the *merchant wholesalers, nondurable goods* sector sell nondurable goods to other businesses. Nondurable goods are items that generally have a normal life expectancy of less than 3 years. Establishments in this sector of wholesale trade are engaged in wholesaling nondurable goods, such as paper and paper products, chemicals and chemical products, drugs, textiles and textile products, apparel, footwear, groceries, farm products, petroleum and petroleum products, alcoholic beverages, books, magazines, newspapers, flowers and nursery stock, and tobacco products.

Firms in the *wholesale electronic markets and agents and brokers* sector arrange for the sale of goods owned by others, generally on a fee or commission basis. They act on behalf of the buyers and sellers of goods, but generally do not take ownership of the goods. This sector includes agents and brokers as well as business-to-business electronic markets that use electronic means, such as the Internet or Electronic Data Interchange (EDI), to facilitate wholesale trade.

Only firms that sell most of their wares to businesses, institutions, and governments are considered part of wholesale trade. As a marketing ploy, many retailers that sell mostly to the general public present themselves as wholesalers. For example, “wholesale” price clubs, factory outlets, and other organizations are retail establishments, even though they sell their goods to the public at “wholesale” prices.

The size and scope of firms in the wholesale trade industry vary greatly. Wholesale trade firms sell any and every type of good. From wholesale trade firms, customers buy goods for use in making other products, as in the case of a bicycle manufacturer that purchases steel tubing, wire cables, and paint; for use in the course of daily operations, as when a corporation buys office furniture, paper clips, or computers; or for resale to the public, as does a department store that purchases socks, flatware, or televisions. Wholesalers may offer only a few items for sale, perhaps all made by one manufacturer, or they may offer thousands of items produced by hundreds of different manufacturers. Wholesalers may sell only a narrow range of goods, such as very specialized machine tools, or a broad range of goods, such as all the supplies necessary to open a new store, including shelving, light fixtures, wallpaper, floor coverings, signs, cash

registers, accounting ledgers, and perhaps even some merchandise for resale.

Besides selling and moving goods to their customers, merchant wholesalers may provide other services to clients, such as the financing of purchases, customer service and technical support, marketing services such as advertising and promotion, technical or logistical advice, and installation and repair services. After customers buy equipment, such as cash registers, copiers, computer workstations, or various types of industrial machinery, assistance may be needed to integrate the products into the customer's workplace. Wholesale trade firms often employ workers to visit customers, install or repair equipment, train users, troubleshoot problems, or advise on how to use the equipment most efficiently.

Working Conditions

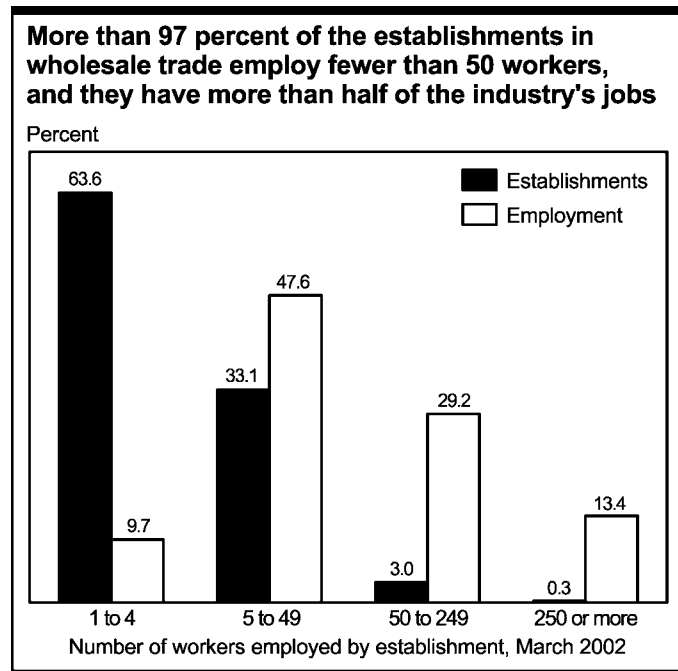
Working conditions and physical demands of wholesale trade jobs vary greatly. Moving stock and heavy equipment can be strenuous, but freight, stock, and material movers may make use of forklifts in large warehouses. Workers in some automated warehouses use computer-controlled storage and retrieval systems that further reduce labor requirements. Employees in refrigerated meat warehouses work in a cold environment, and those in chemical warehouses often wear protective clothing to avoid harm from toxic chemicals. Outside sales workers are away from the office for much of the workday and may spend a considerable amount of time traveling. On the other hand, most management, administrative support, and marketing staff work in offices.

Overall, work in wholesale trade is relatively safe. In 2002, there were 5.2 work-related injuries or illnesses per 100 full-time workers, comparable with the rate of 5.3 per 100 for the entire private sector. Not all wholesale trade sectors are equally safe, however. Occupational injury and illness rates were considerably higher than the national average for wholesale trade workers who dealt with lumber and construction materials (6.7 per 100 workers); metals and minerals (8.7 per 100 workers); groceries (8.6 per 100 workers); and beer, wine, and distilled beverages (10.0 per 100 workers).

Most workers put in long shifts, particularly during peak times, and others, such as produce wholesalers, work unusual hours. The latter group of workers must be on the job early in the morning to receive shipments of vegetables and fruits, and they must be ready to deliver goods to local grocers at dawn.

Employment

Wholesale trade accounted for about 5.6 million wage and salary jobs in 2002. More than 219,000 workers in the wholesale trade industry were self-employed. Over 97 percent of the establishments in the industry are small, employing fewer than 50 workers, and they have over half of the industry's jobs (see chart). Although some large firms employ many workers, wholesale trade is characterized by a large number of relatively small establishments when compared with other industries. Wholesale trade workers are spread throughout the country, have relatively low union membership, and are more likely to work full time than are workers in most other industries.



Occupations in the Industry

Many occupations are involved in wholesale trade, but not all are represented in every type of wholesale trade firm. Merchant wholesalers, by far, make up the largest part of the industry. The activities of wholesale trade firms commonly center on storing, selling, and transporting goods. As a result, the three largest occupational groups in the industry are *office and administrative support workers*, many of whom work in inventory management; *sales and related workers*; and workers in *transportation and material moving occupations*, most of whom are truck drivers and material movers. In 2002, 68 percent of wholesale trade workers were concentrated in these three groups (table 1).

Most office and administrative support workers need to have at least a high school diploma, and some related experience or additional schooling is an asset. As in most industries, many *secretaries and administrative assistants*, *bookkeeping, accounting and auditing clerks*, and *general office clerks* are employed in wholesale trade. Most of the other administrative support workers are needed to control inventory. *Shipping, receiving, and traffic clerks* check the contents of all shipments, verifying condition, quantity, and sometimes shipping costs. They may use computer terminals or barcode scanners and, in small firms, may pack and unpack goods. *Order clerks* handle order requests from customers, or from the firm's regional branch offices in the case of a large, decentralized wholesaler. These workers take and process orders, and route them to the warehouse for packing and shipment. Often, they must be able to answer customer inquiries about products and monitor inventory levels or record sales for the accounting department. *Stock clerks and order fillers* code or price goods and store them in the appropriate warehouse sections. They also retrieve from stock the appropriate type and quantity of goods ordered by customers. In some cases, they also may perform tasks similar to those performed by shipping and receiving clerks.

Like office and administrative support workers, sales and related workers typically do not need postsecondary training, but many employers seek applicants with prior sales experience. Generally, workers in marketing and sales occupations try to interest customers and assist them in purchasing a wholesale firm's goods. There are three primary types of sales people in wholesale firms: Inside sales workers, outside sales workers, and sales worker supervisors.

Inside sales workers generally take sales orders from customers. *Counter clerks* wait on customers who come to the firm to make a purchase. Outside sales workers, also called *sales representatives* or *sales engineers*, are the most skilled workers and one of the largest occupations in wholesale trade. They travel to customers' places of business—whether manufacturers, retailers, or institutions—to maintain current customers or to attract new ones. They make presentations to buyers and management or may demonstrate items to production supervisors. Sales representatives must be very knowledgeable about product operation, prices, maintenance needs, and capabilities and must be thoroughly familiar with customers' needs and business goals so that they can suggest how customers can use products to their greatest advantage. For example, sales representatives or sales engineers sometimes advise manufacturers on how to use a new piece of equipment to make production more efficient or may train workers to use the equipment. In the case of complex equipment, sales engineers may need a great deal of highly technical knowledge. For this reason, some outside sales workers need to have postsecondary technical education. Sales representatives and sales engineers also may be known as manufacturers' representatives or agents in some wholesale trade firms. *Sales worker supervisors* monitor and coordinate the work of the sales staff and often do outside sales work themselves.

Transportation and material-moving workers move goods around the warehouse, pack and load goods for shipment, and transport goods to buyers. *Laborers and freight, stock, and material movers* manually move goods to or from storage and help to load delivery trucks. *Hand packers and packagers* also prepare items for shipment. *Industrial truck and tractor operators* use forklifts and tractors with trailers to transport goods within the warehouse, to outdoor storage facilities, or to trucks for loading. *Truck drivers* transport goods between the wholesaler and the purchaser or between distant warehouses. Drivers of medium and heavy trucks need a State Commercial Driver's License (CDL). *Driver/sales workers* deliver goods to customers, unload goods, set up retail displays, and take orders for future deliveries. They are responsible for maintaining customer confidence and keeping clients well-stocked. Sometimes these workers visit prospective clients, in hopes of generating new business.

Management and business and financial operations workers direct the operations of firms. *General and operations managers* and *chief executives* supervise workers and ensure that operations meet standards and goals set by top management. Managers with ownership interest in smaller firms often also have some sales responsibilities. *First-line supervisors* oversee warehouse workers—such as clerks, material movers, and truck drivers—and see that standards of efficiency are maintained.

Table 1. Employment of wage and salary workers in wholesale trade by occupation, 2002 and projected change, 2002-12
(Employment in thousands)

Occupation	Employment, 2002		Percent change, 2002-12
	Number	Percent	
All occupations	5,641	100.0	11.3
Management, business, and financial occupations	575	10.2	18.6
Top executives	195	3.5	15.7
Advertising, marketing, promotions, public relations, and sales managers	67	1.2	27.6
Operations specialties managers	108	1.9	18.7
Buyers and purchasing agents	72	1.3	8.8
Professional and related occupations	309	5.5	24.7
Computer specialists	148	2.6	25.6
Sales and related occupations	1,395	24.7	17.2
First-line supervisors/managers of non-retail sales workers	106	1.9	21.7
Retail sales workers	194	3.4	3.6
Sales representatives, wholesale and manufacturing	958	17.0	20.0
Office and administrative support occupations	1,347	23.9	1.4
First-line supervisors/managers of office and administrative support workers	85	1.5	2.1
Bookkeeping, accounting, and auditing clerks	141	2.5	0.9
Customer service representatives ..	112	2.0	21.1
Order clerks	85	1.5	-11.5
Shipping, receiving, and traffic clerks	176	3.1	0.5
Stock clerks and order fillers	197	3.5	-5.5
Secretaries and administrative assistants	135	2.4	-3.1
Office clerks, general	170	3.0	3.1
Installation, maintenance, and repair occupations	391	6.9	16.4
Electrical and electronic equipment mechanics, installers, and repairers	87	1.5	14.4
Industrial machinery installation, repair, and maintenance workers	74	1.3	17.0
Production occupations	386	6.8	13.9
Miscellaneous assemblers and fabricators	112	2.0	9.3
Metal workers and plastic workers	68	1.2	17.2
Transportation and material moving occupations	1,109	19.7	5.8
Driver/sales workers	100	1.8	5.1
Truck drivers, heavy and tractor-trailer	186	3.3	13.3
Truck drivers, light or delivery services	178	3.2	12.6
Industrial truck and tractor operators	97	1.7	10.1
Laborers and freight, stock, and material movers, hand	344	6.1	-5.0
Packers and packagers, hand	83	1.5	12.4

NOTE: May not add to totals due to omission of occupations with small employment.

In order to provide manufactured goods to businesses, governments, or institutional customers, merchant wholesalers employ large numbers of *wholesale buyers* and *purchasing managers*. Wholesale buyers purchase goods from manufacturers for resale, based on price and what they think customers want. Purchasing managers coordinate the activities of buyers and determine when to purchase what types and quantities of goods.

Many wholesalers do not just sell goods to other businesses; they may also install and service these goods. *Installation, maintenance, and repair workers* set up, service, and repair these goods. Others maintain vehicles and other equipment. For these jobs, firms usually hire workers with maintenance and repair experience or mechanically inclined individuals who can be trained on the job.

Training and Advancement

Although some workers need a college degree, most jobs in wholesale trade can be entered without education beyond high school. New workers usually receive training after they begin work—for instance, in operation of inventory management databases, online purchasing systems, or electronic data interchange systems. Technological advances and market forces are rapidly altering this industry. Even workers in small firms need to keep informed about new selling techniques, management methodologies, and information systems. In addition, technological advances affect the skill requirements for occupations across the entire industry—from warehouse workers to truck drivers to managers. As a result, numerous firms devote significant resources to worker training.

Many firms offer on-the-job training. However, as providing training is becoming more costly and complex, the industry is increasingly using third-party training organizations and trade associations to reduce this burden. To increase productivity, many companies make their employees responsible for more than one function and cross-train them by familiarizing them with many aspects of the company.

Wholesale trade has historically offered good advancement opportunities from the least-skilled jobs up through management positions. For example, unskilled workers can start in the warehouse or stock room. After they become familiar with the products and procedures of the firm, workers may be promoted to counter sales or even to inside sales positions. Others may be trained to install, service, and repair the products sold by the firm. Eventually, workers may advance to outside sales positions or to managerial positions. Wholesale trade firms often emphasize promotion from within, especially in the numerous small businesses in the industry. Even in some of the largest firms, it is not uncommon to find top executives who began as part-time warehouse help.

As the wholesale trade industry changes in the coming years, advancement opportunities could become more limited. Increasing use of the Internet and other electronic means of communication, as well as changing sales techniques, are placing increasing demands on managers, so it will become more difficult to promote less educated workers from within the firm. However, consolidation among wholesale trade firms has resulted in larger

companies with more advancement opportunities for those with the appropriate skills. Currently, several large firms in this industry have formal management training programs that train college graduates for management positions, and the number of these programs will probably grow. There are also a growing number of industrial distribution programs at universities, providing students with both business and technical training. All workers should expect to periodically take classes and seminars to learn new skills as the industry adapts to new technology and business practices.

In addition to advancement opportunities within a firm, there also are opportunities for self-employment. For example, because brokers match buyers with sellers and never actually own goods, individuals with the proper connections can establish wholesale brokerage businesses with only a small investment—perhaps working out of their home. Moreover, establishing a wholesale distribution business can be easier than establishing many other kinds of businesses. Wholesalers that get exclusive distribution rights to popular items can become profitable quickly; although wholesale distribution firms usually require a substantial investment, obtaining rights to a successful product can be the foundation of a successful new business.

Earnings

Nonsupervisory wage and salary workers in wholesale trade averaged \$644 a week in 2002, higher than the average of \$506 a week for the entire workforce. Earnings varied greatly among specialties in wholesale trade. For example, in the area with the highest earnings—commercial equipment—workers averaged \$821 a week; but in the area with the lowest earnings—farm-product raw materials—workers made \$431 a week. Earnings in selected occupations in wholesale trade appear in table 2.

Part of the earnings of some workers is based on performance, especially in the case of outside sales workers, who frequently receive commissions on their sales. Although many sales workers receive a base salary in addition to commission, some receive compensation based solely on sales revenue. Performance-based compensation may become more common among other occupations as wholesaling firms attempt to offer more competitive compensation packages.

Like earnings, benefits vary widely from firm to firm. Some small firms offer few benefits. Larger firms may offer common benefits such as life insurance, health insurance, and a pension. Only about 5 percent of workers in the wholesale trade industry were union members or were covered by union contracts in 2002, compared with about 15 percent of the entire workforce.

Outlook

Wage and salary jobs in wholesale trade are projected to grow by 11 percent over the 2002-12 period, compared with the 16-percent rate of growth projected for all industries combined. Growth will vary, however, depending on the sector of the economy with which individual wholesale trade firms are involved. For example, the food service industry is expected to

Table 2. Median hourly earnings of the largest occupations in wholesale trade, 2002

	Merchant wholesalers, durable goods	Merchant wholesalers nondurable goods	Wholesale electronic markets and agents and brokers	All industries
General and operations managers	\$39.75	\$36.17	\$42.70	\$32.80
First-line supervisors/managers of non-retail sales workers	30.49	27.45	35.58	25.49
Sales representatives, wholesale and manufacturing, except technical and scientific products	20.72	20.32	23.23	20.54
Truck drivers, heavy and tractor-trailer	14.31	15.97	15.89	15.97
Bookkeeping, accounting, and auditing clerks	13.50	12.90	13.63	13.16
Parts salespersons	13.16	10.89	12.24	11.51
Shipping, receiving, and traffic clerks	11.42	11.81	11.59	11.26
Stock clerks and order fillers	10.86	10.62	11.11	9.26
Truck drivers, light or delivery services	10.76	11.82	11.81	11.48
Laborers and freight, stock, and material movers, hand	10.06	10.03	9.13	9.48

grow faster than the retail food industry as consumers increasingly eat at restaurants instead of eating at home. Therefore, the demand for wholesale trade services for food service establishments will grow faster than that for retail food establishments. Industry trends also will change the composition and nature of wholesale trade employment. Consolidation of the industry into larger firms and the spread of new technology (such as electronic commerce, also known as “e-commerce”) should have their greatest affect on the two largest occupational groups in wholesale trade—office and administrative support, and sales and related occupations. However, as firms provide a growing array of support services, many new jobs will be created and the roles of many workers will change.

The trend toward consolidation of wholesale trade firms into fewer and larger companies is likely to remain strong. Globalization and cost pressures should continue to force wholesale distributors to merge with other firms, or to acquire smaller firms. As retail firms grow, the demand for large, national wholesale distributors to supply them will increase. But small, geographically isolated wholesalers may continue to form national alliances that will be more versatile in fulfilling customer orders. The differences between large and small firms will become more pronounced as they compete less for the same customers, and instead emphasize their area of expertise. The resulting consolidation of wholesale trade into fewer, larger firms will reduce demand for some workers, as merged companies eliminate duplicated staff. At the same time, the expansion of customer services should increase demand for related workers. Office and administrative support workers and sales workers may advance to many of these new customer service and marketing jobs. New workers with the necessary education and training will be needed for financial, logistical, or technical positions.

E-commerce allows people and companies to instantly obtain price quotes and product information, make and process transactions, track product delivery, and share marketing information by using online exchanges or Electronic Data Interchange (EDI). However, previous technological improvements have already refined the distribution system in many areas of ordering, fulfillment, and purchasing. Improvements in technology will boost

worker productivity as customers purchase goods and track their delivery electronically, and more of the sales activities and customer service will be conducted without sales or customer service workers. Retailers, manufacturers, and other firms may increasingly purchase goods directly from manufacturers as systems for informing other parties of products, availability, and prices become more electronically integrated.

Further automation of recordkeeping, ordering, and processing will result in slower growth for office and administrative support occupations, compared with most other wholesale trade occupations. Use of computerized labels with barcodes allows stock clerks with scanners to immediately record locations, quantities, and types of goods in a computerized inventory management system. Customers frequently order and pay for goods electronically through the Internet or other special systems. Therefore, fewer bookkeeping, accounting, and auditing clerks will be needed as fewer paper transactions are conducted. Despite this new technology, some office and administrative support workers will still be needed to oversee the process and make adjustments when problems occur. These workers will need to be proficient with new computerized systems.

Although the demand for sales workers may be negatively impacted as the selling process becomes more automated, as customer service becomes more important the work of sales workers also will change. Work related to most of the sales that are not automated or transacted electronically will fall to inside sales workers. These sales workers will handle phone calls and solicit new business by telephone or over the Internet, and assist buyers with computerized purchases. However, more of outside sales workers’ responsibilities will involve complex customer service work, such as visiting customers to solicit new business and to maintain good relations, aiding with installation and maintenance, and advising on the most efficient use of purchases.

Sources of Additional Information

For information about job opportunities in wholesale trade, contact local firms.

For general information on the wholesale trade industry, contact:

- National Association of Wholesaler-Distributors, 1725 K St. NW., Suite 300, Washington, DC 20006.

Information on careers for manufacturers' representatives and agents is available from:

- Manufacturers' Agents National Association, P.O. Box 3467, Laguna Hills, CA 92654-3467.
Internet: <http://www.manaonline.org>
- Manufacturers' Representatives Educational Research Foundation, P.O. Box 247, Geneva, IL 60134.
Internet: <http://www.mreref.org>

Information on many key occupations in wholesale trade may be found in the 2004-05 *Occupational Outlook Handbook*:

- Bookkeeping, accounting, and auditing clerks
- Computer, automated teller, and office-machine repairers
- Order clerks
- Purchasing managers, buyers, and purchasing agents
- Sales engineers
- Sales representatives, wholesale and manufacturing
- Shipping, receiving, and traffic clerks
- Stock clerks and order fillers
- Truck drivers and driver/sales workers