The 2022 State of eCommerce in Distribution, Part 2:

Next Steps to Building the Right Customer Experience Online

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2022

Distributors felt a significant push to improve their ecommerce offerings last year as B2B customers began to demand the same level of personalization and accessibility as their B2C counterparts. Now, ecommerce adoption and maturity in wholesale distribution are rising as more businesses invest in improving their online presence and digital shopping options.

As we covered in the first report of this series, ecommerce adoption rates rose across the board with an average increase of 11.75% from 2020 to 2021. Maturity also improved with the number of companies in the nascent phase (less than 5% of revenue coming from ecommerce) dropping from 39% in 2020 to 22% in 2021.

What does this mean for the future of ecommerce in wholesale distribution? And what steps should you take to differentiate?

Improving the Customer Experience (CX)

Before you can create an effective (and profitable) ecommerce platform, you must focus on the customer experience. The customer experience (CX) is the key to drawing new customers, retaining existing customers and growing your business. It encompasses the complete relationship between a customer and company, including all interactions and touchpoints. For example, marketing messages, call-center support, sales rep interactions and product fulfillment are all part of the customer experience.

As McKinsey points out, "as customers become more technologically savvy, they favor digital channels." Although B2B buyers still expect to do business through several channels and interact with salespeople along their journey, they increasingly want and need top-quality digital shopping and buying options. If you don't provide this experience, they will look for another company that will.

Make the customer journey as effortless as possible. Speed, transparency, personalization, and consistency drive a great customer experience. Focus on the following:

High-quality data

Quality customer data, paired with technology like artificial intelligence, will help you create a holistic view of each account, including purchasing patterns, behavior, reorder needs and sales opportunities. Better understanding your customers enables you to personalize and enhance their shopping experience.

Consistency

Standardize information across channels. Regardless of how a customer sees product data, whether they are browsing your website, reading a print catalog or speaking to a sales rep, that information must be consistent.

Images and Videos

3D images and videos enhance the customer experience by providing a detailed visual representation of each product. In addition to improving how customers interact with your catalog, including alt text on your videos and images will help Google's algorithms to pinpoint your product listings and highlight them during relevant searches.

AI-Powered Searches

Often, customers will seek information on your website before contacting a sales rep. To meet customer needs, your search functionality must be swift and accurate. For example, if a customer searches for a "hammer drill" but your site only provides "hammer" and "drill" listings, your search function has failed. Integrating AI into your search function can help it decipher the meaning behind complicated customer searches and provide a better shopping experience.

Authenticity

Customers want to interact with companies that are down-to-earth and authentic. Does your team answer half a million calls every year? Do you pride yourself on responding to email queries faster than your competitors? Showcase your company's personality and effectiveness on your ecommerce site to connect with customers on a personal level – even digitally.

Product Data

Every product on your ecommerce site should have detailed information. Your product data must be clear, complete, correct and consistent. For the most popular or profitable SKUs, include images and videos to enhance the way customers interact with these items.

UX and Load Times

Google's algorithms will examine your website's user interface (UX), load times and technical stability and use these factors to determine whether your site will rank well during relevant searches.
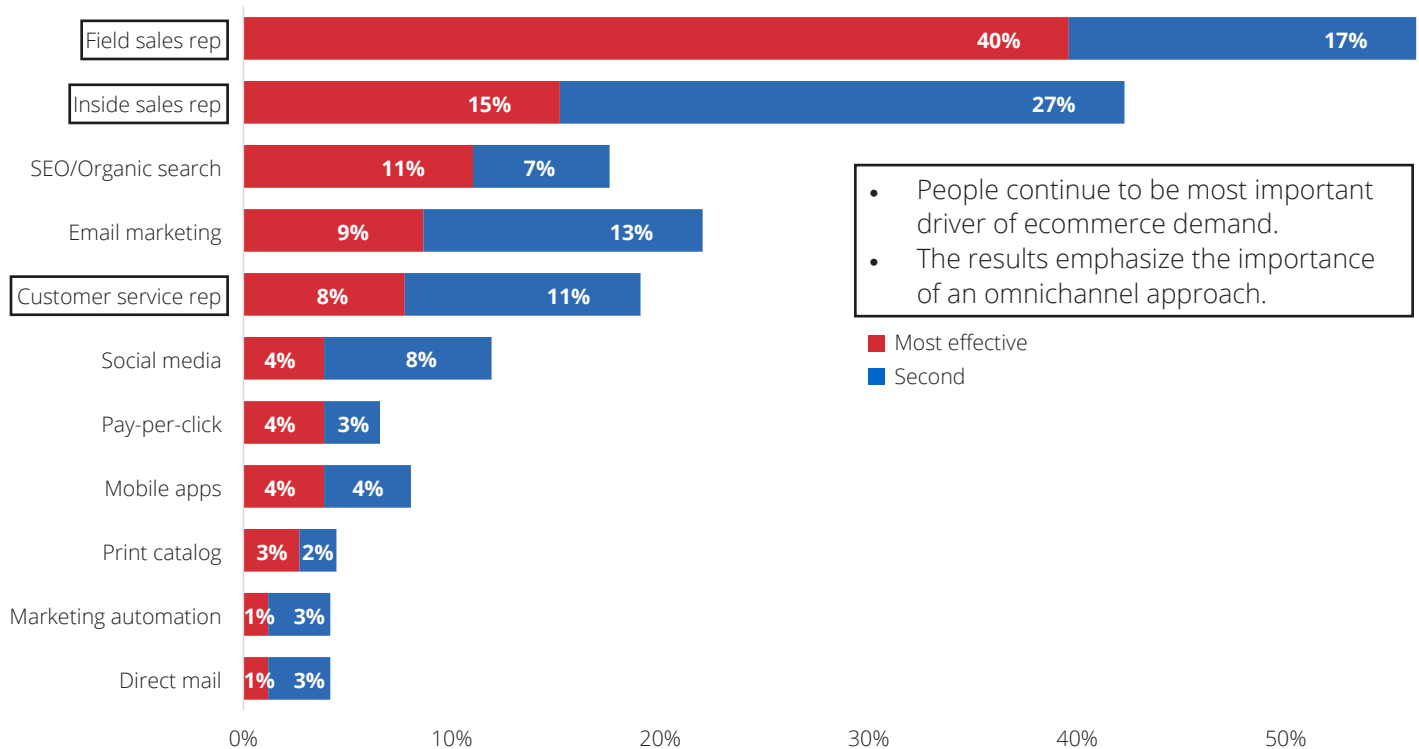
Driving eCommerce Demand

Our survey respondents' top two financial priorities for ecommerce are growing revenue with existing customers and growing revenue with new customers in existing geographies and customer segments. Although ecommerce sites have the potential to drive a high volume of sales, your site will only be profitable if customers can easily find and interact with it.

In our survey, we asked distributors how they are investing in driving ecommerce demand and what strategies have been most effective. Similar to last year's report, we found that people continue to be the most important factor in driving ecommerce demand.
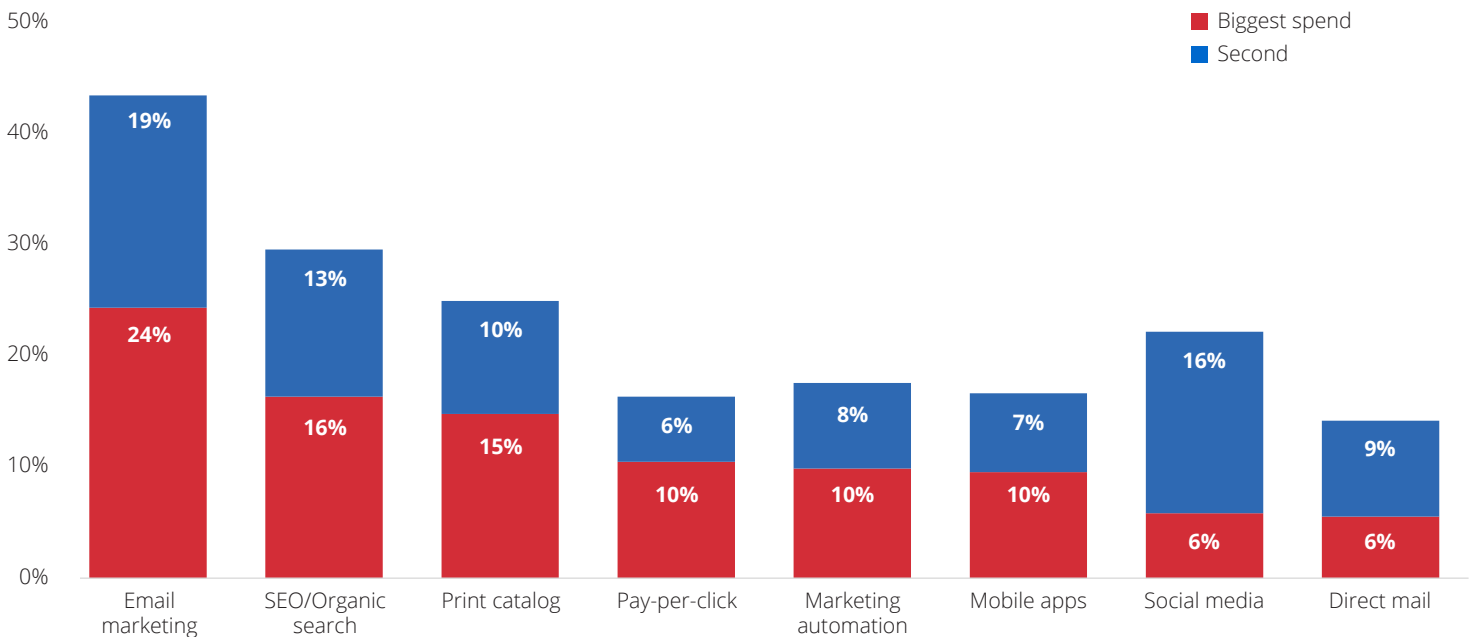
Forty percent of respondents said that field sales reps were most effective in driving demand, while 15% credited inside sales reps. SEO/organic search, email marketing and customer service were next, with 11%, 9% and 8% of respondents relying on these methods, respectively. By emphasizing an omnichannel approach to driving ecommerce demand, distributors will see drastic improvements in buy-in.

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Chart 1: What is Most Effective to Drive eCommerce Demand?

Category	Most effective	Second
Field sales rep	40%	17%
Inside sales rep	15%	27%
SEO/Organic search	11%	7%
Email marketing	9%	13%
Customer service rep	8%	11%
Social media	4%	8%
Pay-per-click	4%	3%
Mobile apps	4%	4%
Print catalog	3%	2%
Marketing automation	1%	3%
Direct mail	1%	3%

- People continue to be most important driver of ecommerce demand.
- The results emphasize the importance of an omnichannel approach.

■ Most effective
■ Second

Although only 9% of respondents reported that email marketing was their most effective way to drive demand, businesses continue to spend the most on it. We found that 24% of respondents spent the most on email marketing and 16% on SEO/organic search. It is interesting to note that although only 2% of respondents said print catalogs were their most effective driver of ecommerce demand, 15% of respondents spent the most on catalogs vs. other methods.

Relevancy is key to successful interactions with customers. To boost interest in your ecommerce site, send customers messages relevant to their niche, needs and buying habits. One of the most underutilized tools to drive ecommerce demand is marketing automation. Marketing automation is similar to email marketing, except its capabilities are more sophisticated. These tools can track users, improve personalization and automate multi-step campaigns. Marketing automation is valuable for distributors who need help getting the right message to their customers.

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Chart 2: Largest Spend by Channel to Drive eCommerce Demand

Legend: ■ Biggest spend ■ Second

- Email marketing: Biggest spend 24%, Second 19%
- SEO/Organic search: Biggest spend 16%, Second 13%
- Print catalog: Biggest spend 15%, Second 10%
- Pay-per-click: Biggest spend 10%, Second 6%
- Marketing automation: Biggest spend 10%, Second 8%
- Mobile apps: Biggest spend 10%, Second 7%
- Social media: Biggest spend 6%, Second 16%
- Direct mail: Biggest spend 6%, Second 9%

The Most Significant Barriers to eCommerce Success

In our survey, we asked distributors what they saw as the biggest barriers to ecommerce success. Thirty-one percent said that inadequate product data was the most significant barrier, while 27% said it was a lack of technical talent.

Product data is the oxygen that fuels a healthy ecommerce site. It is a foundational and strategic asset for distributors. Group initiatives, whether associations, buying groups, co-ops or other third parties, all contribute to making product data more accessible, reliable and complete. As a result, the quantity and quality of product data have grown and will likely continue to improve over the next several years – helping businesses overcome this barrier.

The second-most significant barrier to ecommerce success was a lack of technical talent. eCommerce leaders know it is vital to have a strategic digital leader in place who has a vision and understanding of what is required for a successful implementation. Although this report focuses on ecommerce, it is only one piece in a much larger technological transformation. Having a senior digital leader at a C-suite or VP level is key to overcoming this roadblock.

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Technology Considerations

Your technology stack must be able to support your long-term ecommerce vision. Thankfully, technology like artificial intelligence, the cloud and customer experience platforms are more accessible and affordable than ever.

Machine learning and advanced analytics can help you track and act on customer sentiment and needs. By integrating this technology into your ecommerce platform, you can make better upsell and cross-sell recommendations and offer hyper-personalized care to buyers.

Workflow automation reduces the number of manual tasks your team must complete, so you can save money and enable reps to spend more time on customer-facing activities. For example, with AI-driven automation, your system can analyze emails, pdfs and other documents and immediately approve invoices, place replenishment orders or forward messages to the correct department.

Developing an SEO strategy is another critical piece of the ecommerce puzzle. A solid and detailed search engine optimization (SEO) strategy is necessary for online visibility. Although many distributors throw all of their resources into paid search, SEO can be more impactful and cost-effective long-term when utilized effectively.

However, SEO involves more than just weaving keywords into your copy – you must also take Google's ever-changing algorithms into account. For instance, Google's Core Web Vitals measure the user experience of your website to ensure you are providing a high-quality digital experience. As a result, if your technology is unstable or your website takes too long to load, you may rank lower than your competitors in Google searches.

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What to Do Through 2025

"If your strategy is to be as good as somebody else, you're going to lose. If your offline sales strategy is to be the best, then that should also be your digital strategy." Jason Hein, Bloomreach.

The next three years will present great opportunities for distributors in ecommerce. To begin, focus on creating a frictionless and exceptional customer experience. Make your ecommerce offerings all about your customers and take the idea of hyper-personalization to heart. Hyper-personalization will help you keep up with ever-changing customer needs and expectations while differentiating product information and increasing conversions.

It is also important to take an omnichannel approach to your ecommerce strategy and integrate your tech stack across all channels. This will allow you to connect data and analytics from every part of your business to develop a holistic view of your customers.

Most importantly, be sure everyone in your business is aligned on future goals and campaigns: one company, one voice. By ensuring future talent has a customer-first mentality, you can set your business up for long-term success.

About This Research

This research was conducted by Distribution Strategy Group. The research included an online survey taken by 596 participants across a variety of sectors. Of those identifying as either manufacturer or distributor, 89% were distributors and 11% manufacturers.

There was participation from industrial, JanSan, chemicals & plastics, oil & gas products, electrical, safety, HVACR, building materials, hardware, plumbing and others. Fifty-one percent of respondents were in the 46-65 age bracket and 25% were in the 36-45 age bracket. More than 50% of respondents had executive or general management roles.

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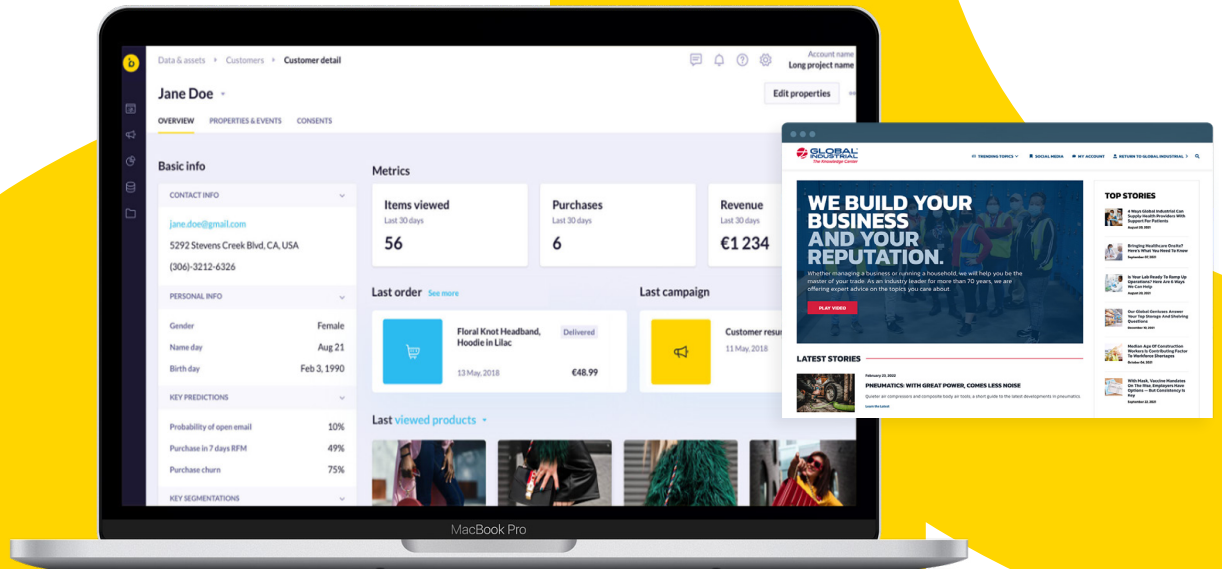
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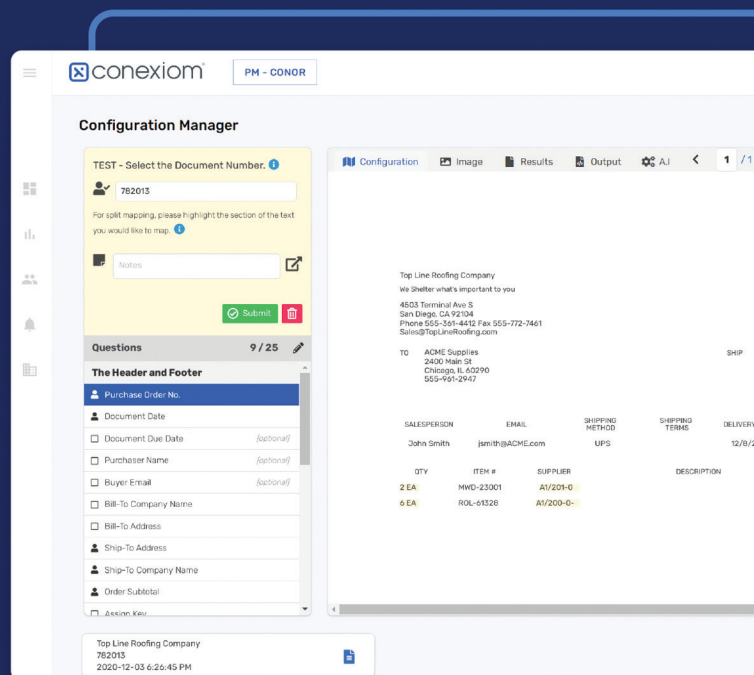
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