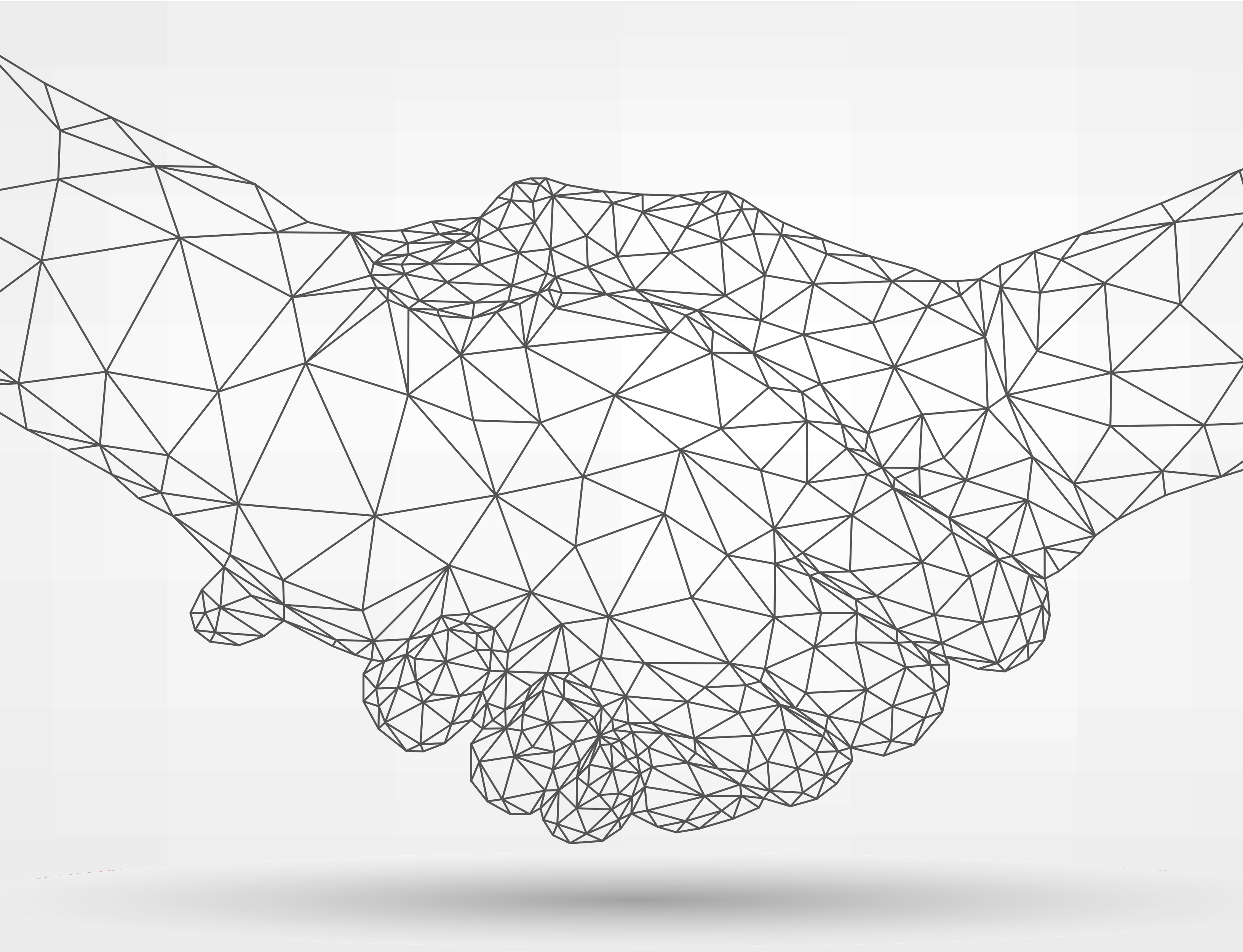
How Distributors Can Leverage Marketing, Services and Digital Excellence to Become More Important to Manufacturers

By Ian Heller



The core of a distributor's value proposition is its product assortment, value-added services, delivery accuracy and speed, financing options, pricing flexibility and easy ordering through multiple channels. One challenge for distributors is that some competitors – like certain marketplaces – have been growing very quickly. For example, Zoro, a Grainger business unit, recently announced it has exceeded $1 billion in revenues. Amazon Business reported sales of more than $35 billion. Retail channels are also increasingly moving into B2B sales, and some manufacturers are even selling direct through online channels.

To protect and grow their share, distributors must become better marketing companies and improve their digital capabilities. The purpose of this whitepaper is to describe how distributors can use marketing and digital capabilities, along with value-added services, to become more important to customers and work more closely with suppliers so they can prosper together.

Types of Actions

Distributors who thrive in the long term generally take action in five areas. We will summarize them here and go into more detail in subsequent sections of the report.

- **Become more important to customers:** By adapting their value propositions as required to gain share, distributors can become more important to customers and earn support from suppliers.
- **Become a great sales and marketing company.** Distributors tend to be stronger at managing sales than marketing. Distributors who learn how to become great marketing companies can substantially outgrow their competitors.
- **Become a great digital distributor.** Many distributors are frustrated with their digital capabilities while competitors such as marketplaces excel in this area. Distributors frequently misunderstand how to succeed here and this is one of the main areas we will explore in this report.
- **Coordinate and collaborate.** Manufacturers have a variety of resources that can help distributors sell their products and become more successful. Ongoing dialogue and planning can help distributors get access to those resources and use them to grow market share.
- **Don't abandon the basics.** No matter what kind of innovative, value-added capabilities a distributor implements, it's important to do the basics well – hold stock, provide great service, ship orders on time, etc.

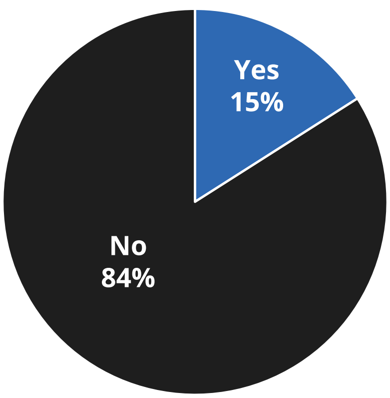
The Importance of Value-Added Services

Distributors want their customers to view them not just as suppliers, but as key partners who help them in their core value-added activities. If you become essential to your customers, the chances they will switch to a competitor become quite low. Additionally, this means you are going beyond the loading dock and aren't just delivering products but are performing services that are important to the customer.

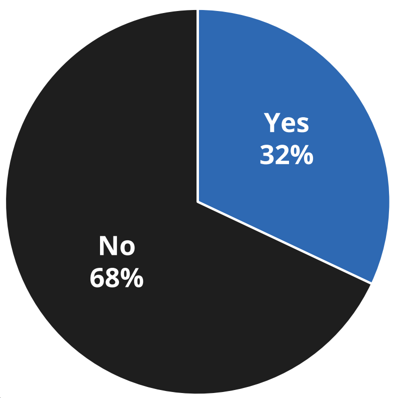
Great value-added services are one of the best ways to become more important to customers. The problem is that while most distributors claim their services are an essential part of their value proposition, most of them don't treat them that way.

Recent research conducted by Distribution Strategy Group revealed that while 70% of distributors rated value-added services as "Extremely" or "Very" important as a competitive advantage, this doesn't result in strong operating practices in managing services. For example, most distributors do not keep a P&L for services, appoint an individual to the general manager of their services or pay commissions to reps on revenue-generating services:

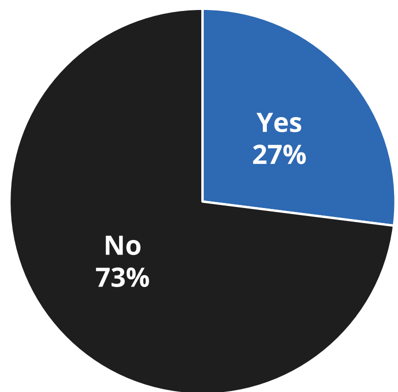
Do You Have a Services P&L?



Do You Have a Services "General Manager?"



Do You Pay Commissions on Services Sales?



This is a missed opportunity for distributors to differentiate themselves from other channel partners manufacturers might rely on to get their products to market. Marketplaces and retail competitors tend to prefer simple transactions and simple buy/sell relationships with their customers. They avoid doing value-added services because it's complex and requires well-trained people doing the service work.

Note that we are not just referring to services like product repairs. We've documented hundreds of types of services – from kitting and labeling to assembly, commissioning and warranty management. We suggest that distributors who want to enhance their services value proposition follow these steps:

- Name a General Manager of services
- Take an inventory of the services you offer customers
- Survey customers and visit competitors' websites to find new

services to offer
- Document and standardize the processes to deliver each service
- Develop measurements of your performance in delivering services
- Develop a P&L for your service business
- Institute sales and marketing campaigns for your services

How to Price Services

Nearly all distributors currently offer some services. To become more important to manufacturers, most distributors should add more. But because distributors haven't managed their services with the same rigor they manage product sales, they have often given services away for "free" – or, better said, by building the cost of their services into the gross margins of their products.

This often costs distributors market share vs. marketplaces and retailers because those sellers don't usually offer services and so don't have to inflate product prices to cover those costs. That means distributors charge higher prices to customers – even those who don't want services.

To optimize market share and profits, distributors need to charge for services and stop bundling these costs with products. But how do you price services of any kind when you have given many of them away for free? We see four common approaches:

1. **Announce a charge for a service.** For an existing service, this is relatively straightforward. If it's a service you've previously offered for free, then it's best to announce the implementation of a fee several weeks in advance.
2. **Add a premium version of your service.** For example, if you've offered tech support to customers on the phone for free, you can reserve access to your engineers or best-trained employees to customers willing to pay for their expertise.
3. **Set thresholds for services to be free.** Continuing the example, perhaps customers spending more than $100,000 with you a year get access to your premium tech support line.
4. **Limit the amount of free consumption.** In this scenario, customers get a certain amount of value-added service for free but then must pay to access more of it.

While services vary across product verticals, we've found that most distributors can help hold onto – or take back – product sales going to retailers and marketplaces with services like:

Bin Replenishment. This is a fairly straightforward service where someone on your team (e.g., an account manager) checks and maintains the stocking levels of storage bins of commonly used items at customer locations.

Industrial Vending. These are vending machines filled with common products customers need regularly. By placing these items in machines instead of open bins, you can control usage, dispensing and track purchases to an individual.

Supply Contracts. Putting a contract in place with a customer allows you to get more accurate demand information that may allow you to get better, long-term pricing from suppliers. In turn, it ensures you keep the customer's business.

Stockroom Management Software. If you provide customers with software to run their stockrooms, it's relatively straightforward to make it easier for them to replenish their supplies from you vs. competitors.

On-Site Containers. In construction supply, it's not uncommon to place a container full of supplies on consignment on a jobsite. This ensures that when a contractor on site needs a product, you'll get the sale if it's in the container.

Integrated Supply. This is a service where a major customer outsources their indirect materials purchasing and management to your distribution firm. This type of highly complex value-added service requires a great deal of expertise but can drive high volumes of profitable sales.

Of course, there are many other services. By reviewing the websites of dozens of electrical distributors in North America and Europe, for example, we assembled this list of 80 services in 13 categories. This is by no means exhaustive, but it illustrates the range of services distributors can offer:

Asset Management
- Installed-base evaluation
- Internet of Things consulting
- Onsite conversion services
- Lifecycle exten/migration svcs
- Lifecycle Service Agreements

Contract Services
- Consistent national pricing
- Special billing & payment
- Financing

Engineering Services
- Installation
- Product Lifecycle Analysis
- Productivity consulting
- Application
- Systems Development
- Voice/data/video design and engineering services

Managed Solutions: Cap Proj
- Bid review
- Integrator support
- RFP development
- Project review & mgmt
- Test and validation
- Design, start-up and cCert.
- Cert. contractor recomm.
- Third-party network cert/test

Software/Firmware
- Software installation
- Software/firmware control
- Server configuration & testing
- Back-ups onsite and at distr.

Assemblies & Kits
- Bus bar assemblies
- Control panels
- Electrical harnesses
- Kitting
- Power distribution assy
- Pushbutton stations
- Terminal assemblies
- Cable assemblies
- Enclosure mods & builds
- Label, engrave & barcode
- Wire harnesses

Repairs/Maint.
- Motor rewinding
- Preventative/pred. maint.
- Troubleshooting
- Mod/repair ind. controls
- Renewal parts
- Field modifications
- Exchange parts
- Remanufactured Parts

Safety Consulting
- Arc flash evaluations
- Lock out / tag out
- Safety risk assessments
- Safety lighting

Tech Support & Training
- 24x7 service
- Demos
- Telephone tech support
- On-Site training
- Classroom training

Custom Prod Dev & Modifications
- Motor-control-center buckets
- PC upgrades and configurations
- Variable-freq drives and enclos.
- Combination starters

Energy & Power Quality
- Electrical usage analysis
- Power quality audits
- Env/reg. compliance assistance
- Energy-saving prods, designs and recommendations
- Energy savings tax documentation
- Energy effcy incentive prog mgmt

Inventory Mgmt / Consolidation
- Asset tracking
- Bulk recycling
- Integrated supply
- KanBan programs/JIT
- Vendor-Managed Inventory
- Jobsite delivery & storage
- Warranty administration
- Stockroom reorganization
- Hazardous waste disposal assist.

Lighting Services
- Lamp & ballast recycling
- Lighting control retrofits
- Lighting Upgrades/Retrofits
- Color rendition
- Plant lighting analysis and design
- Task lighting
- Light fixtures & ballasts assy.

Services like these and others can be lucrative because they are highly value-added to customers. Additionally, most of these services would be very difficult or impossible for marketplaces to offer, and challenging for other distributors and retail competitors, too.

Becoming a Great Sales and Marketing Company

Most distributors manage their sales departments competently and indeed, most other channel partners manufacturers rely on don't have outside sales reps. Marketing, on the other hand, is often poorly understood by distributors and not effectively planned, executed or measured. Rather than viewing marketing as a major strategic lever that can transform customer lifecycle, revenues and profits, distributors tend to think of marketing in tactical terms, like promotional campaigns.

Distributors must give tangible and meaningful goals to their marketing departments, but assigning sales goals doesn't work very well. For example, if you task marketing to hit sales goals related to promotions, it's impossible to separate that department's contributions from the efforts of other departments. If you hit your $1 million promo sales goal, for example, does marketing deserve the credit more than sales, the customer service personnel who told customers about the promo or the branch managers who put up merchandising displays and made sure every walk-in customer knew about the sale?

Rather than assigning marketing with a specific sales goal, we prefer to hold marketing accountable for a vitally important measurement that few distributors track, almost no distributors set goals for and even fewer have handed to a specific department to manage.

That metric is customer lifecycle management.

Is Your Marketing Effective and How Do You Know?

Take this quick assessment: Do you know how many customers you gained and lost last year? Do you regularly measure that number? Do you have specific goals for how many you will gain and retain this year? Is there an individual in your company responsible for hitting these goals?

The core question distributors must consider is: Who owns your company's customer lifecycle? Who has their eye on the ball when it comes to the acquisition, retention and building wallet share? If you look at a lifecycle report and see that the number of customers is dropping, and no one knows why or isn't doing anything about it, there's a problem. If you don't have that report, you have a more fundamental problem.

Objectives-Based Marketing

Marketing can grow sales but doesn't own specific accounts like salespeople do and it needs to be measured and managed differently – that's why we need to look at factors outside of individual account sales to gauge marketing's performance.

Objectives-based marketing is the idea that your marketing department should be in charge of setting goals and driving progress toward acquiring new customers, driving more frequent purchases, reducing customer defection and growing average transaction size. Marketing's goal should not be to directly drive sales dollars but to change customer behaviors in ways that generate more sales and profits. This gives you the ability to set financial goals for marketing but they're tied to something your marketers can influence directly – customer behaviors – instead of something they drive indirectly – sales and profits.

Note: As you redefine how you measure marketing success, it is crucial to define what you consider "new" and "lost" customers. For instance, I may define a "lost" customer as someone who hasn't purchased from me in the past 12 months. Of course, you may have a different idea of what you would consider a "lost" customer, but for the sake of measuring marketing success, it's vital to pick a definition and stick to it.

As you plan marketing strategies based on objectives, start by:

- Evaluating your company's transaction history
- Developing pro-formas to see how changing each variable affects your bottom line
- Building programs that change customers' behaviors
- Enrolling the company in your efforts

It's not marketing's job to make individual sales – it's their job to affect customer behavior in a positive way. For example, imagine that a company has generated $31.6 million in sales over the trailing 12 months. Say they had 100 new customers with an average of 15 transactions and retained 400 customers with an average of 30 transactions.

Now, let's say 75 customers didn't buy anything during those 12 months – we'll consider them "lost" customers. Those 75 customers, had they been active, would have contributed about $600,000 in sales and $186,000 in gross margin.

Baseline Year

	New	Retained	Results from New/Retained	Lost
# Accounts	100	400	500	75
Avg # Trans	15	30	27	10
Tot # Trans	1500	12000	13500	750
AOV	$1,100	$2,500	2,344	$800
FY Sales	$1,650,000	$30,000,000	**$31,650,000**	$600,000
GM%	33%	31%	**31.1%**	31%
GM$	$544,500	$9,300,000	**$9,844,500**	$186,000

This company – like yours – is adding and losing customers. In this model, they lost 75 but gained 100, so a growth rate of 6% is built in. In other words, if this company operated the same way over the next 12 months, it would grow 6% in sales and gross margin dollars.

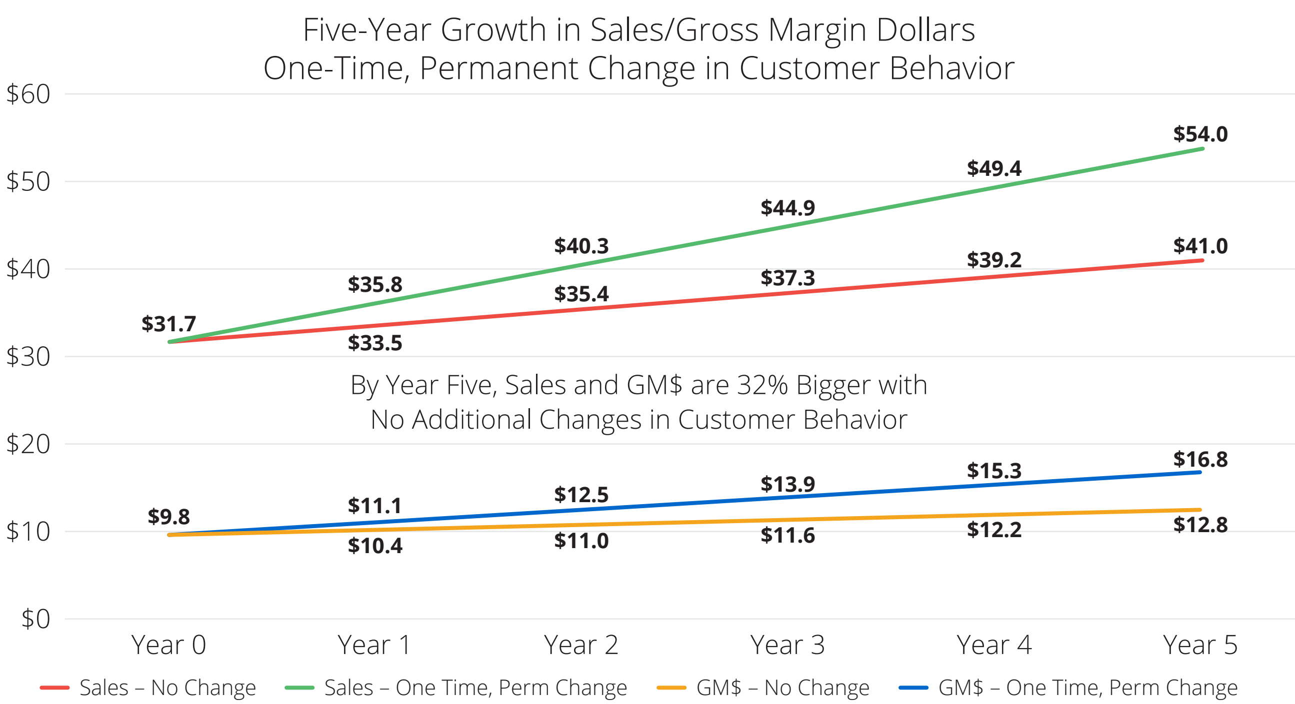
The marketing department is responsible for improving these numbers. What should they do? Let's say they decide to put a more aggressive prospecting program in place and enhance their new-customer onboarding process to bring the number of new customers up from 100 to 120. Then they used good marketing offers and communication techniques to encourage them to buy 17 times a year instead of just 15. They may also try to raise the average order value and offer special discounts to new customers. Finally, let's assume they implement a more robust retention program to reduce the lost-customer count from 75 to 60.

Baseline Year

	New	Retained	Results from New/Retained	Lost
# Accounts	100 **120**	400	500	75 **60**
Avg # Trans	15 **17**	30 **31**	27	10
Tot # Trans	1500	12000	13500	750
AOV	$1,100 **$1,500**	$2,500 **$2,450**	2,344	$800
FY Sales	$1,650,000	$30,000,000	**$31,650,000**	$600,000
GM%	33% **32%**	31%	**31.1%**	31%
GM$	$544,500	$9,300,000	**$9,844,500**	$186,000

Given that most distributors have no formal prospecting and onboarding programs and aren't even paying attention to lost customers, meaning they have no aggressive retention processes, these aren't difficult targets to hit in year one.

If the company's marketing department successfully implemented those small changes, the business would more than double its gross margin dollar growth the following year. Instead of growing 6%, it would grow 13%, which is a couple of million in sales and $684,000 in gross margin dollars. Now, let's assume that the company makes these one-time changes and never improves – it just maintains them over five years – they will have grown 32% bigger in both sales and gross margin dollars.



Now imagine the growth potential of a company that is continually improving. By putting these minor changes in place and pursuing previously overlooked objectives, your marketing department can achieve similar results.

Become a Great Digital Distributor

Many distributors believe their ecommerce websites are failures because they don't achieve the ROI goals they set when they made the investments. If this is the case for your distribution company, you need to pay very careful attention to this section because in our experience, most distributors measure their website sales and ROI incorrectly – sometimes by an order of magnitude!

How is this possible? Well, it starts with so-call ecommerce experts giving bad advice: "You should make your B2B site like a B2C site." This is simply not true and distributors who follow this advice often build the wrong capabilities and then measure their success incorrectly.

Business buyers need different capabilities than consumers. Business purchases are bigger, often much more complex, more technical and often happen on credit provided by the seller rather than via credit cards.

Even more important, *many B2B buyers cannot check out via your shopping cart, even if they want to*. Unlike consumers, business customers have their own purchasing systems they must use, which means they must fill out purchase orders. Once the PO is completed, the customer is going to send it in via email, EDI, eProcurement, or they may call it in to an outside or inside sales rep. Often, customers will call to seek lower pricing from a distributor sales or service representative even if the website offers customized or tiered pricing.

Think about the implications on your website measurements. You may have many customers spending hours a day shopping on your website, browsing through products and building an order, but for the most part, they won't make large purchases through your shopping cart. That means the important role your website plays in generating sales gets *zero attribution* if your sales measurement is your shopping cart.

Another factor that minimizes sales through the shopping cart is that distributor websites are often the most expensive channel for a customer. Most distributors allow their sales and service people some discounting authority and it's extremely common for a customer to receive 5%, 10% or even more off of their order if they call someone with whom they've developed a relationship. Additionally, many distributors provide sales commissions for orders written by customer service and sales personnel. Customers often know this and want to do favors for their friends and so they call them to place orders.

Again, customers may have spent many hours on your website to put together orders but strong barriers prevent them from checking out through your shopping cart. Does this mean the website shouldn't get credit for orders the originated there? No, it means you're measuring the contribution of your website incorrectly, and it's your job to fix it.

Not long ago, we surveyed 1,855 distributor customers and asked them, "After you shop on a distributor website, when you go to place an order, which of the following methods do you use? These customers told us that the most common method of ordering in this situation was email (23%). Only 18% of the time did customers proceed to buy on the site where they had been shopping.

Think of this process in terms of basketball. Great point guards in the NBA are rated on a statistic called, "point creation." They are credited with creating points not only for scoring a basket directly but by passing to the player who does score the basket. That is often the role of your website; sometimes, it will score directly through the shopping cart, and sometimes it will get an assist by generating a transaction that comes through another channel.

To effectively support your marketing and sales goals, your ecommerce site should be simple and easy to shop on and offer great product data and information, online training, self-service account information, online chat options (with a real person), compelling descriptions of your value-added services and a "quote cart." A quote cart is an especially valuable tool since it allows customers to compile a list of products and export them to a PO they can use to make a purchase. It's also essential that pricing on your website is consistent with what customers get from other channels.

Once you have everything in place, how can you measure ecommerce effectiveness? To gain a complete picture of how well your website is performing, you will need to take several factors into account, including:

- Shopping-cart profits
- All digital channel profits (EDI, email orders, e-procurement etc.)
- Orders generated by the website but placed via other channels
- Omnichannel impact
- Customer lifecycle, including improvements in new customers, retention and wallet share

To measure sales generated by your website but placed by other channels, try this: Take 30 (or 50 or 100) orders that were not placed through your website and call the buyers. Make it a customer service call to ask them about their experience, but also ask them whether or not they used your website at some point in their shopping journey. If they say "Yes" give the website attribution for the order. This enables you to improve the customer relationship while measuring the real ROI of your website investment.

Measuring Your Website's Shopping Benefit

100 Random, Offline Orders

Call the Buyers

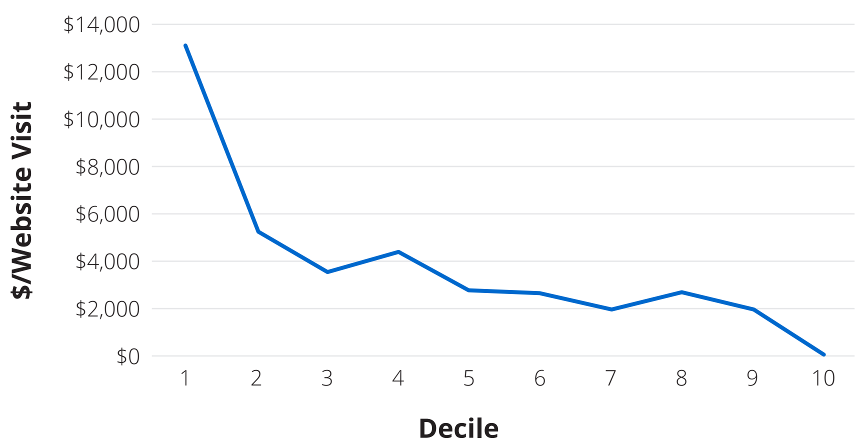
"Did you use our website when you were putting together this order?"

Track Results

Yes	**No**
Website gets credit	No credit to website

Another problem with using the shopping cart to measure ecommerce ROI in distribution is that extensive research has proven that customers that engage with you through multiple channels buy more. My company performed an in-depth analysis for an electrical distributor that was getting less than 1% of its revenues through its website. Nonetheless, we found that the correlation between customer website engagement and annual sales was a nearly-perfect 0.991.

Total Customer Purchases (All Channels) per Web Visit



"Website engagement" may include many value-added activities that don't result in a direct sale. Examples include, order expediting, tracking deliveries, contacting sales personnel, looking up technical specifications, paying invoices, getting product training, scheduling services and more.

A growing number of manufacturers are frustrated with distributors' lack of online success. Distributors share these frustrations. However, the root cause of this failure is often caused by distributors failing to understand that they are not accounting for website sales accurately: They are using shopping cart revenue as the numerator in the ROI model, and they are not accounting for the overall sales lift that comes from customer engagement with their websites.

This problem has plagued manufacturer/distributor goals and measurements around digital strategies for decades. It's time both parties understood that many business customers will never buy online. Instead, distributors must apply thoughtful and comprehensive analytics to understand the real revenues generated by their digital investments. Manufacturers need to be open to more holistic – and vastly more accurate – measurements than what happens to be sold through shopping carts.

Coordinate and Collaborate with Suppliers

In-Person Meetings and Events

Distributors can use their customer-facing personnel such as sales reps and customer service personnel as a major advantage over supplier partners in other channels. Unlike marketplaces, distributors rely on person-to-person interactions and this offers them an opportunity to connect their suppliers directly with customers.

- Bring supplier training to customers – virtually or in person
- Produce in-person events – like branch open houses
- Make joint sales calls – bring supplier reps to customers



Joint sales calls – distributor reps supported by personal from suppliers – represent a particularly powerful opportunity. Most manufacturers need to spend more time with end customers and often find it difficult to find distributors willing to schedule joint sales calls. Distributors who make the effort to bring manufacturer representatives with them to customers on a regular basis can reap big rewards: better technical knowledge, stronger relationships, happier customers, improved collaboration and more.

We also recommend that distributors conduct annual marketing planning exercises with key suppliers. Major manufacturers have an abundance of promotional data, they spend significant resources formulating sophisticated marketing plans and they set up programs designed to rewards customers and distributors who participate in their campaigns. Very often, distributors are unaware of these opportunities and don't incorporate them into their own plans.

Finally, distributors should bring in key suppliers for an annual marketing summit. At this event, the distributor presents its marketing plans for the next year and works with key suppliers to determine how they can collaborate and coordinate to maximize marketing success.

Don’t Abandon the Basics

Distributors sometimes lose sight of their core commission – how they add value in the supply chain. Why don’t consumers and businesses skip wholesalers and distributors and buy directly from manufacturers? After all, with the internet, every manufacturer could put its products online and fulfill orders, right?

No, for several reasons.

First, manufacturers don’t like small orders. Manufacturing plants are efficient when they produce and ship in large quantities – like in railroad cars or shipping containers. It’s cumbersome and expensive for manufacturing plants to stop the production line to make every unit different – a different color, a different size, with different configurations, etc. So, manufacturers tend to make lots of the same product at the same time and then switch the production line to make another version of the product.

Since distributors aggregate demand from many customers, they’re able to accept large shipments of products and build an assortment made up from the lines of many different manufacturers. That assortment makes it more efficient for customers to buy from a few distributors than trying to manage orders from hundreds of thousands of manufacturers. Also, distributors are very good at managing a lot of customers – even small ones. They’ve set up systems that allow them to pick, pack and ship small orders.

Over the years, businesses have learned that it’s expensive and cumbersome to making business purchases. It’s not just the money for the products – the real expense comes from hiring a purchasing staff and maintaining all of the purchase records in its systems, cutting all the checks and reconciling all of the invoices. These process costs greatly outweigh the costs of the products, so they’d rather consolidate their purchases to a small group of distributors than try to manage all of those purchases from individual manufacturers.

Distributors also provide an important financing function in the supply chain: Most of their customers buy on credit. In other words, customers order the products and either pick them up at the distributor’s location or have the distributor ship the products to them. But they don't pay for them when they order them. Unlike in retail, the majority of business buyers in many markets, including North America, get most of their orders on credit. The distributor fulfills the orders and then bills the customer. This is a lot more efficient and cheaper than paying for every order by check or credit card.

Distributors also provide extensive support before and after the sale. They may have technical experts to help customers choose the right products and use them the right way. They may offer training that helps customers be more efficient or safer with the products they buy. And if you bought the wrong product or it breaks during the warranty period, it's a lot faster to return it to the distributor down the street than to ship it hundreds of miles away to the manufacturer.

We can summarize the value distributors add to the supply chain between the manufacturer and the end customer this way.[1]

Assortment convenience: A wide assortment of products from many manufacturers so that customers can consolidate their purchases efficiently and effectively.

Fast fulfillment and delivery: By holding inventory, distributors can get products to customers quickly.

Bulk-breaking: Distributors allow manufacturers to produce efficiently in large quantities while allowing customers to buy small lot quantities effectively.

Demand generation: Distributors use websites, sales reps, email and other marketing tools to advertise the products of many manufacturers effectively to a large number of customers and prospects.

Customer service/technical support: When customers have questions, need service or advice, distributors have trained employees who can help them.

Credit and financing: Businesses like to buy on credit because it's more efficient and cheaper than using checks or credit cards. It also smooths cash flows for companies that need products for customers who will pay them later.

Every distributor should regularly evaluate how well they are perform-

[1]This list adapted from, Marketing Channel Strategy: An Omni-Channel Approach, 9th Edition by Robert W. Palmateir, Eugene Sivadas, Louis W. Stern, Adel I. El-Ansary.

ing this function vs. traditional and non-traditional competitors. For example, holding enough stock from a variety of manufacturers to achieve an acceptable level of "assortment convenience" is essential. But distributors who hold too much inventory can wind up with too much dead stock and not enough cash. It's essential that distributors have best-in-the-world inventory management expertise and technologies to ensure they can succeed in this area. And yet, too many distributors utilize outdated tools and don't train their inventory management personnel on state-of-the-art techniques and thus avoid the risk of dead stock by cutting inventories below what customers require.

Every item on this list is a basic requirement of a distributor. How often do you review a list like this and compare your capabilities and performance to your competitors? If you're not sure how you stack up, a great source for feedback is your manufacturers. They do business with many distributors and will likely give you insights on how you can improve if you ask them.

Supplier Resource Examples

Signify and ABB sponsored this paper to help distributors earn more business in the channel.

Under the name of Digital Partner Program, Signify offers their customers different digital marketing to increase the online sales of Signify products through distributor digital channels.

- **Product data syndication:** As ETIM Global Industry Member, Signify offers Bmecat files with ETIM classification as preferred syndication with their distributors. In this way, Signify ensures that all portfolio-related content available on their online catalogs is published on their distributor websites.
- **Ecommerce insights:** Tracking and improving the completeness of product content is vital to convert a visitor into a customer. Signify offers their distributors to use Sitelucent tool to scrap their products listed in distributor webshop and monitor their completeness and quality.
- **Buy Online Button:** A clickable call-to-action in the form of a button that kicks off the process of making a purchase from Signify online catalog to distributor webshop.
- **Marketing for ecommerce toolkits** that include marketing open file assets (brochures, banners, SEA, social media, etc.) that can be easily adapted by distributors marketing teams to run Signify campaigns but also build dedicated Signify Shop in Shops.

ABB has developed the Distributor Online Acceleration Program, a comprehensive initiative designed to facilitate online transformation and offer new opportunities for its distributors. This multi-step program provides a versatile toolbox of resources to enhance distributors' online presence, which can be tailor-made to the unique needs and characteristics of the distributor.

- **Data and Content Optimization:** A pivotal focus of the program is the optimization of digital data for products within the distributor's portfolio. Prioritizing this aspect as a key asset, ABB facilitates the provision of BMEcat files, streamlining publication processes on distributor webshops for increased speed and efficiency. Additionally, the program extends support for creating enriched content, encompassing consistent product descriptions, enhanced product pages, and keyword optimization. These efforts collectively enhance SEO, elevate brand credibility, foster customer trust and augment overall brand awareness.
- **Distributor Online Readiness Check:** Performing a thorough analysis enables a comprehensive understanding of a distributor's online presence and digital footprint. This process helps identify capabilities and pinpoint gaps that may hinder success in the online space. The program offers outcomes such as webshop optimizations, the development of shop-in-shops, or dedicated brand pages to address specific needs.
- **Digital Marketing Media Pack:** Dedicated digital marketing plans and packages are strategically designed to drive customer traffic towards the distributor's webshops. This proactive approach aims to create opportunities for online browsing, ecommerce transactions and leads for offline engagement, contributing to the distributor's overall success in the digital landscape.
- **ABB eFinder ("Buy Now" Button):** Enhancing visibility and leveraging omnichannel touchpoints, ABB eFinder is a flexible inventory locator system. The tool is specifically designed as an easy-to-use where-to-buy online search feature, which searches for electrification products and locates the distributors carrying that stock in a specific region. It enables distributors to act promptly when customers seek essential components for their projects. ABB eFinder enhances distributor visibility, ensuring a swift and efficient response to customer needs.

Next Steps for Distributors

This paper describes many attributes of best-in-class distributors. It's a daunting challenge for distributors to put in place all the capabilities described here and make them available to customers who increasingly demand more from their suppliers.

But those customer expectations aren't formed out of thin air. Customers purchase from a wider array of highly capable suppliers than ever, and those competitors are responsible for raising the bar for performance in the marketplace. If distributors want to grow their market share, they must compete successfully against marketplaces, retailers and pure digital distributors who only sell online.

This is a difficult task, but there are best-in-class distributors doing it every day. In our experience, we've found that these companies start with market research to define:

- Competitor performance
- Customer expectations
- Ongoing customer experience feedback
- Supplier expectations and capabilities

Carefully gathering and evaluating this data will enable the company's leadership team to prioritize the initiatives, in order, that will result in closing gaps and building differentiation. The keys are to start with research instead of hunches, be disciplined in your approach to managing initiatives and maintaining ongoing customer feedback measurements to understand know you're performing vs. competitors.

Distributors need to go on offense. They have significant advantages over competitors if they choose to use them, such as:

- Sales forces who are on customer locations every day
- Omnichannel capabilities that allow them to connect with customers online, in person, over the phone and in branches
- Extensive value-added services menus that can create strong attachments to customers
- Deep industry and product expertise
- Access to a wide variety of manufacturer resources

By making a deliberate decision to exploit their advantages and then following up with disciplined planning and execution, distributors can not only protect their share in distribution channels and relationships, but take share from competitors of all kinds.

About the Author

Ian Heller has more than 30 years of experience executing marketing and e-business strategy in the wholesale distribution industry. He has written and spoken extensively on the impact of digital disruption on distributors.

Ian entered the distribution industry as a truck unloader at a Grainger branch while in college. He eventually became Vice President of Marketing there and has since held senior executive roles at GE Capital, Corporate Express, Newark Electronics and HD Supply. Ian most recently served as President and COO for Modern Distribution Management, a specialized information and analytics firm serving the wholesale distribution industry.

Ian earned a BA in History from Roosevelt University and an MBA from the Kellogg School of Management at Northwestern University, where he was elected commencement speaker by his classmates and won the Dean's Distinguished Service Award.

DISTRIBUTION STRATEGY GROUP

About Distribution Strategy Group

Distribution Strategy Group's thought leadership, research and consulting services are provided by a team with decades of experience in the distribution industry. They have helped more than 70 distribution companies build a solid foundation to win in today's changing market.

Distribution Strategy Group offers strategic guidance for distributors in the face of disruption, including:

- Independent expert content
- Digital and ecommerce strategy
- Customer lifecycle management strategy
- Customer analytics

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