Customers Want a Better Experience. Enter: Unified Commerce

By Dean Mueller

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Distributors have placed their highest priority in the past few years on improving the customer experience (CX) across all channels. Our own research at Distribution Strategy Group of several thousand B2B end customers affirms this change over the next two years for shopping (researching, finding and selecting a product).

Given the changes that have occurred due to COVID, B2B distributors actively sought other ways to expand their customer touchpoints, including more reliance on digital channels, whose use were accelerated due to the pandemic.

But the reality is it isn't purely a shift to digital. Customers are using more channels than ever to shop and buy products. A recent McKinsey study indicates that B2B buyers now use 10 or more channels versus just five in 2016. The B2B customer journey is often complex and multi-dimensional. The first step is to understand how your customers interact with a distributor.

Chart 1: Expected Change in Shopping Methods to Find and Select Products Over the Next Two Years

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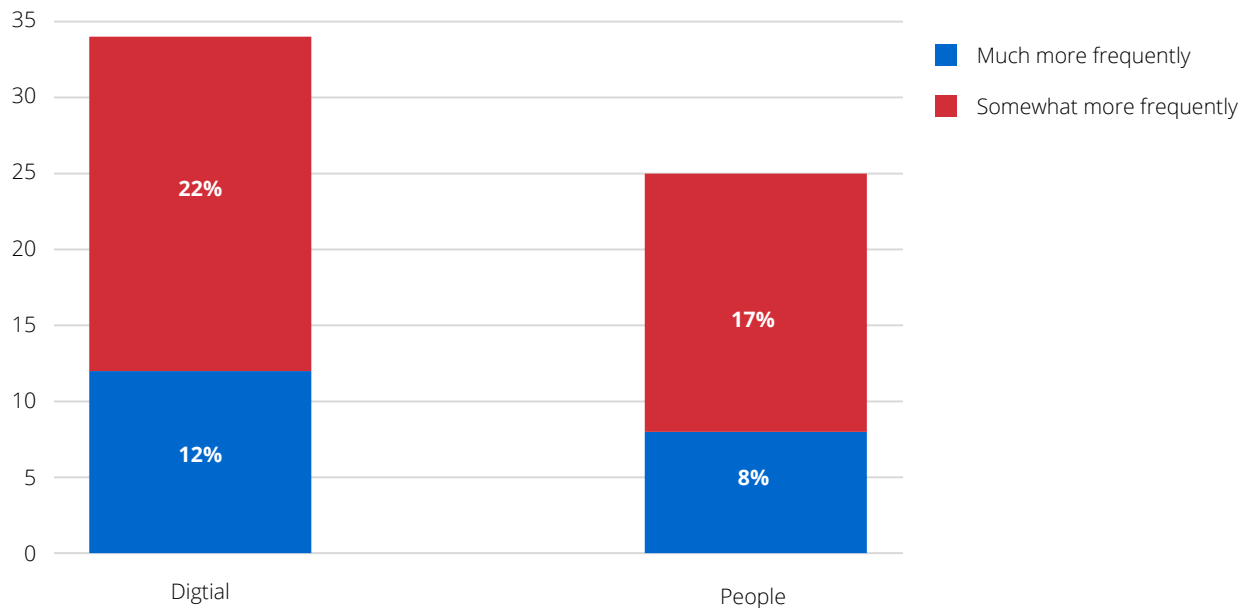
What does this mean for distributors?

B2B buyers expect a supplier to provide the same experience regardless of how and where they interact. That means that all information, pricing, product availability, etc. must be consistent regardless of if a customer calls a supplier by phone, visits a store/branch, or goes online. Furthermore, the information presented is real time, with current pricing and availability. To do this, distributors need unified commerce. Before we continue, let's dive into an explanation of unified commerce and omnichannel and how they are different.

What is unified commerce, and how is it different from multichannel and omnichannel?

The image below is a good depiction of how these differ.
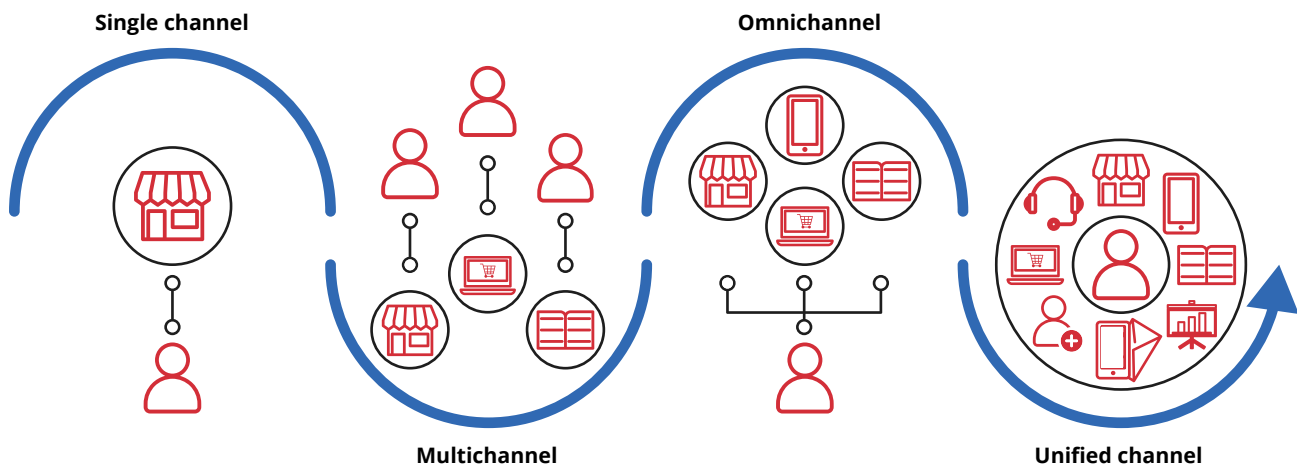
Single channel: Characterized by just one touchpoint where a customer would interact with a business. Even in marketplaces that operate online, a marketplace touches customers in multiple ways – LinkedIn, other social media, sometimes phone and online chat, as well as the ecommerce site.

Multichannel: A multichannel business operates across channels, including an online presence, print catalog or physical branch/store. Just as the image above infers, the touch is often siloed from the other methods. For example, pricing is often different, and inventory at a physical store is managed separately from other branches.

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Omnichannel: An omnichannel experience gets the customer closer to the desired place, where they can interact with all the available channels with a big caveat – each channel is often using different systems. These disparate systems make it difficult or impossible to have a real-time synchronization. The result is a customer may look online for a product, and see that it's available at the local branch. However, when going to the branch they may discover the product really isn't available because the inventory was synched just once a day; it was not updated in real time. Another example is adding a product to a cart at one price, then going to a branch to discover the price is higher. Those experiences cast a negative view on the distributor. Given the fast rise in customer expectations, not providing a desired interaction often causes a customer to seek other alternatives and defect.

Unified commerce: The next evolution of omnichannel is unified commerce and is the foundation for exceptional customer experiences. A unified commerce customer experience **starts** with the customer at the center. As discussed earlier, a customer journey has multiple touchpoints – each of them should tap into the same data and information source in real time. The resulting customer experience is seamless. As a customer, a great experience doesn't leave you thinking, "Gosh, unified commerce must have been used because this was a great experience." A negative experience, however, will be noted and can be a source of frustration and be costly for the buyer.

To help us understand unified commerce better we interviewed several B2B wholesale distributors that are running SAP as their ERP and OMS+ by DataXStream, which is an order management system that overlays on top of SAP. Unified commerce starts with a centralized "point of truth" for everything related to merchandising, order management and fulfillment, accounting, and reporting. This is the key foundation for unified commerce so that a real-time experience can be provided to customers.

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Let's look at a simple B2B use case: A contractor at a job site looks online at products needed for a project and orders them on the distributor's website. The contractor can go to the store/branch, hold up his phone or tell the counter representative, "This is my order I just placed on the website." The counter representative will be able to quickly bring the transaction up to interact with it, such as making changes, collecting payment and looking at status. Unified commerce makes that seamless and quick, both for the customer and the distributor because the system is using one centralized point of truth. It is integrated with external systems, but what's powerful is that the ERP (SAP in our example) drives the single point of truth; the ecommerce system is tied to that for real-time data exchange. The order management system, OMS+, in the store/branch is also real time, allowing the counter representative to immediately view the order.

Contrast that to a very real situation many distributors face today in an omnichannel approach. A customer may start out by ordering products on a website. However, that cart may not be synchronized in real time. The result is our contractor calls or goes into a branch and the counter rep can't find a record of what was purchased online. This situation is frustrating for the contractor as he now needs to take another step to identify those products to the customer service representative so they may help as needed.

Unified commerce provides the foundation of technology and processes to deliver an exceptional customer experience. An exceptional customer experience results in greater loyalty and greater profits for distributors.

Start with a strategy for a digital world

Our past research has shown that B2B buyers most often start online when selecting products and/or solutions. **Creating a strategy for a digital world is essential** versus creating a digital strategy for your business. This goes far beyond semantics. When you put a customer at the center of your strategy and understand their journey, you'll see multiple touchpoints, several of which are digital. A strategy to win in a digital world recognizes how these touchpoints need to work harmoniously together.

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Benefits of unified commerce

The key benefit of unified commerce is a customer experience. It's a win-win that results in financial and operational benefits for the distributor, as well.

Many of the core benefits of unified commerce come from user-assisted transactions, such as in a store/branch, in-person with a sales rep, or on the phone with a distributor representative.

User-assisted touchpoints

Does the following scenario sound familiar? A customer comes into a branch and wants a quote or to make a transaction. First, the customer must wait several minutes for the people in front to be helped. When the customer gets to the counter, the counter rep must spend significant time preparing the quote. Often, this means the customer provides the counter rep with the key information and must return later in the day for the completed quote. The counter rep must navigate through a multitude of screens to get the desired information and determine where the product is located – this step often requires calls to other branches. This may also include logging into a different system to get the customer-specific pricing. Throughout this internal quote process, counter reps can't help other customers.

A distributor summed up the above interaction with the following:

> "Customers would walk in and feel like they were being ignored, because our associates were so deep into the middle of creating a complex quote or order. The associate wouldn't want to look up and interface with the customer and just wanted to finish the quote before moving on to a customer standing in front of them. From our customers' lens, we were just ignoring them."

If you're the customer left waiting, you may check out another competitor. If they can fulfill your needs more quickly that day, you may not even return to the original distributor.

With unified commerce, the order management part has the pertinent information in an easy-to-use interface, so the typical quote/transaction process is completed quickly and efficiently for the customer. The **payoff is an increased quote-to-order ratio** for the distributor and a good experience for the customer that

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also improves efficiency because the quote process is handled quickly. As one distributor commented:

> *"It's really about our ability to respond to customers quickly and efficiently."*

While this example was about an in-person experience, it's easy to translate to a call with a customer service representative.

Reduction in employee training time increases time to serve customers

Every distributor we talked with brought up one of the most important benefits of using unified commerce: **reducing the training time for employees.** One distributor in the building products space talked about what is required to get an employee to where they are productive. This distributor said they went *"conservatively from three months to three days"* by implementing OMS+ by DataXStream. He further articulated that before OMS+, they were trying to hire people that were more computer savvy – those that knew more about computers and technology than they did being in the building products industry. Those employees took much longer to get up to speed in the industry and were not providing customers with the problem-solving, solutions-oriented experience they needed or expected.

In the past, this building products distributor did not have complete transparency to all the customer data available, so it took employees much longer to get up to speed to know the customers and their needs.

Another distributor commented that among the top three issues for reps leaving their company was the complexity and time it took to serve a customer. Once unified commerce was implemented, employees no longer raised that as an issue. They could spend more time on selling and being consultative. Most employees want to satisfy customers with a great customer experience. Providing employees with the technology and processes to do this well can result in greater employee satisfaction. Unified commerce provided this distributor the ability to improve their top line, but also slow down their employee turnover rate. Given the challenges businesses face now to recruit and retain quality employees, this alone can be a significant benefit.
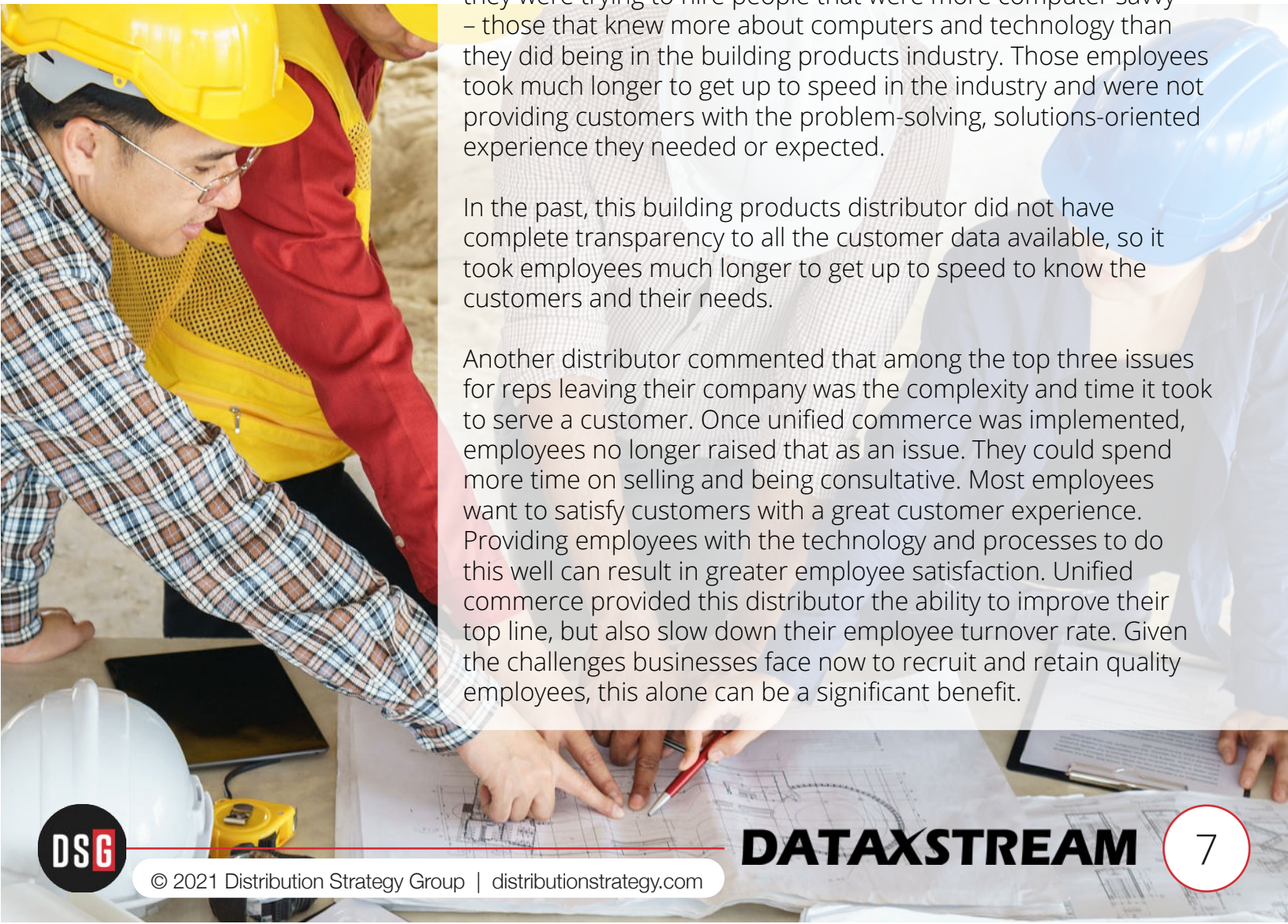
Yet another distributor discussed being able to improve customer responsiveness and reduce the number of employees needed.

"... Customers can get answers quickly from the people on the phone. Before we would take a query, write it down, get back to the customer by email or phone. Now they can answer those customer questions straight away."

Business process improvements

Another benefit of implementing unified commerce was that it forced distributors to look at their business processes and rework them to improve the overall efficiency. As an example, one distributor had a lot of dead inventory, and they were able to work through why that was happening. As a customer-oriented business, the customer would come in and buy a pack of 100 pink shingles when they really only needed 20 – they knew they could just return the unused shingles. The distributor ended up with an open pack of 80 pink shingles that would fall to the dead-inventory category. The distributor made a process change so they were clear about what product was stocked and what was non-stock. In the pink shingle case, that was a non-stock item and as such was a special order, meaning the customer had to purchase a minimum quantity. The result was better inventory management and 15%-20% reduced inventory levels. Better yet, they eliminated 90% of the dead inventory.

Better view of master data

Implementing OMS+ also provided a better and transparent view of the key master data across the organization. One distributor said they were able to implement a better minimum/maximum stock level. Rather than a siloed view to one location, the distributor can see inventory across all stocking locations, which allows them to be more efficient with their supply chain planning. The distributor further benefited from better volume pricing as they were able to purchase on a consolidated basis versus one location at a time.

The better master data view also provides for a faster way to scale to better serve existing and new customers. The building products distributor can scale physical stores faster and be productive within 30 days. Having a unified commerce implementation also provides the ability to scale across channels faster with accurate and real-time data. The result for customers is getting what they

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need faster. Because employees are now able to focus their time on customer needs versus a multitude of computer screens, customers enjoy a better experience.

Without doubt, unified commerce drives operational efficiency. Perhaps an unexpected benefit of unified commerce is a significant reduction in order-entry mistakes, especially on complex transactions. One distributor noted:

> *"We rarely get input errors in the system now. Before (unified commerce) we were getting quantity problems, product problems, all sorts of different things because people didn't understand relationships between sales codes and stock codes, etc. Well, that's all gone now."*

Unified commerce also helps in-person sales reps serve their customers better. One distributor described the process an in-person sales rep would typically take before their unified commerce implementation:

> *"The in-person rep would take the information requested down from the customer, left the customer, called up the internal sales team to then give them a quote for the order. The process was a day or two long. Now a sales rep can take their iPad or laptop, put it in front of a customer and get the information and quotes immediately. Once the customer is happy with the price, click go and you're done."*

Two days of an inefficient process vanished, benefiting the distributor and customer.

Key Capabilities Available in Unified Commerce

This report has provided several examples of how unified commerce has helped distributors provide a better customer experience due to operational efficiencies and increased time to serve customers. These are the capabilities that have enabled this service improvement:

- **Customer-specific pricing** – Regardless of channel, a customer must have access to correct and up-to-date pricing specific to their account.
- **Advanced material and comprehensive inventory search capabilities** – Full transparency into product availability across all locations is essential to serve customers.

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- **Configurable materials** – In some instances, a product can be built or configured with specific attributes and/or calibrations. The ordering system should be flexible enough to handle those situations and make it quick for a rep to quote and order.
- **BOMs and kitting** – B2B customers with complex orders need the capabilities of having a complete Bill of Material and kitting. One example this author has experienced with kitting involved providing pallets of product labeled "NE corner, 3rd floor" to facilitate placement and speed up product installation in commercial building construction.
- Other capabilities include, but are not limited to
  - Cross-selling and upselling
  - Integrated procurement capabilities
  - Advanced quoting and bidding
  - Master contract and subcontract management
  - Service management
  - Advanced returns management
  - Order splitting
  - Advanced payment features

Some of those capabilities are better suited to user-assisted transactions versus a pure digital experience. However, a unified commerce architecture provides the foundational data.

The bottom line

Unified commerce can bring a distributor three key values:

1. **Relatively low TCO** (total cost of ownership) when considering all operational benefits. Above we provided an inventory control example that can have a significant impact on the overall TCO. Increased customer loyalty resulting from all the factors discussed also has a big impact.
2. **Increased sales and margins**. Salespeople can spend more time consultative selling, along with cross-sell and upsell opportunities. Those are just a few drivers of increased sales.
3. **Increased business process agility.** Increased agility was evident in our discussions with distributors that have implemented unified commerce, whether it is speeding up the time to open a productive store/branch, or providing channels for customers to interact with the organization.

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COVID is the perfect example of where companies had to pivot overnight to change how they went about selling and servicing customers. That agility applies to distributors that want to quickly and effectively adapt to new markets, or address changes in current markets.

In the center of all of this is the customer. But changing and increasing customer expectations are challenging distributors' traditional approach to the market. Technology such as unified commerce can make a significant positive impact on a customer's experience. Distributors that embrace these capabilities will be well positioned to deliver an improved customer experience. As a result, they'll gain key efficiencies, improved customer loyalty and enhanced profits.

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DataXstream has been in the SAP business for 25 years with operations in North and South America and EMEA. An SAP Gold Partner, Endorsed App Partner and 2020 Pinnacle Award winner, DataXstream produces SAP-certified solutions with the mission of helping our customers be more successful. DataXstream builds solutions leveraging its extensive experience with SAP ERP and incorporates emerging technologies like SAP BTP - Business Technology and SAP DI - Data Intelligence machine learning to create a competitive advantage for our customers. We achieve measurable, tangible results from our products and dedicated team, and we create great customer outcomes.

Learn more at: https://www.dataxstream.com/

OMS+ crosschannel order management can be found on the SAP Store: https://store.sap.com/dcp/en/product/display-0000006561_live_v1

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About Distribution Strategy Group

Distribution Strategy Group's thought leadership, research and consulting services are led by a team with decades of experience as senior operators in the distribution industry. They have since worked with more than 70 distribution companies to 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:

- Digital and ecommerce strategy
- Customer lifecycle management strategy
- Customer analytics
- Sales channel strategy

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