DISTRIBUTION STRATEGY GROUP

True Omnichannel

Distributors That Do It Right

By Ian Heller and Jonathan Bein, Ph.D.

Featuring case studies on:

- Radwell
- Watsco
- Sonepar
- Motion Industries

B2B attitudes towards shopping and buying have shifted. Most B2B buyers aren't satisfied with conducting all of their business through a sales rep or relying solely on ecommerce to get things done. Instead, they want the flexibility to flow through different channels as they shop, research, negotiate, purchase and pay for their products.

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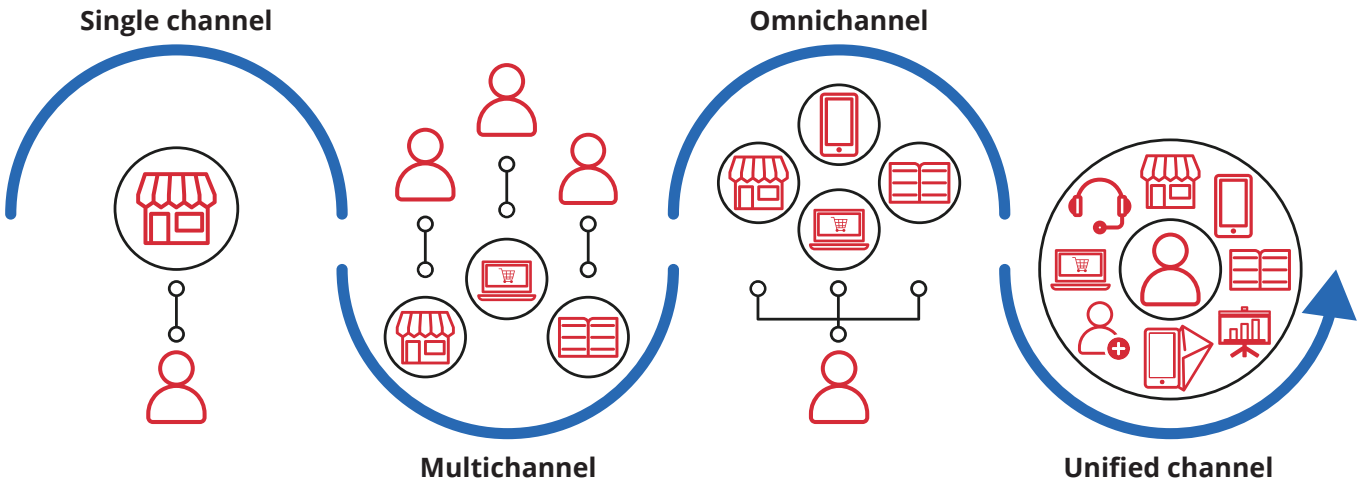
One McKinsey study showed that B2B buyers use 10 channels now vs. just five in 2016, and 94% of B2B users say new omnichannel methods are as effective or more effective than pre-COVID. The tides are shifting, and customers don't want to return to the way things were.

More than ever, providing an omnichannel experience is key to distributor success.

What is omnichannel? The omnichannel experience is marketing, selling, buying and serving customers on all channels to create an integrated and cohesive customer experience no matter how or where a customer reaches out. This experience should be the same for customers regardless of the platform or method they choose to use.



No two customers will want or need the same buying experience. Customers interact with distributors in several ways, including online (ecommerce, email), in person (in-store, at customer's location) and remotely (video, chat and phone). Because buyers regularly adjust their shopping preferences as needs change, providing a consistent experience across several channels is vital.

Distributors who place omnichannel capabilities at the forefront of their business will not only make shopping easier for their customers but will also:

- Increase traffic and revenue
- Improve customer experience, customer satisfaction and loyalty
- Have a robust, holistic view of each customer

Providing an omnichannel experience is not only profitable – it's essential. In this report, we will look at several distributors who have taken the leap into omnichannel operations, explore the technology they adopted to support that and what you can learn from their success.

Radwell sells machinery and equipment to MRO, HVAC, electronic, hydraulic, industrial automation, hydraulic and motion industries. The company has robust digital capabilities, including EDI, ecommerce, e-procurement and punch out. It also offers various value-added services integrated with its digital presence.

One feature, in particular, is changing the way customers interact with support professionals. Radwell has introduced video connectivity for technicians to connect with remote experts to troubleshoot problems. Similar to telehealth, customers can use the video platform of their choice (Zoom, Teams, etc.) to show Radwell's support experts what they are having trouble with in real-time. The expert can then walk the customer through repairs or suggest next steps.

A live, video-based support structure is efficient, fast and easy to schedule and benefits both sides. Radwell avoids sending out a technician, and the customer can troubleshoot and correct their problem instead of waiting for help to arrive. The customer initiates this interaction via live web chat, then requests to speak to an expert over video if they need additional support. This support may also result in the customer ordering additional parts.

Source: Radwell

Technology

In addition to the video-chat option, Radwell has taken steps toward omnichannel capabilities by offering customers robust payment and invoicing options, value-added services and online shopping. To successfully implement these features, Radwell has invested in technologies such as:

- CRM
- Video-chat capabilities
- Punchout
- eCommerce platform
- Electronic Data Interchange (EDI) systems

Takeaways

Although live video chat is not an expectation or requirement, Radwell has gone above and beyond to support its buyers and provide the best customer experience. Digital value-added services and omnichannel capabilities help the company improve customer satisfaction while cutting costs and boosting long-term profits.

Watsco is an HVAC distributor that generates $6 billion in revenues per year across 671 locations. The company's goal is to transform the HVAC industry. They want to make it easier for customers to do business with them and plan to make Watsco more efficient and profitable while improving speed to market. They also want to help their customers grow more quickly.

On its website, Watsco compares traditional and digital ways of delivering value. One example points out that a customer can either waste time on the phone, or place an order online and get their pickup done in minutes, versus hours. One of Watsco's goals is to improve customer self-sufficiency, so sales teams have the time to be more productive and proactive.

The company has also introduced mobile apps for HVAC customers to provide technical assistance and purchasing options from any location or device.

Technology

Watsco has spent considerable time and resources developing and supporting its ecommerce and self-service capabilities. Core capabilities include:

- Robust ecommerce platform
- Product Information Management system
- Mobile apps for HVAC technicians and customers
- Digital warranty processing
- Selling and financing platforms
- Data synchronization
- Remote, 24/7 technical assistance
- Omnichannel service – place an order online and pick it up in person

Takeaways

Customer self-sufficiency not only streamlines Watsco's internal processes but also helps their technician customers be more effective. Faster service means technicians can get products faster, receive answers to technical questions more quickly and complete more jobs in a day. Watsco's ability to help customers be more profitable improves customer loyalty and reduces attrition rates. By encouraging customers to take advantage of online shopping options, Watsco has experienced 70% less attrition for ecommerce buyers versus traditional customers.

Watsco's dedication to simplifying shopping for its customers has resulted in significant returns. At the end of 2021, Watsco reported $2 billion in annualized ecommerce revenue for the year, an 18% increase in ecommerce transactions and 17% higher ecommerce line items per order versus traditional orders. The company's digital capabilities improve the customer experience by enabling buyers to shop more efficiently and improve their own operations. Omnichannel is a win-win for both Watsco and its buyers.

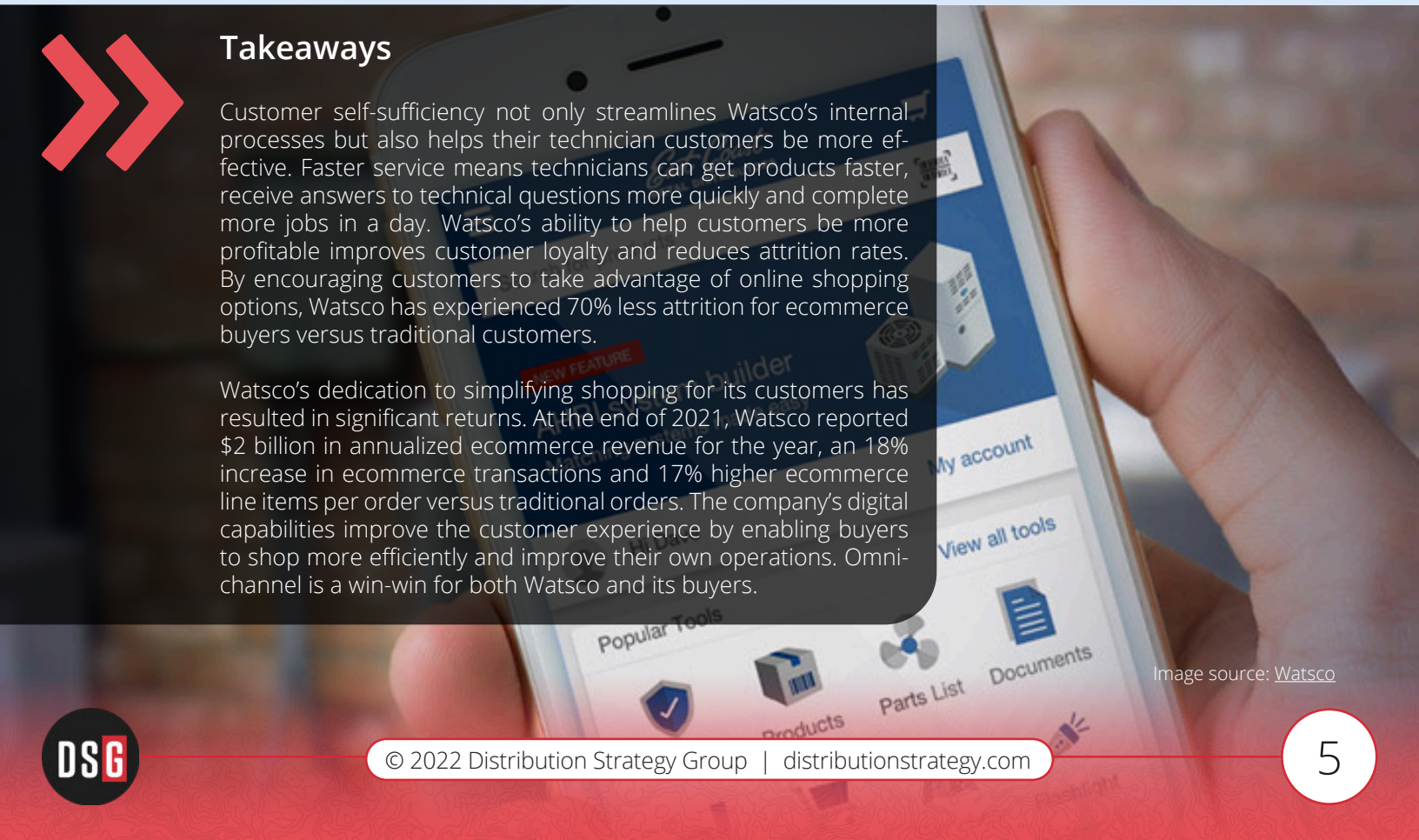


Image source: Watsco

Sonepar is a global distributor of electrical, industrial and safety products, services and solutions. The company generates roughly $28 billion in sales and has 45,000 associates across 2,800 branches. Although integrating such a vast network requires a significant undertaking, Sonepar is dedicated to bringing an omnichannel experience to its customers.

Recently, Sonepar announced its "Spark" initiative to "offer a fully digital and synchronized experience to all its customers." This synchronization incorporates all channels and touchpoints from real-time logistics insights and delivery management to personalized search experiences, self-service invoices and claim management.

Sonepar also announced that it is partnering with ecommerce software company Mirakl to develop the first electrical equipment distribution marketplace in France for professionals. In the announcement, Sonepar confirmed that this new channel would be a step forward toward realizing its omnichannel ambitions.

Technology

All of Sonepar's channels, branches and systems must continually talk to each other. Inventory, product information and customer data must be synced in real-time and instantly accessible from any part of the company. To achieve this, Sonepar has invested in several initiatives and technologies over the past few years, including:

- eCommerce optimization and integration
- Internal process digitalization, including supply chain, warehouse and inventory management
- Marketplace
- Improved data quality and integrity
- Customer Relationship Management (CRM)
- Stronger cybersecurity
- Corporate data lakes

Takeaways

Synchronicity improves every step of the customer journey. For example, real-time information availability and delivery address management ensure the right products are delivered at the right time and to the correct location. Additionally, integrating customer intelligence (shopping history, browsing behavior, job function) into the search experience enables customers to find what they need more quickly when shopping on your website.

CRM solutions, cloud connectivity and data reconciliation are required for a genuine omnichannel experience. Sonepar's omnichannel initiatives will improve the customer experience while enabling the company to be more effective, connected and consistent.

Image source: Sonepar

Motion Industries is an industrial distributor. They operate repair facilities, distribution centers and traditional branches across North America.

Motion Industries has developed "MotionAI." With the help of artificial intelligence, Motion Industries's solution allows end-users to control and monitor machines across their facilities from anywhere. Software updates, troubleshooting and maintenance can be done remotely through ethernet applications, and customers can maintain the entire control system from within a plant.

What is interesting about Motion Industries's technology is the phrasing, "Our industrial software solutions." Motion Industries does not just offer third-party software solutions to its customers – it has developed its own interconnected tech stack.

Although people often associate omnichannel capabilities with sales and marketing, Motion Industries has gone a step farther by connecting manufacturing processes, floor operations and maintenance. Customers are leveraging the Internet of Things (IoT) in their operations to be more productive. They enjoy an omnichannel experience at every step of their journey – from marketing and sales to internal operations.

Image source: Motion Industries

Technology

To achieve this experience across all channels and functions, Motion Industries has invested in:

- Robust software solutions
- Data synchronicity
- Applications for remote connectivity
- Internet of Things (IoT)
- Industrial Ethernet
- Artificial Intelligence

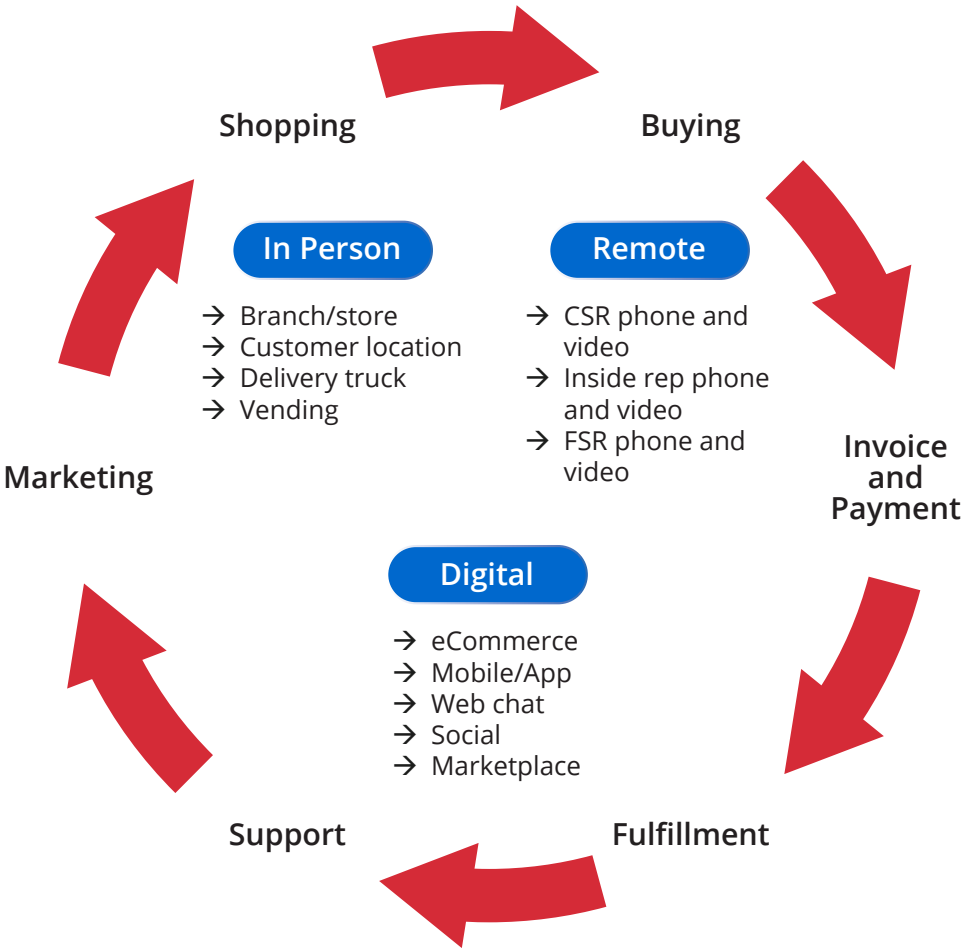
Takeaways

With the help of wireless connectivity, industrial computing, remote access and AI, Motion Industries enables customers to operate more efficiently. Providing an omnichannel experience across the sales journey and internal operations improves the customer experience and promotes long-term retention and customer satisfaction.

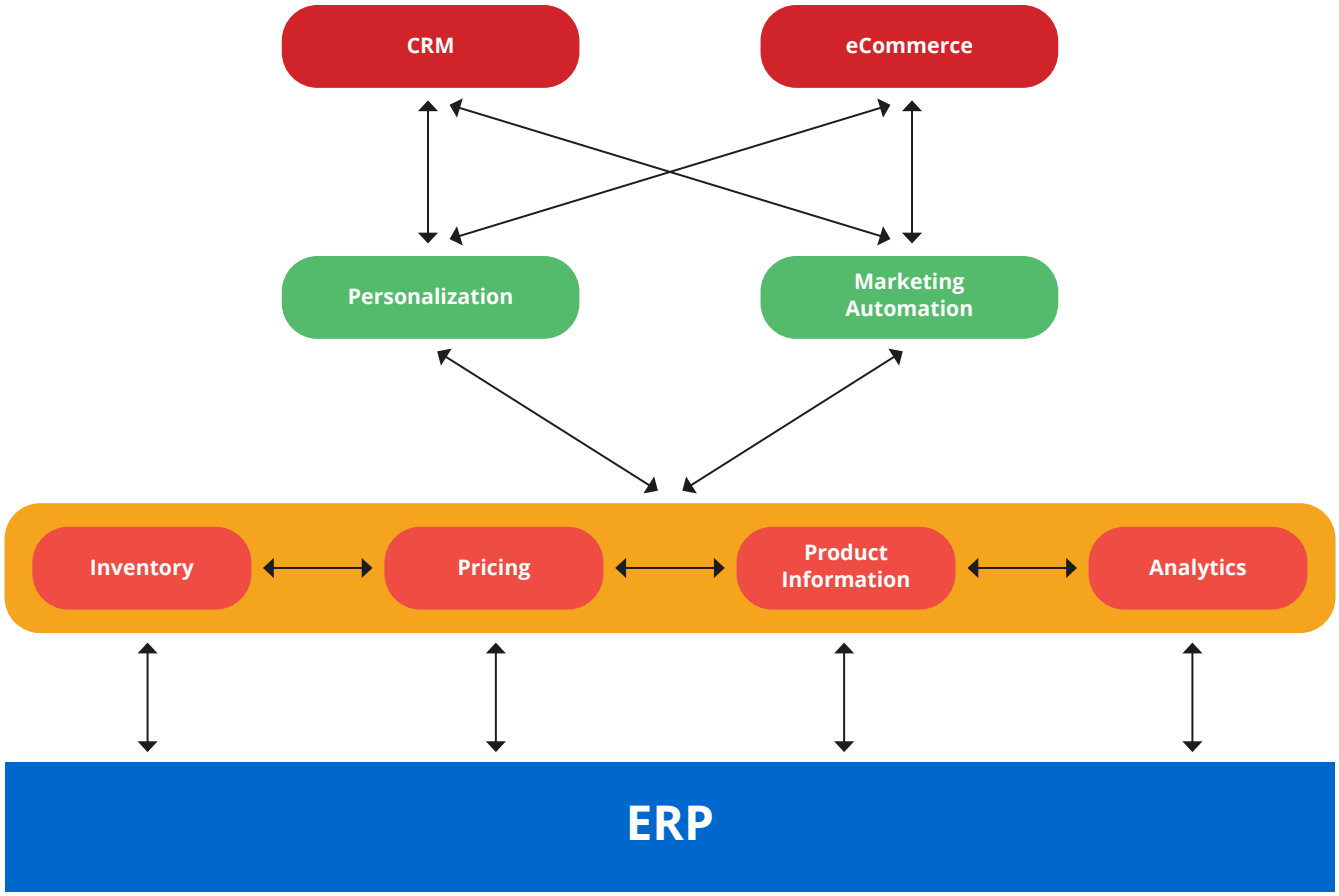
3 Steps to Incorporate Omnichannel into Your Business

Omnichannel is a journey. Many of the companies mentioned in this report are not at the end of the journey; they are in transition. Even if you start small, it is essential to begin laying the building blocks now to provide customers with the seamless experience they want.

The three main categories of customer touchpoints are digital, remote and in-person, each of which include several touchpoints, as shown in the graphic. Most of these touchpoints interact with several parts of the customer journey of marketing, shopping, buying, invoice and payment, fulfillment and support.



The most significant gaps today are between online and offline (digital and in-person). This shows up when, for example, online shows a different inventory status than in the branch. Or when the pricing that a customer service rep has is different than online.



Phase 1: Connect shopping and buying across ecommerce, remote, branch and store locations.
The key first step is to connect ecommerce (online) with remote (offline) and branch (offline). Connecting other touchpoints can wait until this has been accomplished. Ensure your inventory, pricing and product data are enriched and consistent across ecommerce, branch/store and remote. A CRM is a key part of this integration for all customer-facing personnel. This will enable them to see in-depth customer insights from every channel to be more proactive and consultative. Beyond the ecommerce shopping cart, provide touchless ordering options such as EDI, punchout and email order automation.

Phase 2: Integrate marketing, invoicing and payment.
Connect inbound and outbound marketing automation tools to your CRM and ecommerce. This provides customer-facing personnel with an understanding of what marketing the customer is receiving, and customers see consistent (and practical) messages and offers every time they connect with your brand. Investing in personalization will also make upsell and cross-sell initiatives more effective.

Finally, cut costs and help customers save time by providing automated invoicing and payment options. A greater level of connectivity will enhance your analytics, so managers and C-Suite executives can make big-picture decisions with confidence.

Phase 3: Integrate shopping and buying for other touchpoints.

Omnichannel efforts never rest. Connect information to and from other touchpoints and channels such as vending machines, web chat and marketplaces. After this, monitor your omnichannel performance to ensure everything is working smoothly. Integration should be consistent across digital, remote and in-person touchpoints.

DISTRIBUTION STRATEGY GROUP

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
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- Customer analytics
- Sales channel strategy

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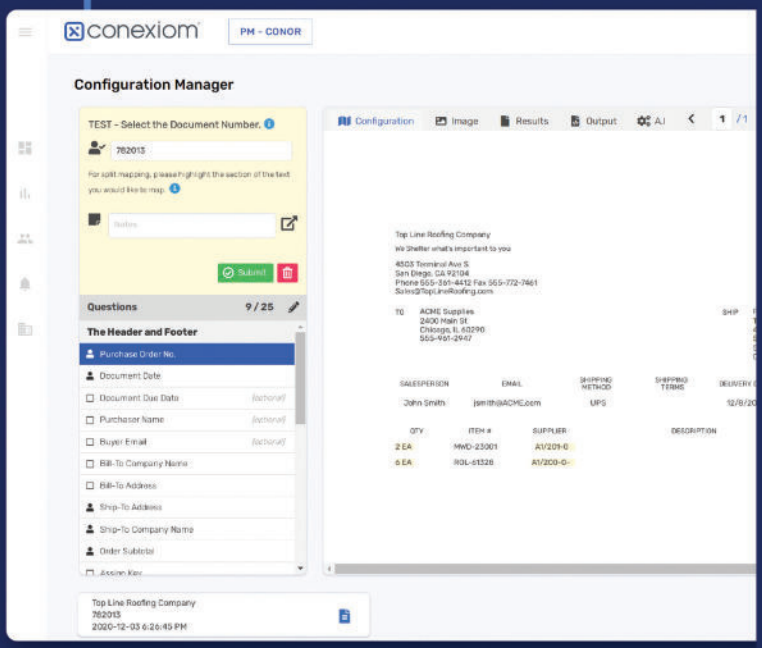

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