



The State of Distributor Sales in 2024:
**Navigating Challenges and Opportunities
in a Digital-First World**

By Ian Heller and Brian Hopkins

**DISTRIBUTION
STRATEGY GROUP**

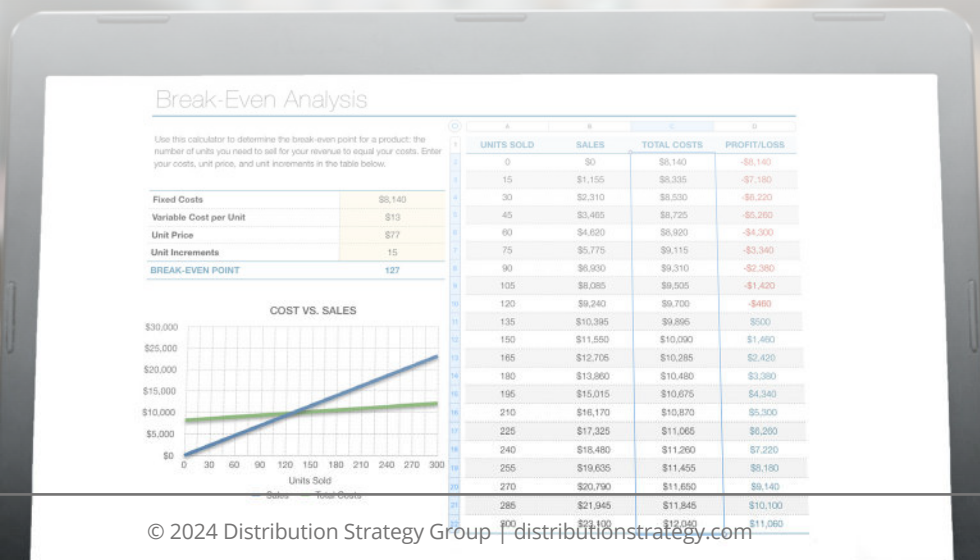
The distribution industry is undergoing a transformation driven by technological advancements, evolving customer expectations and complex economic conditions. Distributors are adopting innovative sales strategies, embracing digital channels, and leveraging data analytics and automation to stay competitive.

This report provides an overview of trends, challenges and emerging opportunities to improve sales force effectiveness in distribution. Drawing on our proprietary research, expert opinions and market data, we explore how distributors are adapting to meet the demands of the modern B2B buyer.

Key findings include:

- We see a notable shift toward data-driven sales strategies.
- Distributors are increasingly relying on advanced analytics to guide decision-making and improve customer retention.
- Market data shows an increasing use of artificial intelligence (AI) to streamline sales, enhance personalization and drive efficiency.
- The rising importance of ecommerce and omnichannel capabilities to deliver personalized customer experiences at every touchpoint continues.
- Distributors still experience significant challenges in implementing digital strategies, including skill gaps, internal resistance to change and the need for continuous sales training.

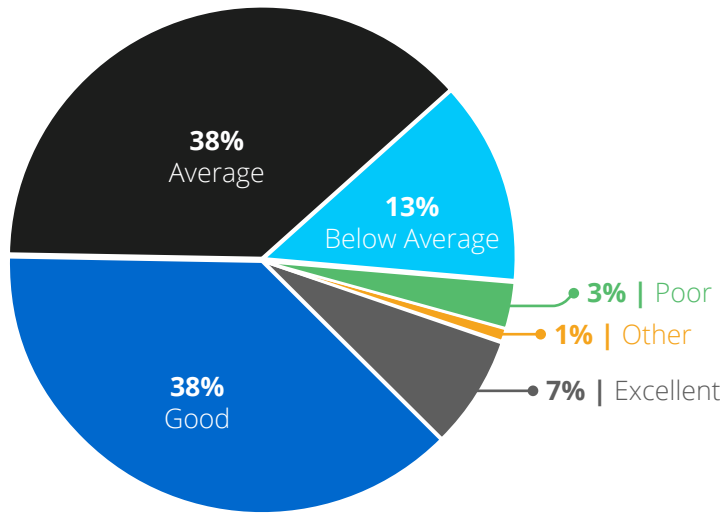
Distributors must find the right balance between traditional sales approaches and innovative digital strategies to drive growth, optimize customer engagement and maintain competitiveness in a digital-first world.



Sales Effectiveness

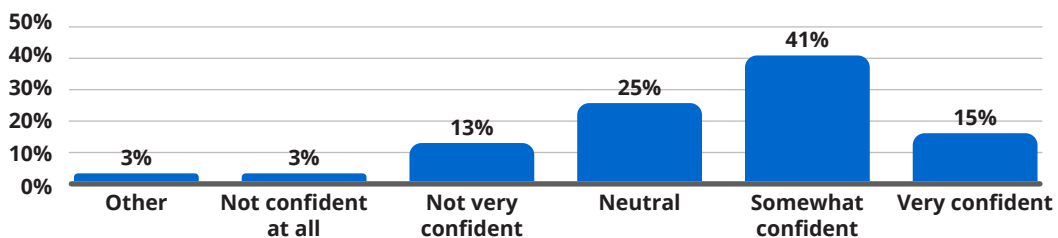
In our recent survey of distributors, more than half reported their teams were only “Average,” “Below Average” or “Poor” when it came to their ability to achieve sales goals:

Sales Team’s Performance in Achieving Sales Goals



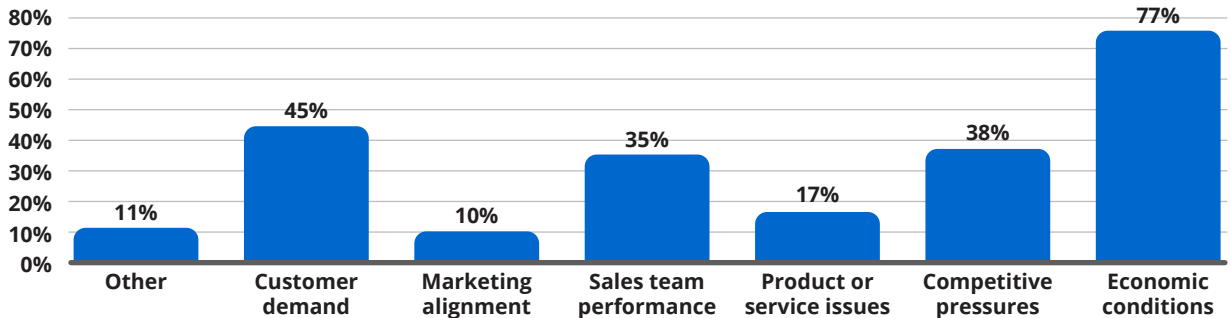
When we asked respondents about how confident they were that their sales teams would meet their goals this year, the overall sentiment was cautious optimism:

Confidence in Sales Team Meeting Year-End Targets



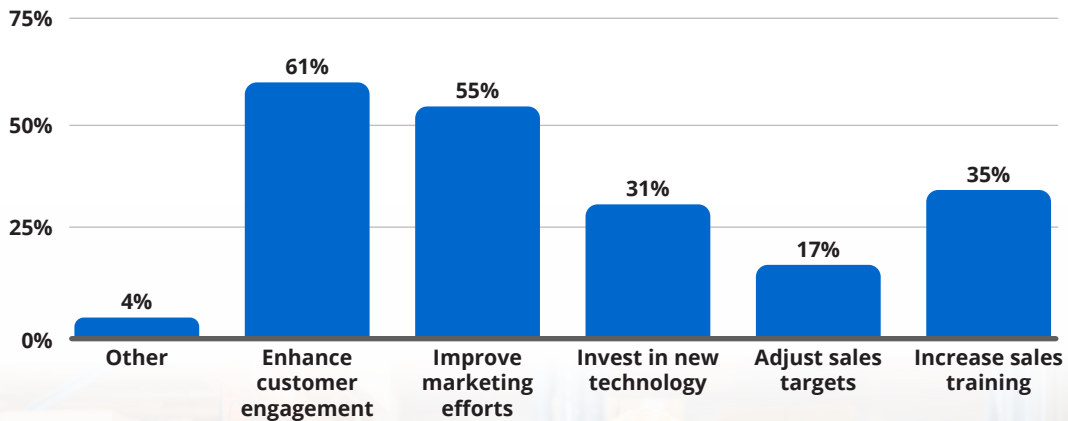
When we asked what factors were driving gaps in achieving sales performance, by far the most common response was the economy.

Primary Reasons for Gaps in Achieving Sales Targets



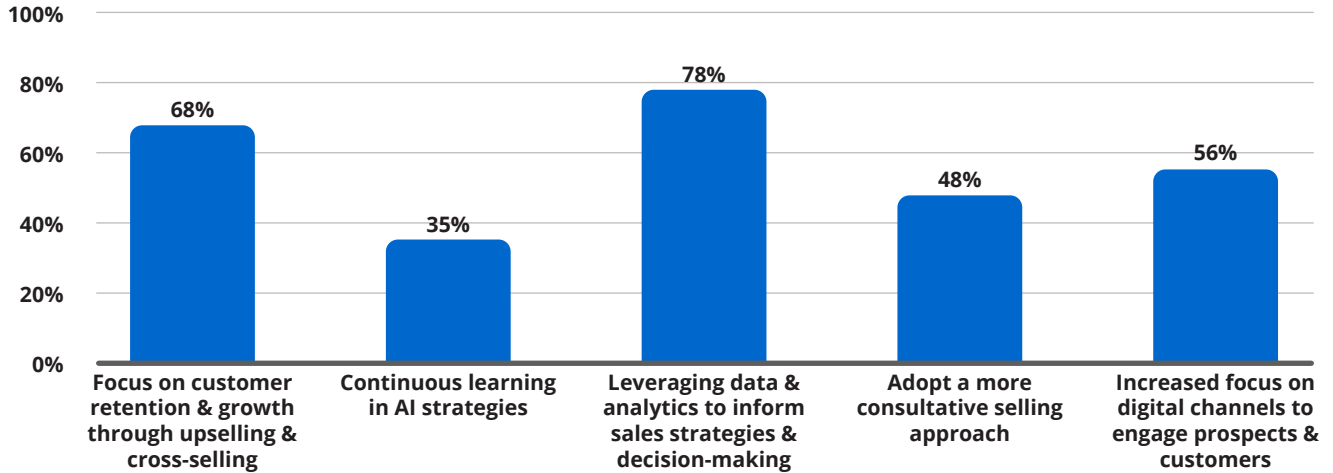
To counteract these anticipated shortfalls, distributors plan to double down on customer engagement and improve marketing efforts. They also plan to increase sales training and invest in new technologies.

Planned Changes to Improve Sales Performance in the Second Half of the Year



Distributors also plan to change their sales strategies to become more data driven, focus on customer retention and increase their focus on digital channels.

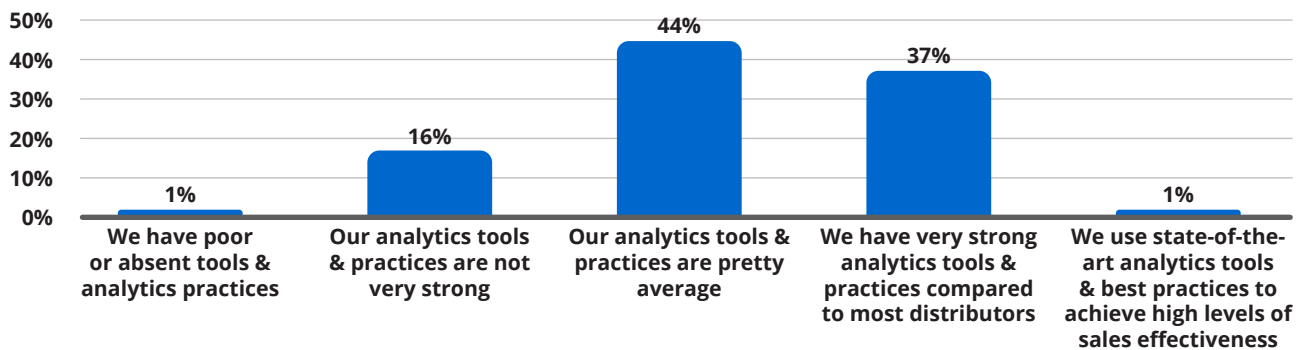
Expectations for Personal Sales Strategy Evolution Over the Next 12-18 Months



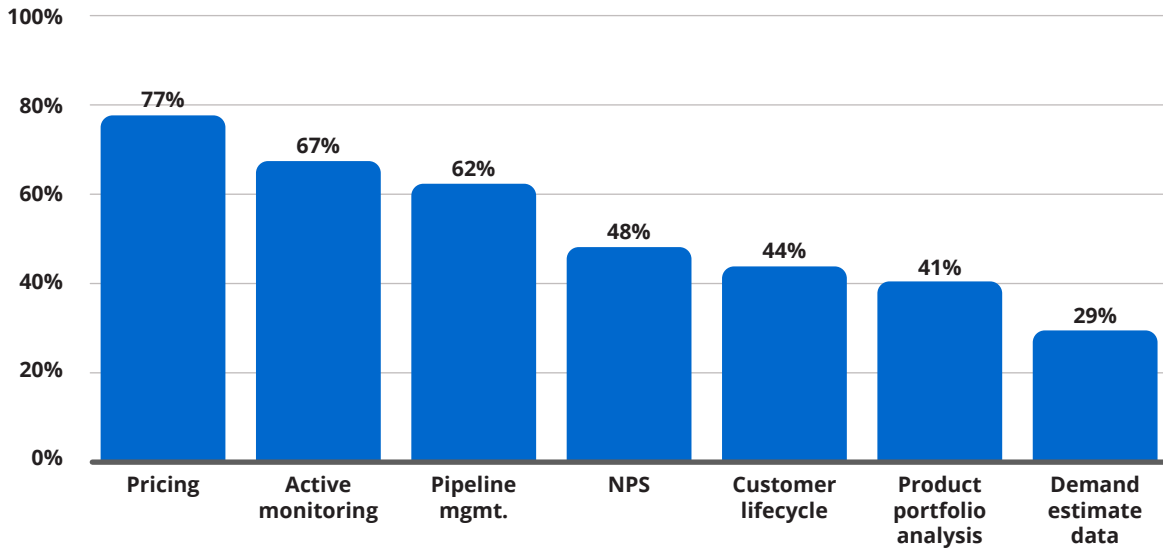
Data-Driven Sales

Given survey respondents' focus on leveraging data and analytics, we asked them to rate their effectiveness in using these tools to drive sales and to tell us about their current data capabilities. Overall, distributors tend to rate their use of analytics tools as average, with more characterizing their capabilities as "very strong" than "not very strong."

Effectiveness Using Analytics Tools and Techniques to Drive Sales



Current Data Capabilities



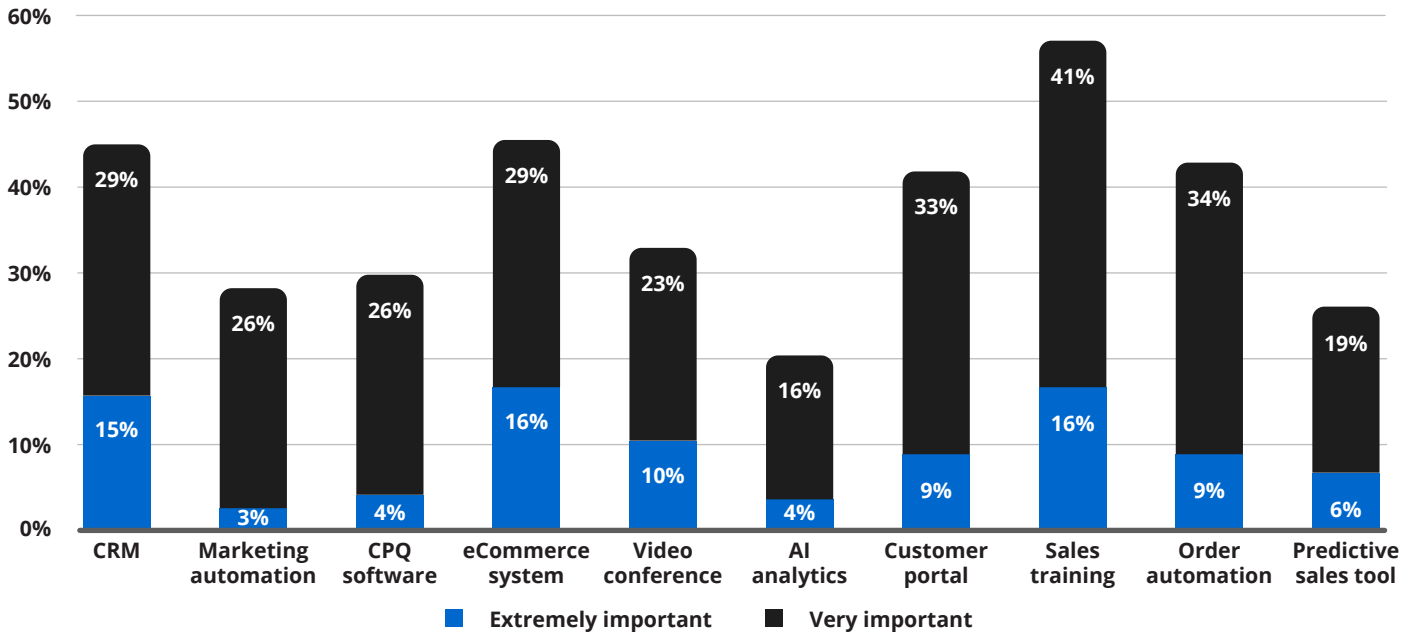
Distributors are using pricing, activity monitoring and pipeline management most. We weren't surprised to see pricing, but activity monitoring and pipeline management imply the use of a CRM; this is a change. We believe CRM has reached the tipping point in distribution. In our view, distributors who leverage CRMs will outperform those who resist. Clearly the use of Net Promoter Score (NPS) systems (nearly half of respondents) is growing with a focus on managing customer lifecycle not far behind.

While product portfolio analysis can be seen as a strategic initiative that falls outside the scope of most sales leaders, the same cannot be said for leveraging demand estimate data, which provides insights into account potential by geography and category. We believe this analytical tool is growing in use and distributors that develop and act on this data will achieve higher levels of sales productivity by expanding wallet share and cultivating new customers.

Use of Technology and Training in Sales

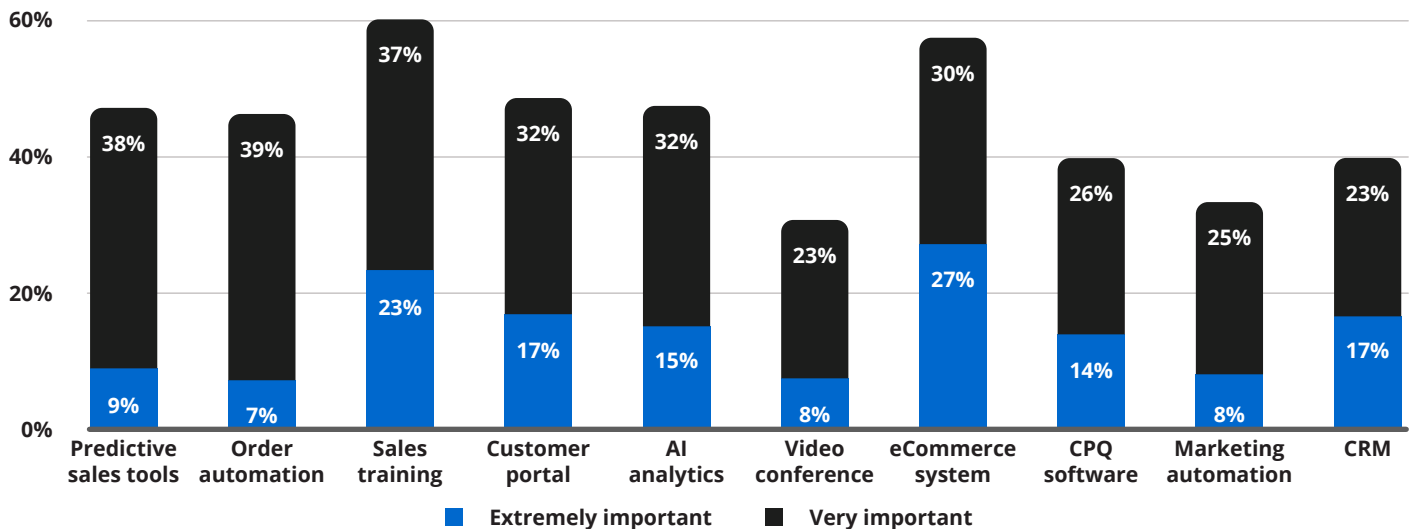
Sales training continues to be the most important tool for improving sales rep performance, according to our survey; ecommerce systems are tied for second – this is a significant change from the days when sales reps viewed online channels as a competitor. As noted earlier, CRMs are making big inroads in driving distribution sales effectiveness, and distributors are getting better about driving the use of these tools. One effective strategy is creating peer-to-peer learning networks, with internal tech champions designated as the go-to resources for their peers.

Importance/Usefulness of Tools to Your Sales Reps



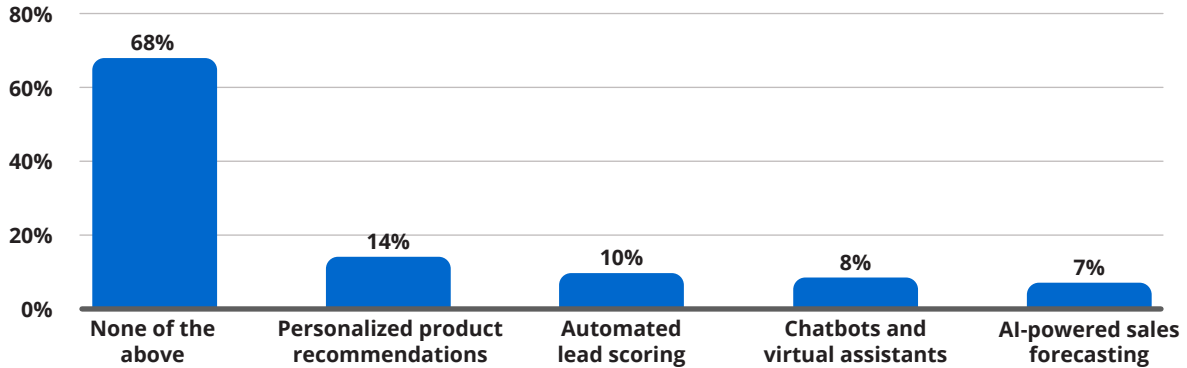
We then asked distributors about the tools they thought would be most important to add to their arsenal. Sales training came in first again, indicating that despite the widespread use of education to improve sales effectiveness, there’s a lot of opportunity to do more to drive productivity with good training. Some companies are moving away from one-time training sessions to ongoing bite-sized learning. eCommerce came in second with closely related tools like a customer portal and AI-driven analytics tying for third. A rapidly emerging technology, order automation, came next and predictive sales tools scored much higher as an aspirational tool. While few distributors are using systems to estimate end-market demand, they see the value.

Most Important Tools to Add



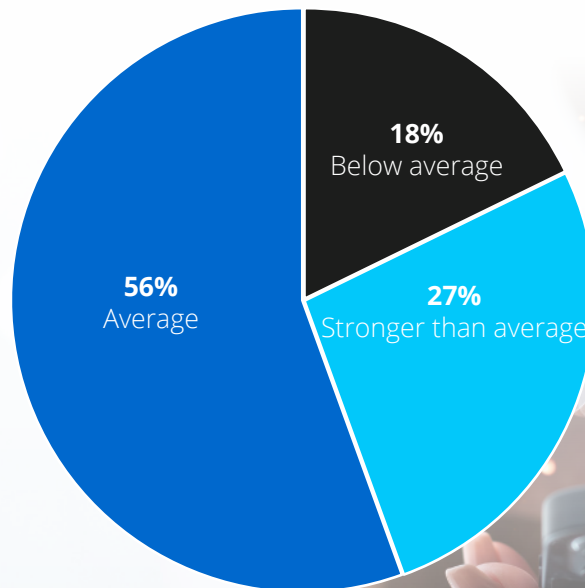
Despite the breath-taking growth of AI across the economy, most respondents reported they do not use AI-enabled tools today. This is clearly an area of opportunity for distributors and we believe these numbers will change rapidly as sales leaders adopt widely available and effective AI tools. AI is driving efficiency, reducing costs and enabling data-driven decision-making.

AI Tools Used by Sales Team



When asked about their overall expertise in using technology to drive sales and productivity, distributors were realistic, with none claiming to be experts and none claiming to utilize it poorly.

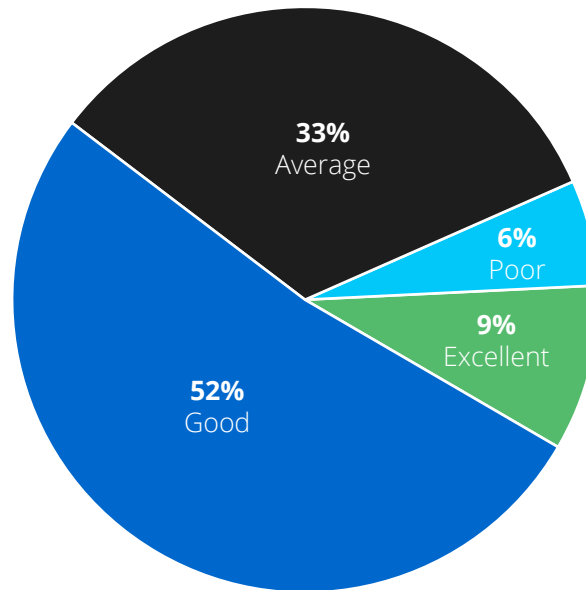
Sales Team's Expertise in Using Technology to Drive Sales and Productivity



Personalization and Customer Experience

In 2024, personalization has become a critical component of distributor sales strategies. As B2B buyers increasingly expect personalized experiences similar to those they encounter in the B2C world, distributors are placing greater emphasis on delivering tailored interactions that enhance customer satisfaction and loyalty.

Effectiveness in Delivering Personalized and Positive Customer Experiences Across All Touchpoints (eg: website, mobile app, call center, in branch, etc.)



According to our survey, only 9% of distributors rate their current personalization efforts as excellent, while about half rate them as good and a third as average. This indicates that while many distributors recognize the importance of personalization, there is still significant room for improvement.

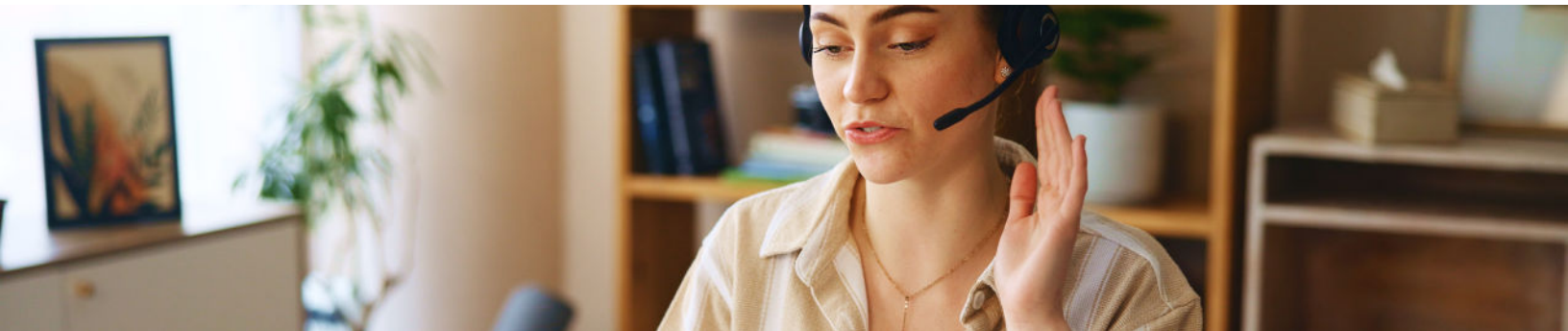
We believe that personalization is directly linked to improved sales results, as tailored interactions lead to higher conversion rates and stronger customer loyalty. Distributors that excel at personalization report higher Net Promoter Scores (NPS), improved customer satisfaction and increased customer retention.

Despite its clear benefits, delivering personalized experiences remains a challenge for many distributors. One of the main obstacles is the difficulty in integrating customer data from multiple sources, such as CRM systems, ecommerce platforms and marketing automation tools. Without a unified view of the customer, it can be challenging to deliver consistent, personalized interactions across all touchpoints. Distributors also have to invest in technology and skilled personnel, which can be a barrier.

AI and machine learning technologies are helping distributors overcome the challenges of personalization. By analyzing customer data at scale, AI-powered tools can deliver insights that enable more tailored interactions. For example, AI can be used to:

- Predict customer preferences based on past behaviors.
- Identify opportunities for upselling and cross-selling.
- Deliver personalized product recommendations and promotions.

As AI and data analytics tools continue to evolve, personalization will become an even more powerful driver of success in the distribution industry. Distributors will need to go beyond simple product recommendations and deliver fully personalized experiences that encompass the entire customer journey. This will include personalized marketing messages, tailored pricing strategies and customized service offerings.



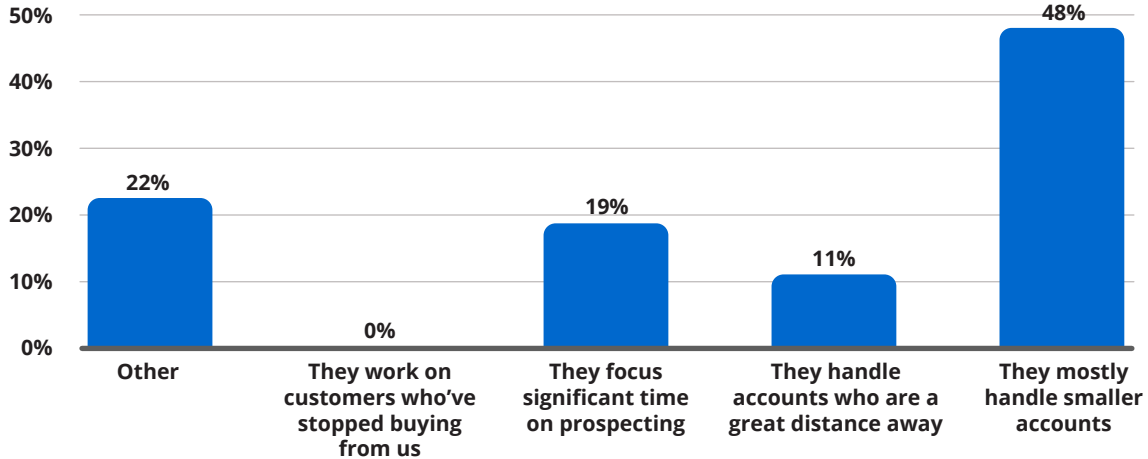
Sales Coverage Evolution

Traditionally, distributors employed sales reps to call on customers in person and took inbound calls through a customer service group. The customer service group was often called (confusingly) inside sales. A growing number of distributors have added sales reps who work over the phone – they’re not in customer service taking outbound calls. They’re just like territory managers but they work over the phone instead of in the field.

In addition, there’s a hybrid sales rep model we’re increasingly seeing since the pandemic. Times are changing and so are sales roles. Because many customers work from home and nearly all professionals have become more proficient at virtual meetings, a lot more business that was formerly done in person has moved to Teams, Zoom and over the phone. That means even experienced field reps are finding that blending in-person calls and virtual meetings is not only more productive but it meets the real needs of their customers. Companies will need to be agile and responsive to how customers prefer to interact, whether through in-person meetings, phone calls or digital channels. Sales incentive alignment is essential so you don’t wind up with goal conflicts between channels.

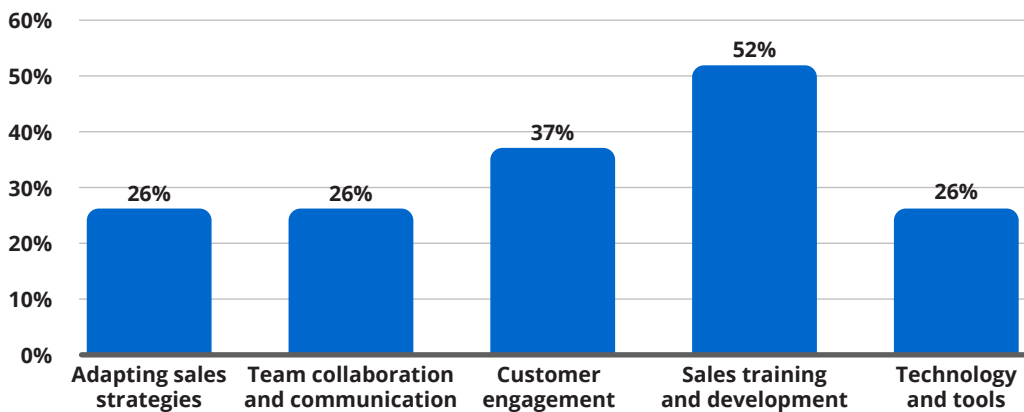
Distributors focus their phone-based reps primarily on handling smaller accounts, although they spend a significant amount on prospecting, too.

Primary Focus of Sales Reps Who Make Most of Their Calls by Phone vs. Traditional Outside Sales Reps

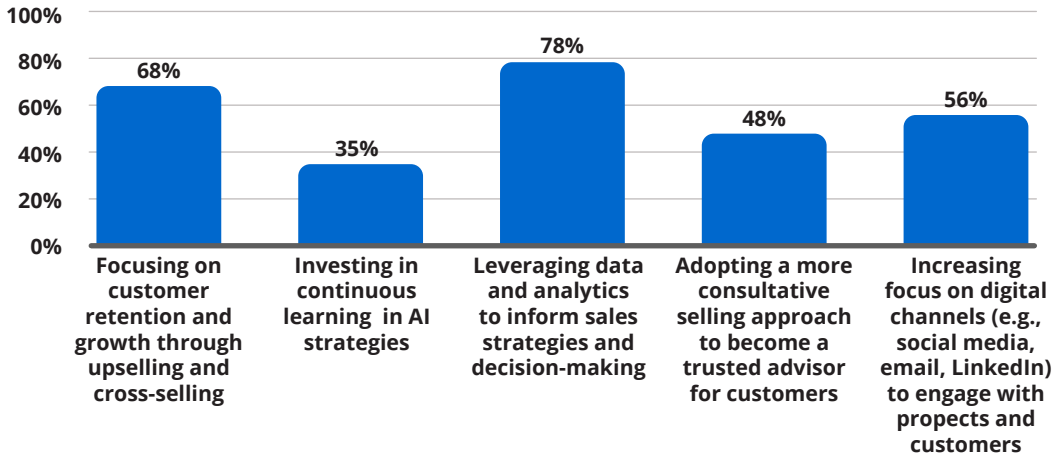


We asked respondents to identify the challenges they faced when putting together an inside sales function. By far, the biggest challenge was about training and development followed by engaging customers with a new form of sales coverage. There's also a considerable focus on leveraging data and analytics to drive better sales results. With a shift to multichannel selling, some distributors have redefined KPIs to better reflect the value of different types of customer interactions, not just closed sales. A customer engagement score can factor in touchpoints across channels.

Biggest Challenges in Building a Telephone-Based Account Management Function

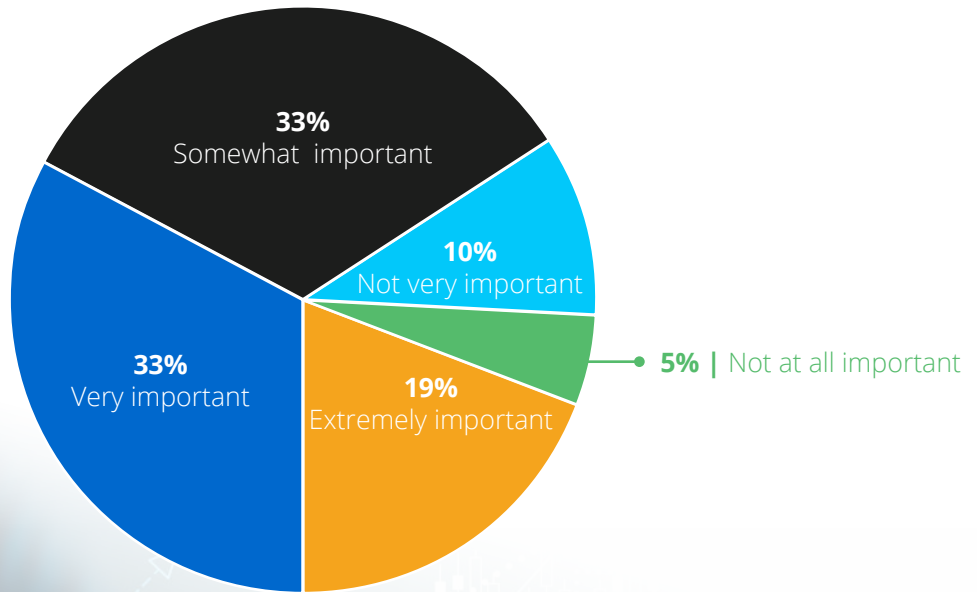


Sales Strategy Evolution Over the Next 12-18 Months



As we saw earlier, adoption of AI-enabled strategies is not a priority for most distributors. By contrast, distributors also expect a greater focus on customer retention and growth and using digital channels to engage with customers. Fifty-two percent of respondents rate ecommerce and digital channels as extremely or very important while only 15% rate these capabilities as not very important or not important at all.

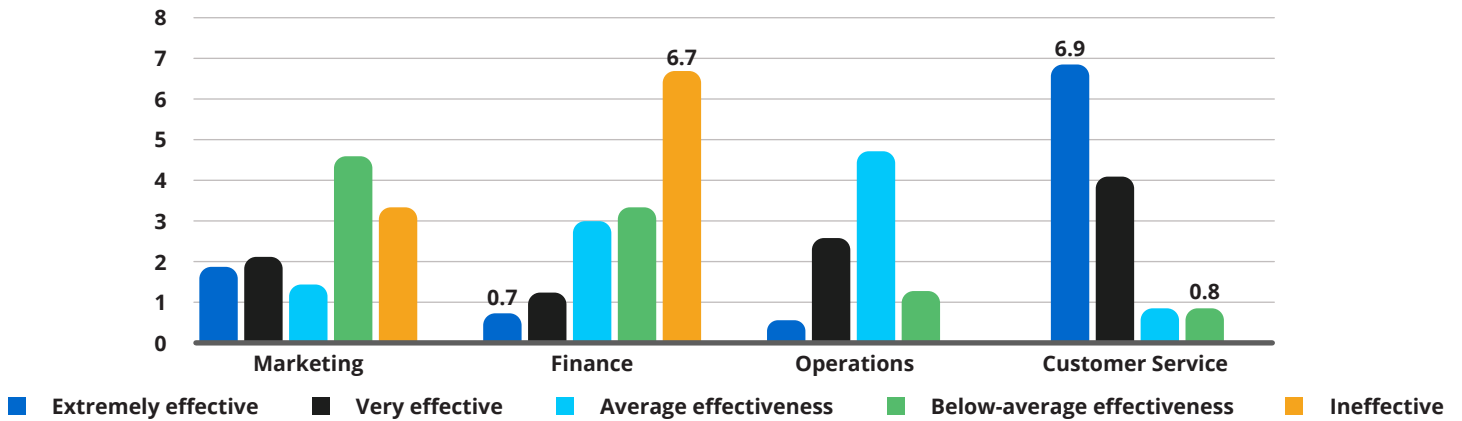
Importance of eCommerce and Digital Sales Channels



State of Sales Collaboration with Other Functions

It's alarming how poorly our survey respondents rated the effectiveness of their collaboration with the finance function. And while many distributors have departments or executives with the term sales and marketing in their titles, collaboration with marketing scored poorly, too; even working with the operations department – which controls inventory for most companies – was better.

Effectiveness of sales team's collaboration with each of these functions



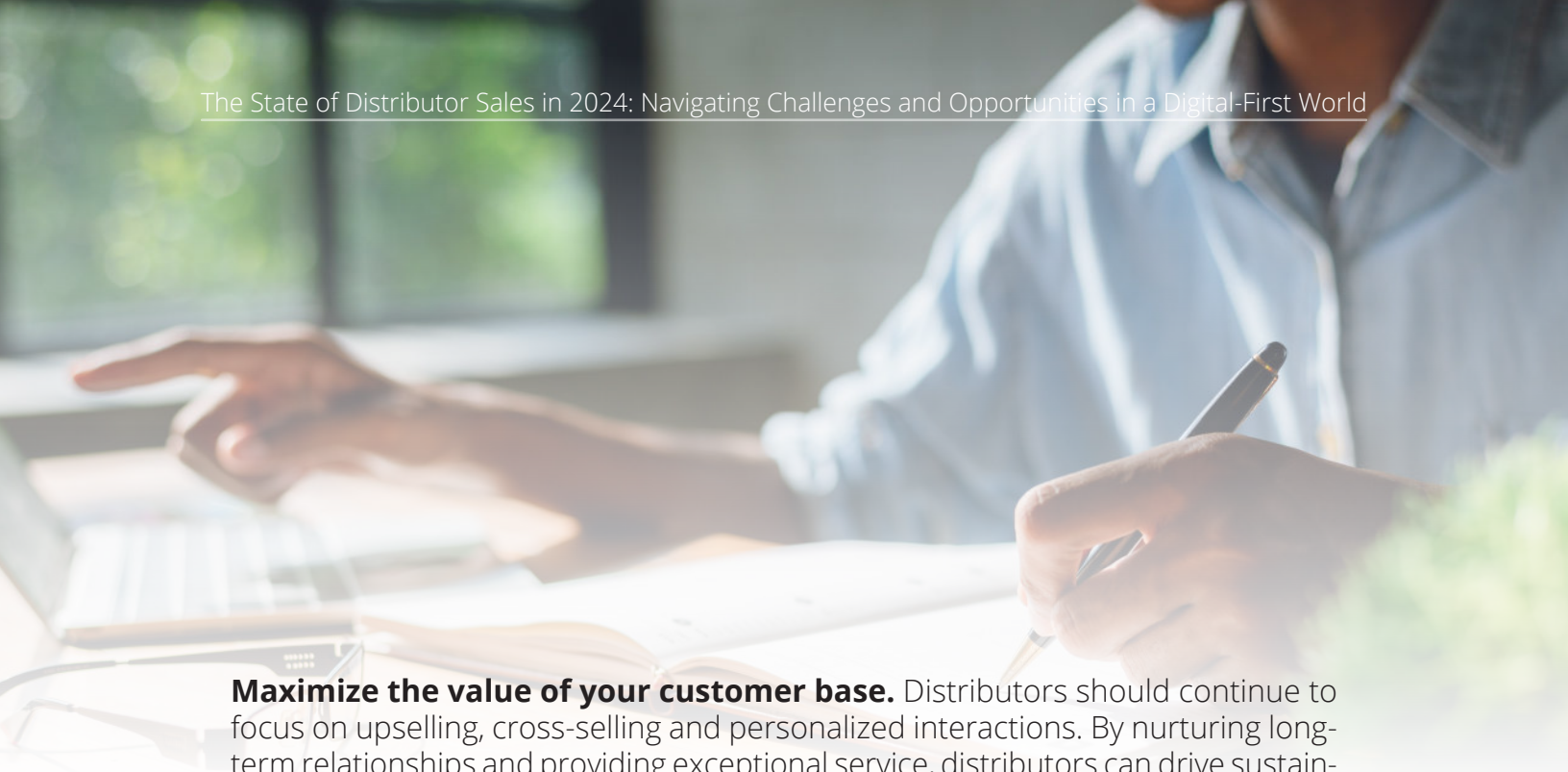
Strategic Priorities for the Future of Distributor Sales

Distributors must focus on several strategic priorities to drive growth, maintain competitiveness and meet the evolving needs of their customers, including:

Invest in technology. Continued investment in technology, particularly in areas such as AI, CRM systems and ecommerce platforms, will be critical for driving sales performance and delivering enhanced customer experiences.

Invest in upskilling: Sales training is important to refresh and update skills; most reps thrive on product training, too. With technology evolving so quickly, it's also a good idea to train in relevant areas like digital literacy, data analytics and AI-powered tools to ensure that sales teams remain effective in a changing environment.

Prioritize talent acquisition and retention: As the skills required to be successful in distribution sales evolve, distributors need to focus on creating compelling career paths, offer continuous learning and foster a culture that appeals to tech-savvy pros.



Maximize the value of your customer base. Distributors should continue to focus on upselling, cross-selling and personalized interactions. By nurturing long-term relationships and providing exceptional service, distributors can drive sustainable revenue growth and build lasting customer loyalty.

Think beyond field sales. As B2B buyers continue to shift towards digital interactions, distributors must adopt omnichannel sales strategies that integrate online and offline touchpoints.

Leverage AI and automation: Distributors that invest in AI-powered tools will gain a competitive advantage by automating repetitive tasks, improving decision-making and enhancing personalization. AI can help streamline workflows, provide predictive insights and increase efficiency across sales, marketing and operations.

Build a customer-centric culture. By fostering a culture that prioritizes customer satisfaction, distributors can improve loyalty, increase repeat business and differentiate themselves in a crowded market. This means aligning sales, marketing, customer service and operations around a common goal: delivering exceptional value to customers.

Be ready to adapt: This includes regularly revisiting and refining sales strategies, investing in modern technologies and staying up to date with market trends.

Embrace data-driven strategies: Good use of data enables distributors to take a more proactive approach to sales. For example, predictive analytics tools can help distributors forecast demand, identify at-risk customers and prioritize sales efforts.

Prioritize cybersecurity for greater trust. Ensuring robust cybersecurity measures and compliance with data privacy regulations will be crucial for maintaining customer trust and protecting valuable business information.

Looking Forward

The state of distributor sales in 2024 is characterized by both significant challenges and exciting opportunities. As technological advancements continue to reshape the distribution industry, the most successful distributors will be those that embrace digital transformation, invest in their workforce and prioritize customer-centric strategies.

Key trends such as the rise of ecommerce, the growing importance of omnichannel sales strategies, the integration of AI into sales processes and the increasing focus on personalization are all driving fundamental changes in how distributors engage with their customers. Distributors that can leverage these trends effectively will be better positioned to drive growth, improve customer satisfaction and maintain a competitive edge.

At the same time, distributors must overcome significant challenges, including digital skills gaps, internal resistance to change and the need for more effective collaboration across departments. By investing in training programs, fostering a culture of innovation and integrating advanced technologies into their sales strategies, distributors can successfully navigate these challenges.

Looking ahead, the future of distributor sales will be shaped by the ability to balance traditional sales approaches with digital-first strategies. Distributors that can harness data-driven insights, adopt flexible sales models and deliver personalized, omnichannel experiences will be well-positioned to succeed in an increasingly competitive and complex marketplace.





Ian Heller

Founder & Senior Partner,
Distribution Strategy Group



Brian Hopkins

Chief Customer Officer,
Distribution Strategy Group

About the Authors

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.

Brian Hopkins is recognized for his expertise in customer service and operational efficiency within the industrial distribution sector. His career trajectory showcases a series of impactful leadership roles, marked by innovation and strategic growth.

Notably, at W.W. Grainger (2002-2011), Brian significantly enhanced call center operations, and deployed the Grainger strategy by leading an operational staff of 7 direct reports and more than 800 employees in Illinois, Wisconsin, and Iowa Call Centers. His tenure as District Branch Operations Manager and Branch Manager demonstrated his proficiency in managing large-scale operations, overseeing 18 branches with \$200 million in revenue, and effectively running a \$25 million branch operation.

Subsequent roles include driving operational and customer service transformation at HD Supply Power Solutions (2011-2015), leading customer experience innovations at Hisco (2015-2020), and enhancing multi-site customer service strategies at Redi Carpet (2020-2022) and AZP Multi-family (2022-2023).

DISTRIBUTION STRATEGY **GROUP**

Thought Leadership for Wholesale Change Agents

Distribution Strategy Group helps you compete and win. In an evolving business environment marked by digital transformation, shifting customer preferences and the pivotal role of AI, we are your go-to source for research-backed webinars, whitepapers, blogs and live events that will help you make better decisions.

Our proprietary, specialized, distributor-focused analytics systems provide actionable insights you can use to drive superior outcomes with customers and employees, and versus competitors.

Contact us:

distributionstrategy.com | 303-898-8626 | contact@distributionstrategy.com

Thank you to our sponsors:

intershop[®]

intershop.com

OMS⁺
DATASTREAM

datastream.com



The Right E-commerce Platform For Distributors

Increase margins and meet the demand for transparency in content and pricing!



See how Intershop can help grow and expand your sales.

[LEARN MORE](#): YOUR NEW ONLINE STORE IN 100 DAYS

contact@intershop.com | www.intershop.com

OMS⁺

DATASTREAM

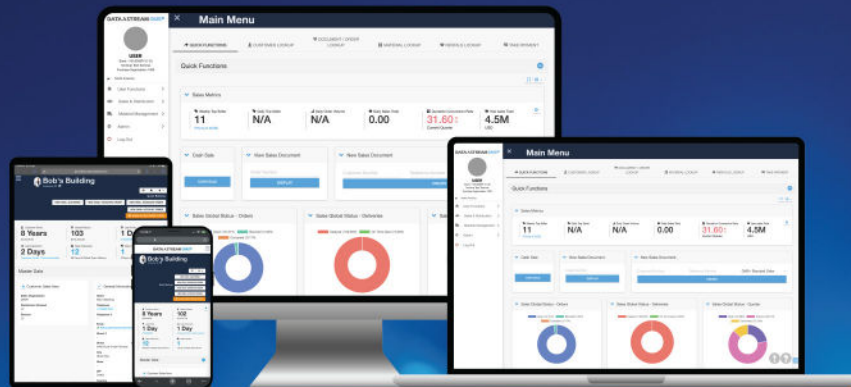
Quote to Cash | Point of Sales (POS) | End-to-End Order Management

OMS⁺IA

OMS⁺Portal

OMS⁺Rental

Streamline Sales Execution with Artificial Intelligence + Automation



Implementing OMS⁺ into your sales processes is one of the best places to start.

Even if you only implement AI and Automation for 30% of your sales and order processes, you will still achieve ROI in a matter of months.

Protect your business into the future. Let OMS⁺ get the most ROI out of your sales processes

www.dataxstream.com



SAP Endorsed Apps
Premium Certified

