VIRTO COMMERCE

Reveation Labs

Optimizing B2B eCommerce for Distributors:
Strategies for Scalability, Supply Chain Visibility
and Digital Integration

DISTRIBUTION
STRATEGY GROUP

Table of Contents

Executive Summary: The Digital Imperative for B2B Distributors

The distribution industry is at a pivotal moment. Economic volatility, supply chain disruptions, and geopolitical instability have introduced unprecedented challenges, making it increasingly difficult for executives to make strategic investment decisions. However, these obstacles also present an opportunity for distributors willing to embrace digital transformation.

Those that make the right technological investments can rapidly expand market share and increase profitability. As this report will demonstrate, companies that have already embraced digital innovation are outpacing competitors and positioning themselves for long-term success in a rapidly evolving landscape.

One fundamental realization driving these digital advancements is the inadequacy of monolithic enterprise systems. Designed to run entire organizations, these rigid platforms require extensive time and financial resources to modify or replace, leaving companies ill-equipped to adapt to shifting market conditions. Given the pace of change today, that kind of technology becomes a big obstacle to profitable growth.

To remain competitive, distributors must implement scalable digital strategies capable of evolving alongside business needs. Such capabilities come from ecommerce technology systems designed as "innovation platforms" that support building customized and integrated ecommerce features catering to customers' needs across multiple channels. The urgency for transformation is clear: companies that fail to modernize risk obsolescence. The $2.2 trillion B2B ecommerce market is expanding rapidly, driven by digital-first buyers who expect seamless, personalized, and efficient purchasing experiences. Meeting these expectations is no longer a choice, it is an absolute necessity for survival and success.

New administration resets the table

Despite persistent economic challenges in 2024, the more than 400,000 U.S. wholesale distribution companies collectively managed to achieve some level of growth.

2025, however, will have its own challenges. One major source of uncertainty is tariffs. In February 2025, the administration of President Donald Trump has threatened to impose a 25% tariff on imports from Canada and Mexico, plus an additional 10% tariff on goods from China. If these measures take effect, distributors will need contingency plans to mitigate any cost increases and supplier disruptions. Companies relying on international suppliers may have to diversify sourcing strategies or renegotiate pricing structures to remain competitive. Additionally, the administration's declared intention to deport many undocumented workers could leave businesses across industries to scramble for new employees, inevitably driving up wage costs and operational expenses.

Inflation remains a persistent concern, further complicating pricing, and procurement strategies. According to the Federal Reserve's first-quarter 2025 survey of professional economic forecasters, the consumer price index is expected to average 3% for the year, an increase from the previous 2.3% projection. This environment demands that distributors leverage agile pricing systems capable of rapidly adjusting to fluctuating costs and determining optimal pricing strategies for diverse customer segments.

Inventory management has become increasingly complex because of rising costs and unpredictable supply chains. Distributors must optimize stock levels while mitigating expenses and enhancing supply chain resilience. Uncertainty surrounding tariffs, inflation, and broader economic conditions makes strategic business planning more difficult.

Companies that have deployed modular, adaptable systems—rather than rigid, monolithic platforms—will be best positioned to navigate these challenges effectively. Flexible, scalable digital infrastructures enable organizations to pivot quickly in response to market fluctuations without requiring costly, multi-year IT overhauls.

Fine-tuning a 'crawl, walk, run' strategy

While the U.S. economy entered 2025 in stable condition, growth in the manufacturing, distribution, and B2B retail sectors has remained sluggish. In 2024, total U.S. sales for those companies, including ecommerce transactions, reached $22.518 trillion, a modest 1.9% increase from $22.089 trillion in 2023, according to the U.S. Department of Commerce. A combination of high interest rates, political uncertainty, including concerns over potential tariff hikes—and restrained corporate spending has contributed to the slowdown. Distributor sales specifically saw an even smaller 1.3% increase year over year, reaching $8.042 trillion.

Total U.S. Sales of Manufacturers and Distributors
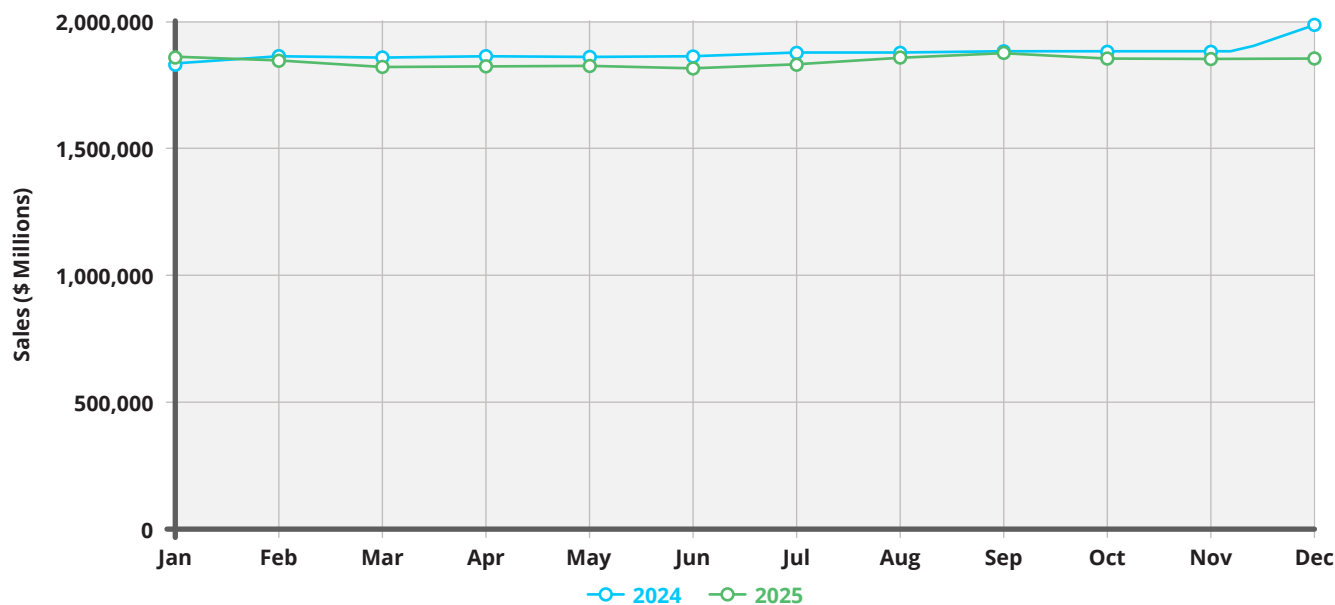
Key Insight: Modest growth with notable recovery in December

Key Takeaway: U.S. manufacturer and distributor sales grew modestly in 2024 over 2023, primarily due to persistent high interest rates, economic uncertainty, and cautious spending by businesses.

Source: U.S. Department of Commerce.

Putt-Putt Along: Total Distribution Sales
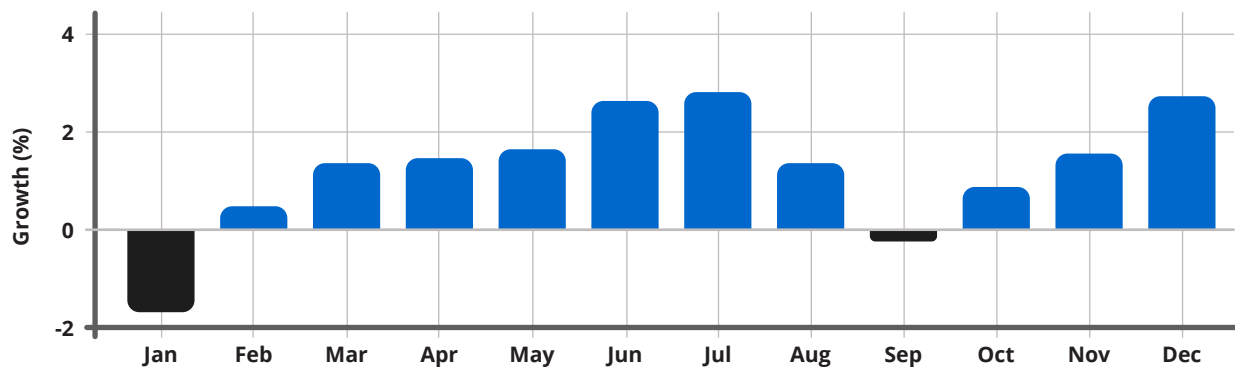
1.3% Average Monthly Growth

2.9% Best Growth Month: July

Key Takeaway: U.S. distributors grew even more slowly than manufacturers in 2024, as uncertainty over the election and high interest rates limited purchasing by many companies.

Source: U.S. Department of Commerce.

In this rapidly evolving marketplace, B2B companies must carefully and effectively deploy the traditional "crawl, walk, run" approach to business strategy according to today's digital technology opportunities and challenges. Distributors must embrace a digital-first mindset to cater to modern buyer expectations. Customers increasingly demand seamless, omnichannel experiences that integrate self-service portals, real-time inventory tracking, and efficient order fulfillment. Failure to meet these expectations could result in lost market share to more agile competitors capable of delivering superior digital experiences.
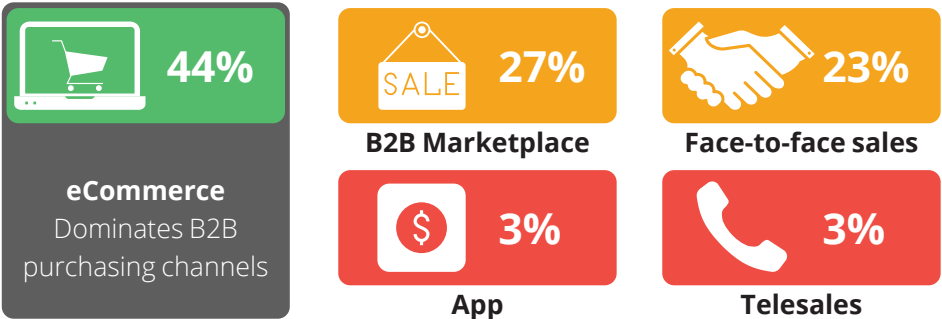
"Many distributors underestimate how quickly their customers' expectations are changing. The real challenge isn't just launching an ecommerce site, it's ensuring your entire technology stack—platforms, APIs, and data systems—can flex and scale in sync with market demands," says Rahul Maheshwari, CEO of Revelation Labs, a technology services firm that helps companies deploy innovative applications in B2B ecommerce.

B2B buyers now expect online purchasing at work to be as intuitive and dependable as when they shop for themselves on platforms like Amazon. Speed, personalization, and convenience have become critical factors influencing purchase decisions. As a result, distributors must refine their digital strategies to create frictionless purchasing journeys that enhance customer loyalty and drive growth. The ability to offer seamless, technology-driven experiences will determine whether a distributor thrives in this unfamiliar environment or falls behind.

What B2B buyers say

Recent industry research underscores why distributors must meet the elevated expectations of online purchasers. A study of 300 B2B buyers found that 74% prefer to buy through digital channels. For 44%, an ecommerce site is the preferred way to purchase, for 27% online marketplaces, and for 3% mobile apps.

**And the Winner is? eCommerce:
Preferred Channel for Business Purchasing?**

44%	**eCommerce** Dominates B2B purchasing channels

27% B2B Marketplace

23% Face-to-face sales

3% App

3% Telesales

Key Takeaway: Most B2B buyers prefer purchasing via ecommerce sites and marketplaces over interacting with sales reps.

Source: Hokodo, B2B Ecommerce Association, Greenwood Consulting.

Additionally, 97% of surveyed buyers emphasized the importance of a fast, simple, and accurate online purchasing experience.

Despite this shift toward digital transactions, buyers still expect omnichannel interactions, including access to knowledgeable sales representatives for more complex inquiries. By 2025, 84% of B2B buyers expect sellers to operate seamlessly across multiple online and offline channels, reinforcing the need for an integrated approach to customer engagement.

As the B2B commerce landscape evolves, digital agility will become a key differentiator for distributors. Companies must prioritize omnichannel strategies, offer flexible payment options, and focus on streamlining customer interactions. Organizations that successfully adapt to these changes will strengthen their market position and secure long-term growth, while those that resist transformation will inevitably fall behind.

In short, the distribution industry is undergoing a fundamental transformation, and digital innovation is at the heart of this evolution. Companies that embrace scalable, flexible technology will be best positioned to navigate economic uncertainty and shift customer expectations. The rise of digital-first buyers necessitates a strategic shift toward ecommerce, automation, and real-time data analytics to optimize operations and enhance customer experiences. Organizations that fail to modernize will struggle to remain competitive in an increasingly digital marketplace.

Moreover, economic, and geopolitical volatility will continue to shape the industry landscape. Inflation, tariffs, and supply chain disruptions present formidable challenges that demand initiative-taking solutions. Distributors that invest in data-driven decision-making, agile supply chain management, and customer-centric digital experiences will not only survive but thrive in the years ahead. The time to act is now. Digital transformation is no longer optional—it is an imperative for success in the modern B2B ecosystem.

Takeaways

1. **Digital transformation is no longer optional –** B2B distributors must embrace modern digital strategies to remain competitive, meet evolving customer expectations, and capitalize on the rapidly growing $2.2 trillion ecommerce market.
2. **Economic and geopolitical uncertainty demands agility –** Inflation, tariffs, and supply chain disruptions impact every business, requiring distributors to optimize operations, enhance customer experiences, and invest in digital resilience to stay ahead.

Meeting the Needs of Omnichannel Business Buyers

The B2B sales landscape is experiencing an unprecedented digital transformation driven by the expectations of younger, digitally native purchasing managers and cross-functional teams. This shift is not temporary but represents a fundamental change in how B2B transactions occur. Companies that fail to adapt to this new reality risk losing market share permanently. To remain competitive, B2B sellers must prioritize a digital-first approach, ensuring their ecommerce platforms offer a seamless, efficient, and user-friendly purchasing experience. In addition, by using ecommerce technology that supports an innovation platform, they can position themselves to deploy fresh features for meeting new customer needs.

Not only do most business buyers now prefer to research and buy online, but they also look critically at sellers' websites. Eighty-four percent of B2B buyers consider an easy, accurate online shopping experience essential, according to a January 2025 survey of 1,000 professional buyers across manufacturing, retail, wholesale, and distribution. However, 68% say they are discouraged from ordering online due to order errors.

These errors, combined with a lack of accurate delivery estimates, pricing transparency, stock availability, and detailed product descriptions, create a frustrating experience that can drive buyers elsewhere.

To address these problems, sellers must enhance their online stores by offering personalized pricing, customized payment terms, and precise logistical details. Buyers also expect full transparency regarding stock availability, delivery timelines, and an extensive product catalog.

At the same time, they must continue to allow customers to get information and purchase as they have in the past, on the phone and through in-person visits from sales reps. According to a survey of business executives by software company Salesforce, the typical business buyer interacts with a seller through 10 channels, compared with eight consumers purchasing from retailers.

B2B Buyers: Communication Channels Usage

Source: Salesforce State of the Connected Customer

Channel Usage (%)
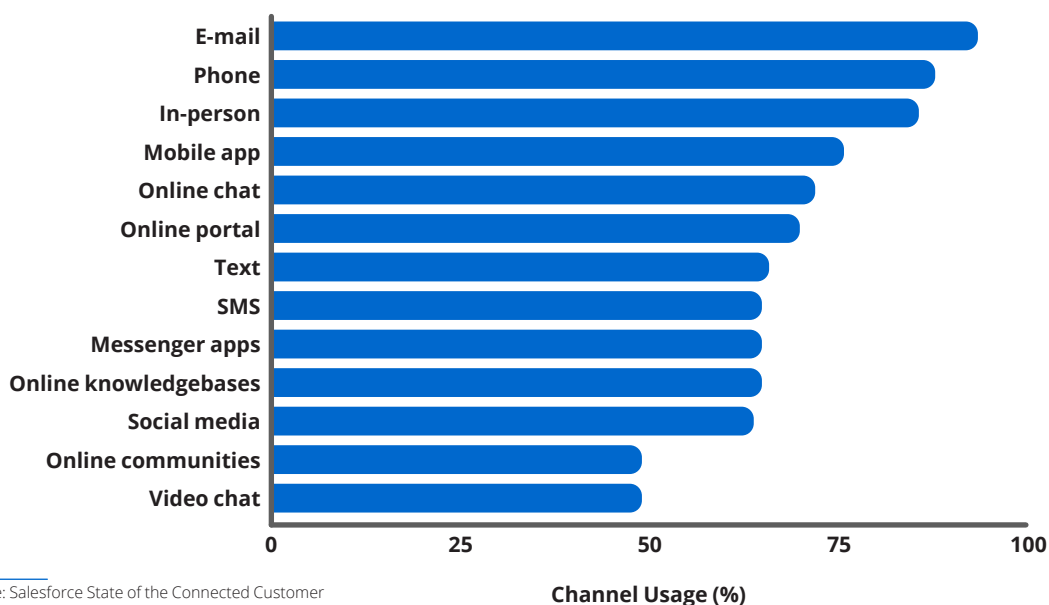
Key Insights:	B2B buyers engage an average of 10 different communication channels.
Key Takeaway:	On average, business buyers engage with companies across 10 channels. B2B sellers must ensure consistency across all channels.

While many purchasing agents serve themselves by placing orders on sellers' websites and through B2B marketplaces, they also interact via email, on social media, through online communities, in-person and on the phone, among other channels. The distributors that will win in the years ahead are those that provide consistent data across all those channels—and that can analyze all those customer signals in a cohesive way, so they have the most up-to-the-minute picture of customers' needs and concerns.

Rahul Maheshwari of Reveation Labs says it's all about serving customers better. "Your customers come with a job to do," he says. "Make it easy for them to find what they need, act seamlessly, simplify their work, and see consistent information. Do that, and they'll keep coming back."

A distributor allocates $500 million to digital transformation

Leading industry players are making significant investments in digital transformation to stay competitive. Wesco, a major distributor of industrial supplies, electrical products, and power distribution equipment, is at the forefront of this evolution. The company in 2023 embarked on a $500 million multi-year digital transforma-

tion strategy to enhance its omnichannel capabilities, with a strong emphasis on ecommerce innovation.

Wesco has already allocated $270 million to this initiative, primarily focusing on upgrading its ecommerce platform. By investing heavily in digital transformation, Wesco has modernized its supply chain, integrated AI-driven analytics, automated order fulfillment processes, and expanded its global reach to provide 24/7 customer and supplier support. These advancements have significantly enhanced the omnichannel customer experience, making transactions more seamless and efficient.

A critical component of Wesco's digital transformation is the integration of AI-powered analytics into its ecommerce platform, providing data-driven insights that improve decision-making and help optimize inventory management. Additionally, Wesco has implemented automation in order fulfillment, streamlining operations to enhance efficiency and reduce errors. The modernization of its supply chain infrastructure ensures better management of inventory and logistics, further improving service delivery.

Recognizing the global nature of B2B commerce, Wesco has expanded its digital capabilities to support customers and suppliers worldwide. Its enhanced ecommerce platform now provides round-the-clock support, ensuring that users can access crucial information and assistance at any time.

Generative AI makes its debut

To accomplish this level of service, Wesco has invested in the much-discussed new form of artificial intelligence known as generative AI. While AI has long been used in digital systems to detect patterns (people who liked this movie also liked this one), generative AI systems can create added content from massive amounts of existing data. Wesco has deployed generative AI to create a chatbot on its website that can understand customer queries and respond in natural-sounding language.
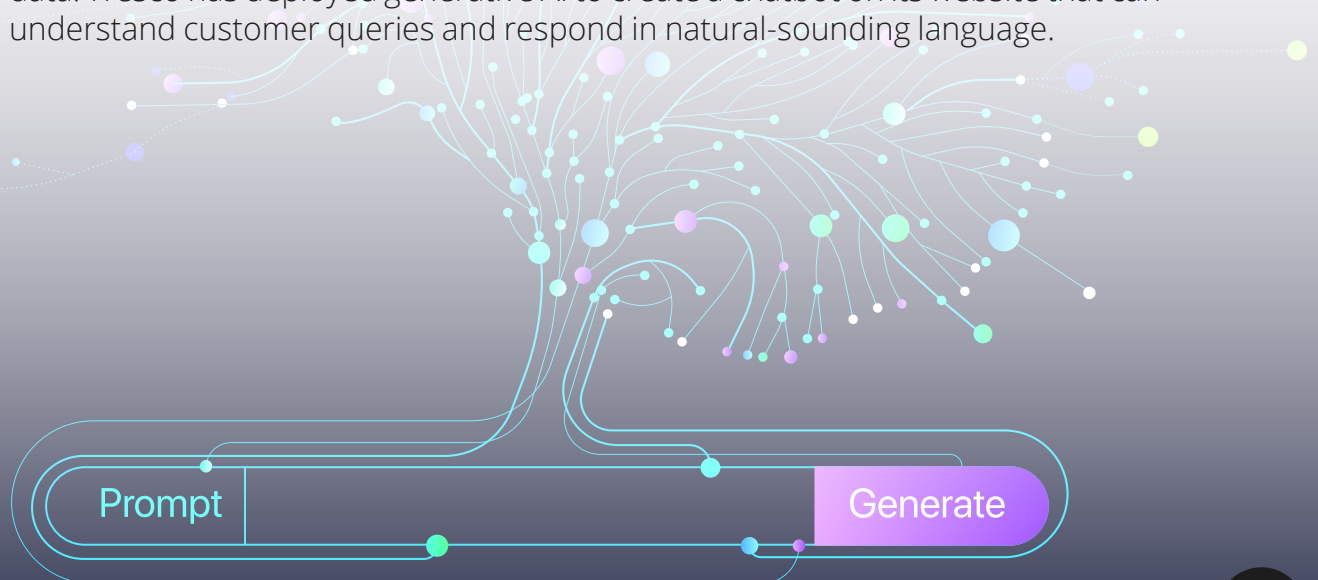
Creating this chatbot required the company to combine information about its products, and about the online product pages for those items, into a repository the chatbot could access. Then it trained the system and analyzed its results. That included monitoring customer satisfaction and the chatbot's impact on online conversion—the percentage of users of the bot who went on to make a purchase. Based on those results, company personnel fine-tuned the system's responses, and, once they were satisfied, made it available to all users of its ecommerce site. Early results have been positive, the company says. That represents an example of a large distributor deploying innovative technology without a total revamping of its ecommerce platform, enabling it to better serve a worldwide customer base.

In addition, Wesco has developed new digital tools designed to improve working capital efficiency, helping customers manage their resources more effectively while enhancing the overall user experience.

To be able to develop and deploy such advanced systems, Wesco in recent years has doubled the size of its technology team, adding expertise in artificial intelligence and data science to support its digital expansion and strengthen its global presence.

Wesco's ecommerce upgrades are designed to deliver a more seamless purchasing experience with increased transparency and efficiency, aligning with broader industry trends, the company says.

Nor is Wesco alone in investing in AI and other digital technologies. 28% of B2B executives said their companies were deploying AI in a survey for Digital Commerce 360's 2024 Ecommerce Platform Report. That placed AI in a tie for second place with two mainstays of online selling—ecommerce platforms and email marketing—and behind only investments in CRM [customer relationship management] systems.

This commitment to innovation highlights the recognition by many B2B sellers that the digital expectations of modern buyers are non-negotiable. Companies that fail to invest in digital transformation risk being left behind, while those that embrace technology-driven solutions—like Wesco—position themselves for long-term success in an increasingly digital-first marketplace.

Takeaways:

1. The B2B buying landscape has permanently shifted toward digital, with customers expecting seamless online purchasing experiences, real-time stock and pricing visibility, and personalized services.
2. Wesco's substantial investment in ecommerce enhancements—ranging from AI-driven analytics and automation to global support expansion—demonstrates how digital transformation is crucial for success.
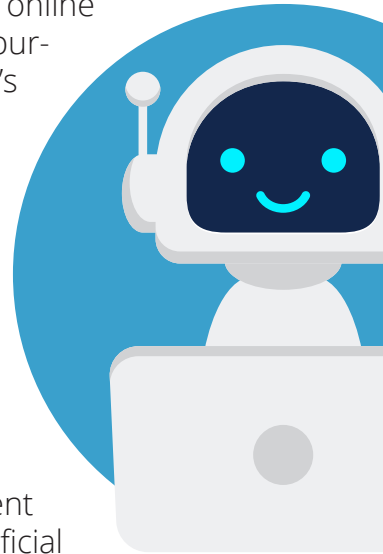
Leveraging Technology for Competitive Advantage

In highly competitive markets where profit margins are thin and online leaders like Watsco and Wesco are gaining market share, distributors must prioritize customer experience to retain loyalty and attract new buyers. This requires a deep understanding of evolving customer needs and the strategic use of ecommerce technology to innovate and enhance the purchasing process, making it easier for B2B buyers to conduct business efficiently. A successful digital commerce strategy relies on a flexible and scalable ecommerce platform, built on a highly customizable architecture that lets companies develop and tailor modular ecommerce technology systems according to their technology budgets, how they want to serve customers and how they expect to grow.

Modern ecommerce platforms provide such a flexible and scalable technology environment by relying on extensive application programming interfaces, or APIs, which enable data sharing across disparate applications. For example, an API can integrate a microservice application that pulls information from an inventory management system with an online shopping cart to provide customers with real-time visibility into product availability.

Technology Adoption in 2024

Source: Digital Commerce 360 2024 eCommerce Platform Report
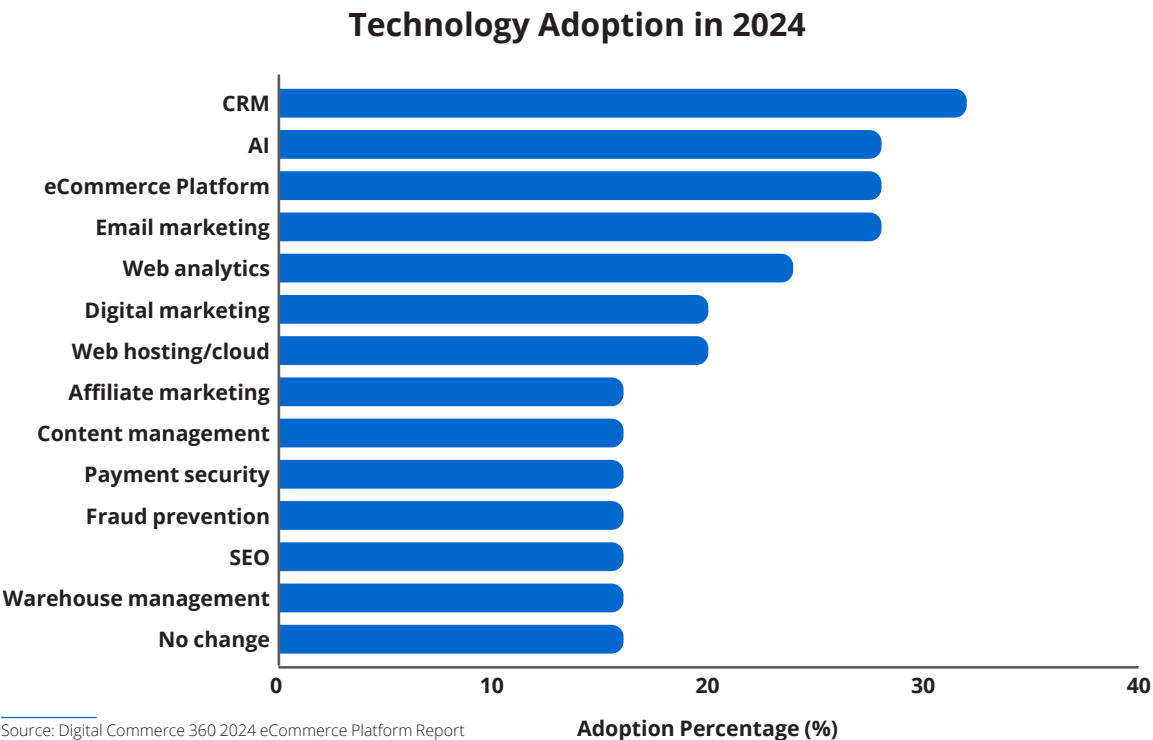
Key Takeaway: Businesses have been actively adopting new technologies, with CRM leading the way, followed closely by AI, ecommerce platforms, and email marketing.

This flexible "API-first" architecture also lets online sellers choose software applications from multiple vendors for a "best-of-breed" application mix—for example, plugging in preferred third-party site search and product recommendation applications in place of the ones that come with an ecommerce technology platform.

In addition, modern platforms use cloud technology to scale an online seller's computing power and data storage to meet their growth requirements. And they offer the option of deploying "headless" customer-facing ecommerce front ends, which are developed independently of the ecommerce engine but connected to it via APIs. This setup allows online sellers to rapidly enhance their websites, mobile apps and social media pages and posts, without the time and expense of also reworking the commerce engine.

Storefronts tailored to each customer segment

Although the headless option requires expertise in API integration, companies find it beneficial for deploying customized ecommerce venues for such purposes as connecting to a single ecommerce engine differentiated customer portals for multiple corporate accounts.

For example, a distributor can offer distinct online storefronts to multiple corporate customers based on curated product selection and contract pricing, such as the way Staples Promotional Products sells unique selections of logoed apparel, pens, and coffee mugs to hundreds of corporate accounts on headless venues connected to a single ecommerce engine. In other cases, companies may use the headless approach to build new customer-facing interfaces in addition to their basic ecommerce site, such as social media storefronts.

"For companies that place customer experience at the core of their business model, the most important thing is to be able to change that experience for the better fast to stand out among the competition," says Nick Sidelnikov, head of product marketing for ecommerce technology provider Virto Commerce.

The flexibility to expand

In B2B ecommerce, it's critical to be able to adapt a company's ecommerce technology to their strategic vision and how they must serve customers.

For instance, a manufacturer or top-tier distributor may expand its primary business of selling directly to major accounts by also selling through channel partners, including wholesalers, distributors, and resellers. This expanded model introduces complexities in managing promotions, customer credit limits, returns, and tracking order status. A well-structured ecommerce platform makes this possible while maintaining a low total cost of ownership (TCO) over time.

Global beverage manufacturer and distributor Heineken is doing just that: using a flexible and adaptable digital commerce platform to expand its direct sales model to also manage online orders processed with channel partners.

Conversely, companies operating on static technology platforms often underestimate TCO by only considering initial software acquisition and ongoing servicing fees, without factoring in the cost of making changes in response to changing market conditions. That can lead to unpleasant surprises when a company finds it will have to allocate a lot more money to match new moves from rivals. To remain competitive and meet evolving customer expectations, market-leading distributors must proactively adapt to the needs of their digital channels.

A crucial technology choice

Deploying modular ecommerce systems—using APIs to integrate best-of-breed software applications for helpful customer experience—provides a higher level of customization compared with monolithic platforms, which mostly cater to a single vendor's technology features and may require the time and expense of rebuilding legacy software code.

Moreover, the pace of change, including fluctuations in global supply and demand, regulatory shifts, and emerging technologies—is accelerating. An adaptable ecommerce platform is essential for sustaining long-term success.

A prime example is the challenge distributors face in keeping product data up to date. Many distributors sell thousands of SKUs, which means constant updates of descriptions, specifications, regulatory information, images, and safety details. "With distributors managing so many SKUs, change is constant," says Chris Blaylock, a partner at business management advisory firm Wipfli, who oversees Wipfli's distribution industry practice.

An integrated ecosystem of technology applications is crucial to delivering seamless customer experience across multiple channels. Central to this ecosystem is a product information management (PIM) system that ensures accurate, up-to-date product details flow consistently from suppliers through internal operations and to customers via self-service ecommerce sites, physical point-of-sale outlets, chatbots, and mobile-enabled sales teams.

This ecosystem—typically incorporating enterprise resource planning (ERP), customer relationship management (CRM), inventory management, and transportation management systems—must also facilitate real-time information on customer activity, inventory levels, and order fulfillment. By analyzing this data, distributors gain valuable insights into customer behavior, demand trends, supplier performance, and profitability.

"Now, more than ever, distributors need to understand data sources and leverage technology to act on insights," Blaylock says. A well-structured technology architecture captures and utilizes data effectively, driving improved customer service and sales performance.

The right data for each customer

An example of a company whose technology enables it to leverage product information effectively is Dawn Foods. The global bakery ingredients manufacturer and distributor provides about 10,000 SKUs and maintains hundreds of attributes per item. But a piece of data that is crucial to one buyer might just be clutter for another.

To better serve all its customers, Dawn recently has enhanced its ecommerce platform to display product content tailored to the interests of different buyer groups. For example, bakers of donuts, cakes and cupcakes see different information, as each requires different ingredients.

As registered buyers log in to its B2B ecommerce site, Dawn recognizes them and presents such content as personalized shoppable recipes, including trendy new ingredients for each type of buyer. That kind of online experience has resulted in most customers adopting Dawn's line channel and steady increases in online sales.

Customer data is similarly complex, especially for companies expanding into new global markets and lines of business.

Justin Racine, principal at digital agency Perficient, emphasizes the importance of customer data platforms (CDPs) that can consolidate customer activity information from multiple sources, including an ecommerce site, mobile app, and a customer relationship management system. This comprehensive view enables distributors to enhance personalization, refine marketing strategies, and boost engagement.

"A centralized platform that integrates customer data across multiple channels allows distributors to deliver a truly personalized experience," Racine explains.

Maintaining accurate product and customer data supports:

- Real-time contract pricing tailored to individual customers.
- Dynamic public-facing pricing that adjusts based on demand, inventory, and sales strategies across B2B and B2C channels.
- Electronic invoicing and purchase orders for improved accuracy and efficiency.
- Personalized site search and navigation, with image-based product searches.
- AI-powered customer service, where chatbots and live agents access multichannel data to match customer needs with available inventory.

New forms of AI emerge

A growing trend is the use of agentic AI, a new form of AI that combines machine learning, natural language processing, and automation to support sales teams and improve customer interactions. In addition to generating content, for example answering questions as generative AI chatbots do, agentic AI can act without a prompt. For example, it can autonomously make recommendations in a conversational way to a customer, such as by noting there is a sale on a product the customer has previously bought or that a machine it's using is nearing time for routine maintenance.

"Leveraging agentic AI to facilitate real-time conversations between buyers and digital agents is a game changer," Racine notes.

AI also enhances service levels through:

- Automated order scheduling based on demand forecasting.
- Advanced search capabilities using large language models to find products by use case or solution.

Key Takeaways

1. A flexible and adaptable digital commerce platform, supported by a well-integrated technology ecosystem, is essential for long-term growth and exceptional customer experience.
2. Data integration and AI-powered analytics enable an important level of personalized commerce and customer service, helping distributors stay ahead in a rapidly evolving market.

Case Study: How Parts Town Meets the Needs of Digital-First Buyers

The significance of running a business with a flexible and adaptable ecommerce platform is evident at Parts Town, a distributor of replacement parts of restaurant equipment and the largest division of distribution company Parts Town Unlimited. By prioritizing collaboration with suppliers, food-service equipment contractors, and restaurant owners, Parts Town Unlimited now generates over $2 billion in annual revenue.

Parts Town processes much of its sales through a network of food-service equipment parts resellers and maintenance and repair contractors listed on the "Parts in Town" marketplace. Restaurants and other end customers can use that online portal to find the contractor nearest to them with the parts they need and request same-day delivery.

"Contractor needs are ever evolving, influenced by technological advancements, competitive landscapes, market conditions, customer expectations, supply chains, and macro factors," explains Miron Washington, chief digital officer of Parts Town. "The key to managing this constant change is the ability to serve customers on their terms."

Parts Town faces the ongoing challenge of adapting to shifting customer needs, particularly those dealing with the complexities of changing parts specifications and supply chain disruptions. Customers must be able to quickly locate and order the right part from an inventory of approximately 100,000 products to ensure restaurants continue operating without disruption.

To stay ahead in the competitive ecommerce landscape, Parts Town has developed a range of essential capabilities tailored to serve parts buyers effectively. A cornerstone of its strategy is the adoption of Agile MACH (microservices, API-first, cloud-native and headless):

Microservices: Small software applications designed to perform a specific business function, such as pulling data from an inventory management system to show product availability on an ecommerce site. Each microservice can be developed, deployed, and scaled independently.

API-first: An ecommerce technology platform or software suite developed from the ground up with APIs, providing for an elevated level of integration among software applications.

Cloud-native: Software designed to run in the cloud, making it highly scalable and flexible for computing power and data storage.

Headless: An ecommerce technology model that separates the customer-facing front end from the ecommerce engine and back-end business software. This design supports the development of one or more highly customizable front-end interfaces (including websites, apps, and social media storefronts.)

This approach allows seamless integration of top-tier technologies, ensuring website flexibility, speed, and reliability. Rather than relying on an ecommerce feature set built into a monolithic platform, online sellers can use the MACH approach to develop and integrate a best-of-breed application set for highly customized ways of serving customers. Examples are Parts Town's mobile app and its Parts in Town marketplace.

How AI improves site search

Enhancing customer experience further, the company leverages artificial intelligence to deliver personalized shopping journeys, using AI-driven search, recommendations, and dynamic content designed to align with user preferences. For example, when an account customer searches for commercial oven parts, the results may show items from their oven's manufacturer that have received positive comments in recent customer feedback.

Additionally, the company has optimized its platform for voice and visual search, incorporating natural language processing that understands the everyday language customers use when initiating queries. Buyers can search for parts with written questions or use advanced visual search tools that let them scan images showing needed product specifications to streamline the product discovery process. To improve purchasing confidence, Parts Town also integrates augmented reality and 3D product previews, which let buyers ensure they're ordering the exact item they need by viewing its design from several angles.

To provide customers with reliable and authoritative product content, Parts Town uses a product information management (PIM) system to consistently distribute accurate and up-to-date product descriptions and specifications through its marketing and merchandising operations. The PIM system is critical, equipping customers with detailed information to facilitate informed purchases. Parts Town has taken a step further in technological innovation by introducing its AI-powered PartPredictor tool.
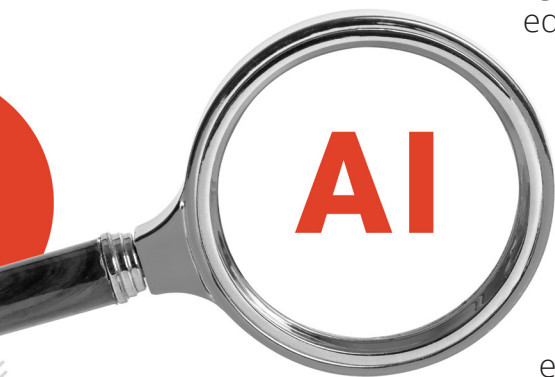
When using PartPredictor, repair technicians input the equipment's manufacturer and model number and describe the issue at hand. The tool then generates a list of the most frequently used parts for that specific problem, each accompanied by a "Fix Rate," which indicates the percentage of successful repairs associated with that part.

Launched last year on its ecommerce platform, PartPredictor assists service companies by identifying the correct parts quickly and accurately. The tool predicts the most required parts for specific equipment issues by analyzing millions of previous service calls where technicians successfully resolved similar problems.

Washington emphasizes that ensuring a seamless customer experience is paramount. "Meeting customers at every stage of their purchasing journey is crucial. Real-time connectivity with pricing, inventory, shipping, and delivery highlights how an integrated ecosystem of applications can provide a comprehensive customer experience."

To assess customer satisfaction beyond sales figures, Parts Town actively collects feedback through voice-of-customer and Net Promoter Score surveys. "These core metrics help us identify where we excel in meeting customer expectations and where improvements are needed," Washington concludes.

Parts Town says its digital technology strategy and ecosystem helped it achieve several impressive performance metrics in 2024, including:

- A doubling of customer engagement volume through a new AI-driven live chat tool.
- 200,000 daily website visits and 400,000 mobile app downloads.
- A 355% year-over-year increase in same-day delivery orders placed through its online last-mile delivery program.
- An 11% year-over-year increase in web sales, leading to record annual revenue of $2.5 billion, up 8% from $2.3 billion in 2023.

Key Takeaways:

1. **Embracing Advanced Digital Technologies Enhances Customer Experience –** By leveraging AI-driven personalization, visual search, and real-time data insights, Parts Town ensures that customers receive tailored and efficient service.
2. **Data-Driven Innovation Drives Competitive Advantage –** Investments in AI, machine learning, and predictive analytics, such as the PartPredictor tool, allow the company to optimize its operations and better serve its customers' evolving needs.

The Urgency of B2B Digital Adoption

There was a time when keeping up with the latest digital capabilities provided distributors a competitive advantage. Now, given the strong shift to customers researching and buying through digital channels, it's a necessity.

Legacy systems are increasingly incapable of supporting the seamless, omnichannel experiences that today's buyers expect. Distributors that fail to modernize risk losing market share to competitors that embrace agile, data-driven solutions. As the B2B ecommerce market expands, customers demand real-time inventory tracking, dynamic pricing, and frictionless self-service portals.

However, many distributors still rely on outdated, inflexible platforms that lack integration with AI, predictive analytics, and automation. These inefficiencies create inaccurate inventory data, slow order processing, and poor customer experiences, pushing buyers toward more technologically advanced competitors.
Successful distributors recognize that digital transformation extends beyond simply launching an ecommerce site—it requires a modern, adaptable technology infrastructure. Watsco Inc., a leading HVAC distributor, exemplifies this shift. Over the past two years, Watsco has invested over $50 million to rebuild its digital platform, ensuring it meets the evolving needs of contractors.

Today, Watsco operates one of the largest online marketplaces for HVAC equipment, with over one million SKUs. Its ecommerce platform and mobile apps empower contractors to compare prices, place orders instantly, and streamline sales processes. As a result, online sales now account for 35% of Watsco's total revenue, generating $2.6 billion in 2024, with Q4 ecommerce sales growing 16%, significantly outpacing overall revenue growth.

Upgraded inventory management and customer support

Recognizing the critical role of speed in distribution, Watsco also has prioritized advanced inventory management. By leveraging data analytics, the company optimizes inventory levels, reduces costly stock transfers, and ensures regionally accurate pricing, increasing margins and minimizing waste.

Beyond ecommerce, Watsco has expanded its digital services to enhance customer engagement. The OnCallAir platform, designed to help contractors close deals more efficiently, has facilitated $300 million in transactions. The HVAC Pro+ Mobile App, with 64,000 authenticated users, provides real-time pricing, product details, and technical support, driving a 25% increase in gross merchandise value.

Watsco President A.J. Nahmad emphasizes that digital innovation drives sales growth, improves customer loyalty, and creates new opportunities. The company is also accelerating its AI-driven initiatives, leveraging machines, learning to enhance customer support and internal efficiencies. Nahmad notes that harnessing AI to optimize operations and improve the buyer experience further solidifies Watsco's leadership in HVAC distribution.

Watsco's success underscores an industry-wide reality—digital transformation is no longer optional for B2B distributors. With tight profit margins and intensifying competition, scalable digital infrastructure is essential for long-term sustainability. Companies that invest in modern ecommerce technology, refining omnichannel strategies, and leverage data analytics will define the future of B2B distribution.

The time for gradual adaptation has passed. Distributors must act now to align with today's digital-first customer or risk obsolescence in a rapidly evolving marketplace. Distributors that identify their customers' evolving needs and quickly deploy new applications to support them on an innovative platform will be better positioned to keep those customers from shifting to a more innovative and helpful online competitor.

Still, distributors don't need to "boil the ocean" and completely upgrade an entire legacy platform immediately, a route that could result in money and time wasted on new deploying ecommerce technology that doesn't add long-term value in how a distributor serves its customers, advises Chris Blaylock, the head of management consulting firm Wipfli's distribution practice.

In many cases, he says it will be more effective to take a more step-by-step approach to deploying helpful ecommerce features. "It all starts with the business issue we're trying to solve, such as offering shipment status online, and identifying how innovative technology applications and the advancement of AI and analytics help us solve that business challenge. You can then be systematic in integrating different changes in infrastructure and technology across the company from start to finish.

He adds that the APIs, microservices and cloud-native software applications built into today's modern ecommerce technology offerings give companies more options, such as adding new features to a legacy platform as a possible cost-saving measure until a company is ready to deploy a completely new customized ecommerce platform.

Takeaways:

1. **Digital Transformation is Essential, Not Optional –** The shift toward digital purchasing in B2B markets means that modernizing technology is no longer a competitive advantage but a necessity. Distributors that fail to adopt agile, data-driven solutions risk losing market share to more tech-savvy competitors.
2. **Success Requires a Holistic Digital Strategy –** Simply launching an ecommerce platform isn't enough; companies must invest in scalable, integrated digital infrastructure. Watsco Inc.'s success highlights the importance of AI, predictive analytics, and automation in optimizing inventory management, enhancing customer experiences, and driving revenue growth.

About Virto Commerce

Virto Commerce, founded in 2011, is a global leader in B2B ecommerce and marketplace solutions, with offices in Los Angeles, Limassol, and Vilnius. Virto Commerce specializes in innovative, highly customizable headless commerce platforms.

Our mission is to empower businesses with cutting-edge ecommerce solutions through relentless innovation. At the heart of our offerings is the Commerce Innovation Platform, which enables businesses to build commerce products that drive sustainable business transformation.

Powered by our proprietary Virto Atomic Architecture™ and Virto Cloud, our Commerce Innovation Platform offers unparalleled flexibility, seamless integration, and extensive customization, enabling businesses to create unique, high-performance digital experiences and to drive sustainable business transformation across various industries.

About Reveation Labs

Reveation Labs empowers distributors and manufacturers to excel in the digital landscape through comprehensive B2B solutions including ecommerce. We provide strategic consulting, seamless platform implementation and integration, tailored custom development, targeted digital marketing, and continuous optimization.

Our unique approach is rooted in a deep understanding of the distribution industry. We recognize that customized strategies are essential, and we prioritize understanding your specific workflows, customer relationships, and industry nuances. This allows us to align ecommerce solutions precisely with your business goals and operational needs, driving measurable growth.

Partner with us and unlock the full potential of B2B ecommerce for your distribution business at www.reveation.io.

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