

GET CONNECTED

Understanding the critical role of the website in building a connected business.

by Shannon Gayton

FOUR YEARS AGO, NAED PARTNERED WITH FROST & Sullivan to conduct in-depth research on the urgency behind the need for electrical distributors to build a connected business. Undoubtedly, things

have changed quite a bit since the final report, *Building a Connected Business*, was published in 2019, and it was accelerated even further by the pandemic in 2020. This is the fourth of five articles sharing the perspectives of experts in the distribution industry who have worked with a combined hundreds of distributors and manufacturers on digital initiatives. Their perspectives are invaluable when it comes to outlining and urging distributors' next steps in their digital transformations.

Configuration Counts

The overlap of the B2C customer experience with B2B has many electrical distributors considering how best to configure their digital footprints.

A website should leverage the data across a company's connected business—CRM, ERP, PIM, and more—to provide a one-stop shop for customers looking not only to make a purchase

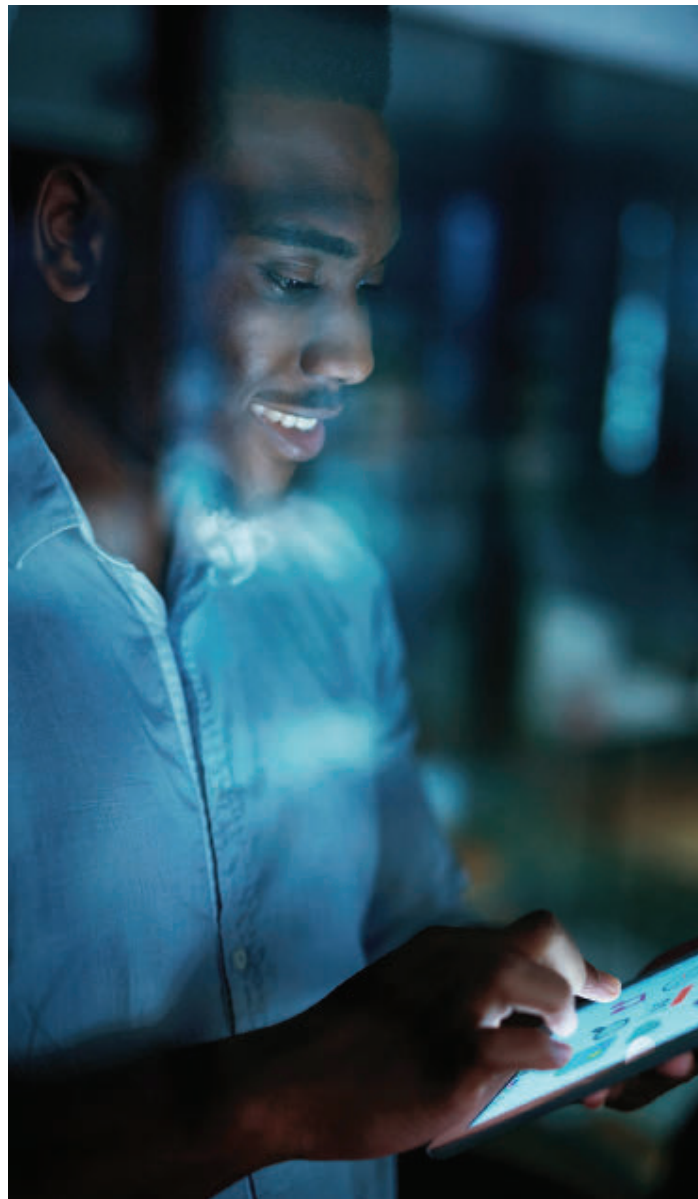
online, but also for real-time information on pricing, availability, and product details.

Gone are the days when the website served merely as an online brochure. A website should be a hub for customers,

where they go to shop a distributor's product selection (including reviewing features, comparing products, and checking pricing); get collateral they can pass on to stakeholders; review recommendations for complementary products; check inventory availability and order and delivery status; review and pay invoices; configure equipment; chat with CSRs; find case studies, testimonials, and reviews; learn about product applications and best practices; and find information on the go via a mobile device.

In other words, it's not just about making a purchase through an online shopping cart. If customers aren't coming to the website for much more than that, chances are they are leveraging a competitor's or marketplace's website (or a combination thereof).

Leveraging a website in this way is not only more convenient for customers, but also



© PEOPLE IMAGES/ISTOCK

operationally more efficient for the company. It takes simple tasks off the sales or customer reps' plate so they can focus instead on helping customers with bigger problems or requests.

The same is true for highly paid outside sales reps: It gives them more opportunities to focus on consultative selling, which is likely to add more value long term to the relationship.

The Role of Marketing in Building a Website That Works

A website should be considered a digital branch, one that many buyers prefer to visit before reaching out to consult with the sales team.

The part of the customer journey that is over before they do reach out often depends on who is sitting in the buyer's seat, their generation, and their purchasing preferences. And every customer base is different, depending on what they are buying, the roles they play, and the technical knowledge required to select the right product. But many studies show a buyer could be as much as 70% through their shopping experience before they want to talk to someone.

So how can a company make its website a destination, one that meets everything its customers are looking for? Susan Merlo, founder of the Digital Distributor Program, says distributors should focus on three principles:

1. The website should aim to attract customers, and then hold them there with value. Resources spent on getting visitors to the website are well spent only if visitors stick around.

2. Provide a memorable experience. Put valuable content on the website beyond product and brand listings. Include content that educates customers or resolves known problems they're facing. This will not only help them whittle down their choices when making a purchase, but also reinforce that their needs can be met by what the company provides,

BUSINESS / FEEDBACK



Talking Transformation

A Q&A with industry leaders.

NAED'S "BUILDING A Connected Business for the Future" endeavor refers to the NAED Education & Research Foundation's resources that focus on the industry's transition to digital in response to new technologies and changing customer expectations.

Here, Lura McBride, president and CEO, Van Meter Inc. (VMI), Cedar Rapids, Iowa, offers her insight into digital transformation:

Q: How is VMI using data and analytics to be better?

A. We use data and analytics to grow and improve our employee-owned business. Growth is realized when we consistently create lasting value for the people we serve, and improvement comes when each of our employee-owners knows how they create value and are focused on doing what they do in more effective, innovative, and efficient ways.

Take customer data, for example. When captured and analyzed effectively, customer data crafts a story—specifically who they are, what they buy, how they like to engage with us, which information or touchpoints (in person or digital) influence their buying behavior, if

there are gaps or areas for improvement, etc. When we know the "story," we can make strategic decisions, target commercial actions, and ultimately create the value that results in growth.

Operational data is equally important. We use it to measure our performance as a distributor—everything from warehouse productivity and sales pipeline management to invoice days outstanding. Only when we establish performance metrics and know where we are today can we monitor our progress and set goals for the future. A commitment to improving ourselves and our company every day is foundational to our success.

We use several technology systems and platforms to collect, manage, and report customer and operational data. Integrating our technology so data quickly syncs and presents the "story" in an easy-to-access, digestible manner is an ongoing effort. Increasingly, data is a critical business asset, and we believe empowering our employee-owners to see it and use it to work smarter gives us a competitive advantage. —tED

just as a conversation offline with a rep would.

3. Customers should be able to communicate with the company in multiple ways, including email, texting, live chat, e-commerce, phone calls, or on-site visits. Make it as easy as possible to find, communicate with, and order from the business.

Mike Marks, founding partner at Indian River Consulting Group, agrees. He recommends that distributors evaluate their current online presence. Ask:

- Does the brand have enough awareness in the industry that would draw a potential customer to the site in the first place?
- If and when they do visit the site, what will they find there?
- Is product, pricing, and application information easy to find?
- Are the website and its content optimized so that customers who are looking can find it in a search?
- Does the company know what its potential customers look like, and does it have technology to communicate in a personalized way with each of them, regardless of their market segment, buying preferences, or place in the sales pipeline?

This is where the marketing team should come in. They are responsible for knowing these answers and acting on them, whether that's in person or online. But historically, distributors have invested very little in marketing efforts, Marks noted. Instead, marketing dollars are often leveraged to support sales teams with sales flyers, trade show booths, or customer appreciation events.

But that's the wrong approach. "Many potential customers are nearly two-thirds of the way toward making a decision before they even talk to a salesperson. So it would make sense for most distributors to consider investing a lot more than they currently do in the presale touchpoints—including advertisements, their website, and emails—that determine

whether prospects will even be willing to move to the next stage of the sales process."

Merlo said a simple yet effective way to get and hold customers' attention is to write articles about their most significant challenges and identify ways the company can help them overcome them.

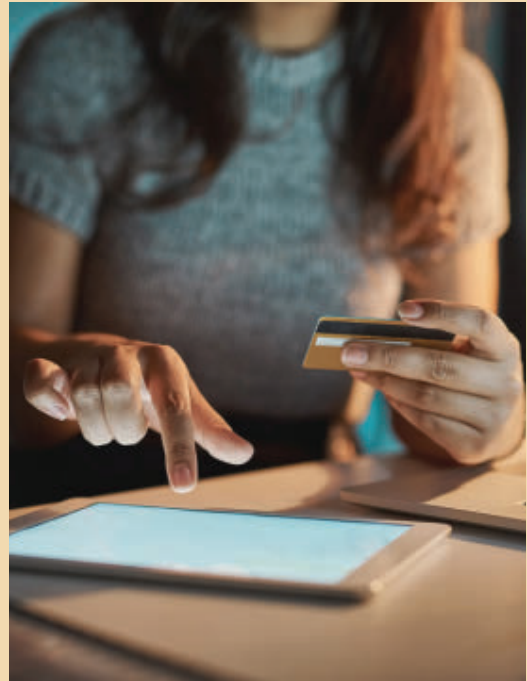
"Distributors know what their customers struggle with, and often they know what it takes to solve the common challenges electrical contractors face. But does the electrical contractor know that? If not, they should," she explained. The contractor may know their rep has the answers, and distributors must translate that expertise to their website.

Marketing tools that can be used to attract and engage customers throughout their journey include:

- **Marketing automation** automates, personalizes, and improves the effectiveness of email marketing, social media posting, and ad campaigns.
- **SEO** improves a website to increase its visibility in search engines such as Google and Bing.
- **Social media**

builds company brand and visibility across primary social media platforms such as Facebook, Instagram, and LinkedIn.

- **Content marketing** involves creating helpful resources such as application guides, educational blog posts, and product comparisons that



WHY CUSTOMERS VISIT YOUR SITE

Customers visit a website to:

- Learn more about your company and capabilities
- Get details about your products and services
- See social proof you can walk the walk [case studies, testimonials, reviews]
- Obtain product- and application-specific collateral to pass on to purchasers/stakeholders
- Seek help with their biggest challenges

Customers stay on the website when it has:

- Clear navigation structure
- Fast page loading
- User-friendly e-commerce
- Educational and helpful content
- Product information, reviews, and spec sheets —S.G.

can support your customers at every stage of the sales cycle, from problem-solving to purchase.

• **AI-enabled recommendation engines** leverage predictive, CRM, and web analytics to recommend best-fit products for customers based on their purchase histories, behavior, and other data on an e-commerce site. The engine matches a user's browsing patterns and products or content to provide a more personalized user experience. The benefits include increasing average order value and size.

• **CRM:** Distributors often view CRM as a sales tool, but these tools can also support more effective service and personalized marketing outreach to target audiences on a website and through other digital channels. CRM systems are rapidly changing to focus on more business-critical functions, including lead and campaign management, lead scoring, and analytics. CRM creates a single source of truth about each customer relationship.

Merlo noted that some distributors are underinvesting in digital marketing because they don't fully understand its power. "The distributors who have taken the time to learn about new technologies and leverage them properly are knocking it out of the park," she said. "They are the ones who will motor forward and stay ahead of the pack vs. the ones who are still kicking the tires."

Distributors can use simple digital tools to gain key insights that allow them to put the right content on their website where it will be seen by buyers at the right time in their sales journey. But doing this requires the marketing team's involvement.

"That's marketing's job, or at least it should be, but it's not happening if the sales and marketing departments don't overlap," said Merlo. "Teach your marketing people to be more sales-focused. Marketing must know at least as much as your salespeople

know about your customers and their needs if they're going to keep your website visitors as engaged as a sales rep would. After all, if your salesperson can't get in front of the customer, it's up to your website to do the selling for them. Who's going to create the content that can do that? Your sales team or your marketing team."

Product Data Is the Fuel

To really drive an online presence that makes an impact, distributors need quality product data. In a recent NAED project, researchers interviewed more than 60 NAED members to evaluate the current state of product data quality within the electrical channel and found that data management rarely gets the attention, prioritization, and investment it deserves. Common friction points among NAED members included incomplete and/or missing data, manual data integration, out-of-date and/or inaccurate product data, lack of resources and prioritization, inconsistent product data, poor data quality, and lack of data quality KPIs.

The economic costs of poor product data within the electrical channel range from \$2 billion to \$4 billion, stemming from:

1. Dedicated resources spent on cleaning and organizing manual data lead to higher distributor product management costs.
2. Ordering errors due to poor product data result in higher return rates.
3. Reduced order size and the loss of online buyers due to inadequate product data lead to reduced e-commerce results.

As younger, savvy buyers move into place, they expect up-to-date product information and seamless purchasing from their supply partners. It's up to distributors and their channel partners to embrace the technology that can drive effective product data management at each step of the supply chain.



ELEVATE YOUR SALES SKILLS!



NAED.ORG/CEP



SPARXiQ
Intelligent Sales & Profit Acceleration

Where Electrical Distributors Stand

The results of our latest e-commerce survey—NAED’s 2023 *State of E-commerce in Distribution* from Distribution Strategy Group—are in. Among segments measured, the electrical segment led e-commerce adoption rates in 2022. Adoption measures the percentage of distribution companies offering e-commerce. However, maturity (or the percentage of revenue that comes from online channels) remains low in electrical.

Data shows that a desire to improve ease of use and overall customer experience is driving investments in e-commerce.

However, the quality and completeness of product data remain a sticking point for NAED members, especially in regard to in-house reliance on data. About 38% of respondents reported that they were moderately satisfied with their product data. Another 6% reported they weren’t satisfied at all.

As maturity rates increase across electrical distribution channels, capabilities in e-commerce that include application/contextual product data and an improved customer experience will remain a key differentiator.

Measuring a Website’s Impact

Many distributors want to invest in a high-quality website as part of a connected ecosystem but have a hard time justifying the cost.

Jonathan Bein is the managing partner at Distribution Strategy Group and said this is primarily due to the way distributors calculate ROI. Distributors typically look for a direct payoff in the form of sales through the online shopping cart; if they don’t see one, they count the site as unsuccessful. Bein said that mindset is self-limiting.

“The problem with this way of thinking is that if distributors make plans based on forecasts that show limited ROI, they may decide to

spend less and limit the site’s functionality and integration, dooming themselves from the start,” he said.

Instead, consider all the functions we listed above and how your website can serve as a hub for customers: inventory availability, product configuration, product comparisons, pricing checks, and so much more.

Just because a customer is not purchasing on the website doesn’t mean that the website isn’t having an impact on sales. They may spend hours shopping on the website and then reach out to a sales rep to purchase. Bein gives the website credit for “assisting” the sale.

“Website budgets shouldn’t be treated like other capital expenditures because most ROI models can’t measure the effects of eroded long-term competitiveness resulting from a failure to invest,” Bein explained. “Sometimes your capability requirements will be defined by what is offered by your competition rather than an ROI model. For many distributors, an e-commerce site is more of a defensive move than a move to get rich quick.”

The Website’s Role in an Omnichannel Experience

A recent global B2B Pulse report from McKinsey reveals that B2B loyalty is “up for grabs.” Customers are more willing than ever to switch suppliers to gain the omnichannel experience they expect.

Customers are pushing for transparency at every link of the value chain, from inventory procurement to the customer shopping and buying

experience. They want an always-on, personalized procurement process that is consistent across all channels and like their B2C purchases.

They expect continuity they can count on—a seamless connected experience. They also want peace of mind knowing that their sales rep knows what they bought online and that they can go online to check the

status of an order placed with a customer service rep.

How can the distributor website support this omnichannel experience?

An integrated website that goes beyond just a shopping cart increases brand awareness and improves the experience at every stage of the customer journey, as well as builds trust and credibility. Furthermore, the data collected throughout the customer’s journey can be used to

enhance the customer experience, making it more convenient to do business with the distributor.

An effective website drives competitive advantage. It gives customers better access to the electrical distributor and their products at any time, day or night, helping them make more informed decisions while increasing the likelihood of a sale. It gives the distributor a competitive advantage in attracting new customers and retaining existing ones. ■



The distributors that have taken the time to learn about new technologies and leverage them properly are knocking it out of the park. They are the ones who will motor ahead of the pack vs. the ones who are still kicking the tires.

—SUSAN MERLO,
Digital Distributor Program

Gayton is a senior writer and researcher for 3 Aspens Media, a content strategy, research, and production firm dedicated to serving the wholesale distribution market. 3 Aspens Media partnered with NAED to research and produce this article series and can be reached at info@3aspensmedia.com.