

What You Need to Know About Distributor Commerce in 2023



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The B2B commerce landscape is advancing quickly. It's easy to go into information overload with the number of things your business "should" be doing to succeed. You don't need to follow every emerging trend. But, there are a few things that will be critical to success. In this eBook, we aim to clear the noise.

Based on research from some of the most prominent players in B2B commerce, this eBook highlights the top trends to consider in your digital strategy for the year ahead so you can stay focused.

Get insights on:

- Page 3** The increasing demand for digital shopping channels
- Page 4** The rise of online sales
- Page 5** The competitive edge of a unique shopping experience
- Page 6** The importance of taking an omnichannel approach
- Page 7** Strategies to stay relevant and competitive

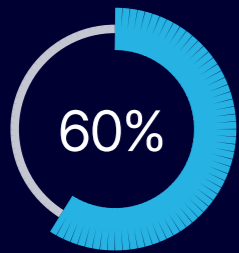
Demand for digital shopping channels is increasing.

B2B buyers expect a B2C shopping experience — it's as simple as that. As a new generation of decision-makers emerges, primarily millennials or Gen-Zers who grew up with the internet, a new set of expectations are born.

The expectation is that the convenience of shopping and purchasing for B2B will be comparable to that of B2C.

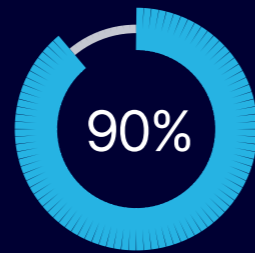


While historically B2B purchases have been made offline, with little digital interference, this is rapidly changing.



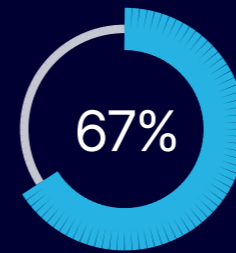
60% of B2B buyers are open to purchasing on a digital marketplace.

[\(McKinsey\)](#)



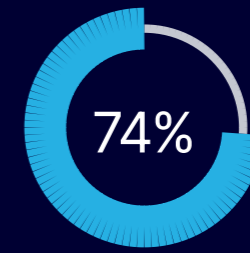
90% of B2B buyers would turn to a competitor if a supplier's digital channel couldn't keep up with their needs.

[\(Avionos\)](#)



67% of B2B buyers report having switched to purchasing from vendors that offer a "more consumer-like" experience.

[\(Optimizing B2B Payments Report\)](#)



74% of millennial B2B buyers said they switched vendors because the new company offered B2B experiences that are more similar to consumer payments.

[\(Optimizing B2B Payment Report\)](#)

Online B2B sales are on the rise.

With an increase in demand for B2B ecommerce, it's no surprise that sales through online channels are also on the rise.

While a lot of business is still done offline, the rate at which ecommerce is becoming businesses' most effective sales channel is steadily climbing, while offline channels, like in-person meetings, phone, email, and fax, stay consistent (or fall in some cases).

Now's the time to invest in your ecommerce channels, as sales begin to rely more on digital platforms.

1.8
TRILLION

B2B eCommerce sales are expected to reach \$1.8 trillion by 2023, **accounting for 17% of all B2B sales in the US.** (Forrester)

32%

32% of B2B companies say ecommerce is their most effective sales channel. That's a **45% increase** between Feb 2021 and Nov 2021.

(McKinsey)



Tailored customer experiences are vital to staying competitive.

The internet is the great connector. It connects you with your buyers and suppliers to do business more efficiently. By the same token, it can connect customers directly with manufacturers.

But, this doesn't mean you, as a distributor, will get squeezed out of the equation. What it does mean is that you need to offer a differentiated online offering.

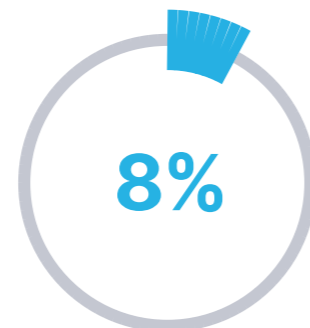
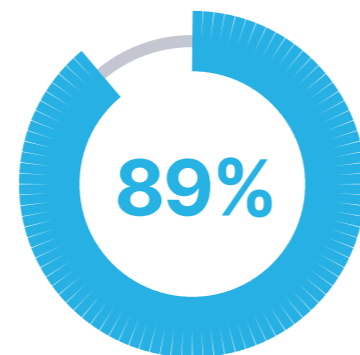
It's critical to have a deep understanding of what your customers are looking for — and offer that all in one place, for a competitive price.

89% of business buyers are more likely to buy if companies demonstrate an understanding of their goals.

(Salesforce)

Only **8%** of B2B organizations are set up to deliver highly personalized marketing and sales. Of that 8%, three-quarters report growing their market share.

(McKinsey)



Here are some valuable activities and features you can offer to customers for a more tailored and enhanced shopping experience:

- How-tos and resources sharing expertise on your website
- Product depth so they can go to as few places as possible to get what they need for specific projects
- Correct and available inventory
- The best price: If customers think they can save some money going direct to a manufacturer to source items, they will
- Superior customer service and support

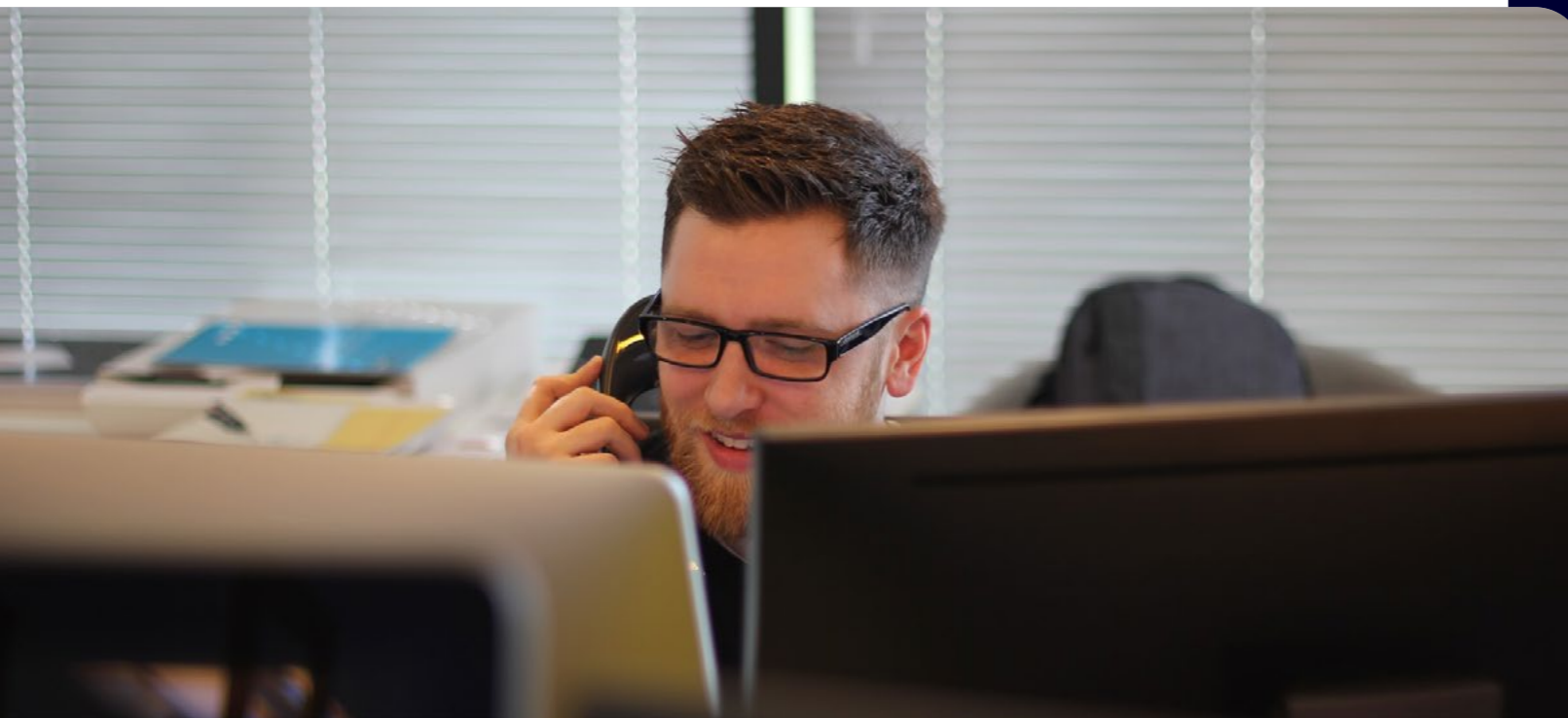


Hybrid selling is the future.

Offline sales aren't going to zero overnight, or likely even at all. As a distributor, you're a trusted partner for your buyers. Instead of thinking about your offline and online channels separately, you need to use a hybrid selling model.

- When given the choice between "traditional" (in-person), remote, and self-service interactions, buyers want all three. Approximately two-thirds of buyers in 2021 opted for remote human interactions or digital self-service (ecommerce). [\(McKinsey\)](#)
- B2B customers now regularly use ten or more channels to interact with suppliers (up from just five in 2016). [\(McKinsey\)](#)

You shouldn't be replacing one for the other — you should be learning how all your sales channels — from your sales team to your website — work together and complement each other.



Here's what a modern sales journey might look like:

Customer does a google search and finds you and your competitors

Customer does research on your site for your available products

Customer calls to discuss project and ensure you have the right products

Your sales team talks to them over the phone sharing expertise in the industry

Customer trusts the sales team but still needs to do competitive research online

You use data to retarget customer with advertisements around the internet

Customer returns to your site and decides to purchase the products

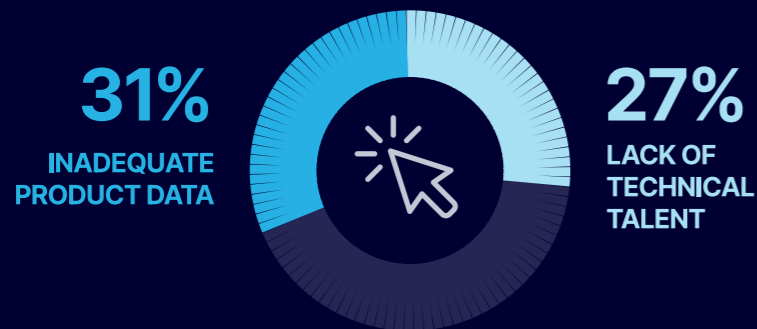
Customer reaches out to your sales team who already has their online cart built for them

Customer purchases on the site assisted by the sales team

Strategies for Success

To successfully adapt and keep your business competitive and relevant, you need to consider a digital strategy that adds value through tailored expertise, convenience, and a multi-touch experience. Your digital strategy should work hand in hand with your offline channels, as customers are taking an omnichannel approach to B2B purchases.

When it comes to digitizing, there are significant barriers. **31%** of distributors say inadequate product data is the most significant barrier, and **27%** say their biggest challenge is a lack of technical talent. (Distribution Strategy Group)



Here are several strategies to help you overcome these obstacles.

✓ Leverage the Marketplace or Dropship Model

Becoming a marketplace allows you to expand your product offering without having to physically store or ship all the products yourself — mitigating the risk associated with holding inventory and lowering operational costs. This model also allows you to leverage the power of network effects, where suppliers and customers attract each other to your platform.

Helpful resources:

[ARTICLE](#): Validating the Marketplace Model: 3 Step-Guide for Distributors

[ARTICLE](#): How Distributors Can Successfully Leverage the Marketplace Model



✓ Choose Your Tech Wisely

The platform you build your site on is a core tenant of your digital strategy. You'll want to invest in software that streamlines your operations, improves efficiency, and enhances customer experience. The ecommerce platform will also support you in cleaning up product data and ensuring consistency across the site.

Helpful resources:

[ARTICLE](#): [Manage Complexity and Maximize Value in Your Tech Stack](#)

[ARTICLE](#): [Headless Ecommerce Platforms: Everything You Need to Know](#)

[TOOL](#): [A Multi-Vendor Marketplace Platform](#)

✓ Think About People First

Having the right team in place is an important part of digitization efforts. Firstly, no matter what type of commerce platform you use, you'll need a development team in place. Additionally, your salespeople will need to develop new skills and work *with* technology. By working alongside digital channels, salespeople have the opportunity to focus on reinforcing their relationships and becoming experts on their customers and their customers' needs.

Helpful Resources

[ARTICLE](#): [Preparing your team for ecommerce](#)

[ARTICLE](#): [How to Plan Your Marketplace Organizational Structure for Every Growth Stage](#)

Helpful tips for hiring a development team:

- **Think more about the candidate experience and less about the recruiting process.**

This involves making sure the right people are part of the interviewing process, speedy decision-making (top talent has options — if you find the right person, don't be slow to offer them the position), sharing job postings in non-traditional channels, and making sure the onboarding process is smooth.

- **Top talent is interviewing you, not the other way around.**

Make sure you show up to interviews prepared with an employee value proposition. It needs to be clear to recruits why working for you is the best decision. This includes compensation, culture, fulfillment, etc.

- **Build a small empowered team**

Top engineers don't want to work in a hierarchical environment with slow processes. They want to be empowered to do their best work. Keep your team small and agile, providing autonomy and protection from too much red tape.

(courtesy of McKinsey)

Conclusion

There's a well-known saying, "if it ain't broke, don't fix it." If you have a business that's been running successfully for years, it's easy to get stuck in the notion that nothing needs to change. But things are changing around you — buyers' expectations, demand for new channels, and access to manufacturers.

Start thinking about the future of your business to ensure future success.





About Nautical

Nautical enables B2B businesses to own their industry by becoming an online marketplace. Nautical's headless multi-vendor commerce platform allows you to build the marketplace or dropship experience your customers require in less time and with less risk. Whether you want to launch a new marketplace or leverage the dropship model within your existing business, Nautical delivers the capabilities needed to make marketplace management simple for sellers and operators.