

Examining your E-Commerce Investment

By Jason Bader

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You know when a subject keeps rearing its head for the past week during client and facilitation calls? Some would call that a sign. I call it an opportunity. I love it when my professional interactions serve up an article topic on a silver platter. This one just seemed so appropriate given the state of distribution in 2021.

For the past week, the topic du jour seemed to be e-commerce improvements and where to make the investment. With my private client, he has a solid web presence with a robust e-commerce offering. He isn't seeing the results he was hoping for and is contemplating the next infusion of cash to improve his return on investment. Some of the areas of improvement make sense and could potentially provide additional success, but the actions seemed to be a lot of guessing and not a lot of strategy. This is pretty common in privately held distribution today. E-commerce and web development is foreign territory to business owners who have made their business on old school, pound the pavement, blocking and tackling distribution. To think that they, myself included, can be masters of this domain is wishful thinking. This isn't our ball of wax and maybe it shouldn't be.

As we talked through the challenge, we realized that the current strategy was lacking purpose. What I mean is, we realized that e-commerce can be broken down into two distinct components: B2B, which most distributors have built their business around, and B2C, which has always been a lucky byproduct of a showroom or retail presence. When distributors set out to build a strategy, they need to decide how their e-commerce strategy will align with each side. I truly debate whether B2C should even be considered until the company has a performing B2B program going, but some will try. Here's a little perspective – you ain't Amazon and you never will be.

If the goal is to build a tool for existing customers, then we need to focus on their needs first. In one of my groups, a participant talked about building a "digital customer experience". The goal is to give those customers the option of shopping outside of the confines of their traditional hours. Since this option is being offered by other competitive supply houses, this goal makes sense. But if this is going to be a "customer experience", why am I wasting a bunch of time dreaming up functionality that I think the customer is going to want. I may have been in the business for a while and have some insight into the buying preferences of my customer base, but am I really that clairvoyant?

In this humble advisor's opinion, I wouldn't drop another dime into my B2B e-commerce solution until I embarked on a substantial intelligence gathering project with my intended audience. In the spirit of full disclosure as I wrap up the overhaul of my website, I failed to take the advice I am now shoveling your way. Hindsight is 2020. Do as I say, not as I do. I failed to

reach out to my past and prospective clients and survey them about what would make my site more of a resource. In a service-based business, the smart ones spend money to serve customers, not their own ego.

As I have written about several times in the past, gathering the voice of the customer is a skill every business should develop. I get it, we think we know our customers. We just don't know them well enough. Unfortunately, our knowledge may be dated, biased or taken from too small a sample size. Establishing a customer feedback program can be as simple as conducting a web-based survey; to, as complex as having experts analyze your phone interactions. Relying on your sales team to gather this feedback is not advisable. There is simply too much bias. For most distributors, I would suggest a survey with input from someone who specializes in customer interaction analytics. Martha Brooke, of Interaction Metrics, is the company I refer to my clients to, but I am sure there are several good resources out there.

Don't just survey the people that buy products from your company. Make sure to hit those in accounts payable as well. A really solid feature of many e-commerce sites is the ability for a customer to log to their own portal. This is probably not new to anyone, but for the sake of clarity I will press on. This portal is often used by your customers' accounting departments to chase down invoices and statements so that they can pay you. This will take a tremendous amount of phone time off your accounting team. This alone can provide a return on your technology investment.

For those of you looking to include a B2C play, please excuse my snarky comment above. You may have a proprietary item or even a private label solution that could be something for the masses. You may be a used equipment dealer who doesn't necessarily look for existing customers to sell. So how do you get potential buyers to swim up to the boat? In the old days, it was a lot of smiling and dialing. One client was given the advice to hire a road warrior to canvas potential buyers. While this might have worked a couple ten years ago, I don't think it is the way of the future. Let's just do a little math. A salaried and benefited salesperson might cost around \$100K a year. Add travel expenses of another \$25 - \$30K a year and you have a significant investment that will probably produce dismal results. Why not take that same \$130K investment and invest in some serious digital marketing muscle? Now I'm not talking about some slick SEO salesperson that promises to get you a higher rank on Google. SEO – So what? It's time to look at the world of SEM (search engine marketing).

I am no expert on SEM, but I am becoming more familiar with the possibilities through the eyes of my clients. Did you know that you can target a specific area, filter by desired demographics, and everyone in that area will potentially start seeing your ads on their social media feeds? Super creepy, right? Have you ever wondered why you can google a certain product on your computer and over the next few days that same product starts appearing in your Instagram feed? SEM. Imagine that you are selling used HVAC equipment for commercial spaces. What if you could draw a geo-fence around the next local BOMA (Building Owners and Managers Association) chapter meeting. Over the next few days, your equipment starts showing up in their personal media feeds. It's almost like cheating. If you are serious about going after a B2C

play with your e-commerce program, I suggest you get educated on the Wild, Wild West of Search Engine Marketing.

If 2020 taught us anything, we all need to better understand the world of e-commerce strategy. As a crawl, walk, run kind of guy, I would always try to play to your strengths first. If you have been a traditional B2B distributor, start there. Survey your customers, either through a professional or not, and find out what they want to see in web portal. Focus on that true customer experience. If your product mix lends itself to a more B2C play, get really focused on driving traffic to your site. It's a brave new world out there that might be better managed by those who have a long career ahead of them.

About the Author:

Jason Bader is the principal of The Distribution Team. He is a holistic distribution advisor who is passionate about helping business owners solve challenges, generate wealth, and achieve personal goals. He can be found speaking at several industry events throughout the year, providing executive coaching services to private clients and letting his thoughts be known in an industry publication or two. Last year, he launched his first podcast, Distribution Talk. Episodes can be found at www.distributiontalk.com and most podcast applications. He can be reached at (503) 282-2333 or via email at jason@distributionteam.com. You can find additional resources on his website: www.thedistributionteam.com