The Different Look at the Digitalization for Automation Distributors

It's hard to miss the echoing trumpets and continual drumbeat of the webstore bandwagon. A quick Google search using the words – distributors need ecommerce – turns up 22.9 million results. While not rocket science research, it still points to a massive number of folks talking about the subject. Ecommerce to 90 plus percent of these posts translates into one thing: a webstore.

Discussions like the one from a distributor-centric blog (https://www.weidert.com) are shouting messages like this one: *"…traditional distributors find their industry is rapidly changing, and the services they were once valued for no longer provide as competitive an advantage as they once did."*

Somehow I don't believe the author had taken the time to truly understand the automation business where salespeople, who are real engineers, sit down to help customers troubleshoot complex equipment or where product specialists are part of the ongoing design team of the customer. While the comment might be true in some industries, it is not true in many/most of our selling situations.

Later on, the same distribution guru said this to give wholesalers a sense of urgency:
"According to a survey by Accenture, 86% of US-based B2B companies with over $500M in annual revenues have already implemented e-commerce solutions, and if you don't start now, it will be even harder to catch your largest competitors down the road."

While true, this comment again misses the mark for AHTD distributors. I am told the median size of an AHTD Automation Solution Provider/Distributor is just under $20M. If these big guys could have put us out of business based on their sheer size advantage, we would have been gone years ago.

What's the point of this? AHTD members are different. They need digitalization, not a webstore.

What is digitalization?
I see digitalization as the employment of technology tools to make our selling process work more efficiently and more effectively. Simply put, digitalization is about five very simple things:
1. Doing a better job of selling our products
2. Providing more of and better services our customers want
3. Using fewer people per dollar of sales and gross margin
4. Making more money for our business
5. Employing technology to sell technology

Is a webstore (which most interchange with ecommerce) part of digitalization? Yes, but leave out the other components and you lose money. You also distract yourself from the real business of solving customer automation problems.

Assist in salespeople (inside and out) with product selection
Digitalization will assist inside salespeople in the proper selection of part numbers. This is important because even if you understand all the concepts, application issues and product nuances, a simple

mistake in the catalog number string can create issues at the customer end. Further, the use of computerized part selection speeds up the training process for both inside and customer service types.

Eliminating the need to rustle through a suppliers catalog speeds up phone transactions and gets the customer's request completed faster. Simply put, this application of digital technology makes sellers more efficient; the goal is doing more with fewer people.

Empower inside sales to make more "add-on" product sales
They say the economically most powerful phrase on the planet is "would you like fries with that order?" Automation distributors have struggled to make this happen. Most have fallen well short of their goals to "train" their teams on the approach. Experience dictates this is not simply a matter of will, but the combination of overly busy teams and the ability to quickly recall add on products within a split second.

The Amazon system has made use of this by suggesting products based on previous purchases. However, very few distributors have the kind of purchase history that makes such a plan workable. The information needs to be loaded into the system and this requires engineering judgement and selling experience. Few have the time and resources to make this happen for anything but a very few products. Digitalization properly applied provides the needed tools.

Automate the creation of feature rich quotations
Automation products are complicated. The catalog numbers mean almost nothing to most of our customers and the system descriptions found in our ERP systems are definitely lacking in explanation, useful graphics and other content. Looking back, most of the quotations sent to customers are generated off the ERP system and they seriously lack the content mentioned above.

In an environment where buying decisions must be approved by someone in a non-technical capacity, providing the right details can save additional follow-up calls, visits from salespeople and other time consuming activities. They differentiate your proposal from the competition and reflect positively on the kind of service you provide. Simply stated, they improve both your productivity and sales results.

Finally, digitalization does mean a great webstore
The final piece, the part everyone assumes is the panacea of business, is the webstore. Basically the concept sounds pretty simple, create a website, and plug in the products you sell, then sit back and wait for the orders to roll in. It's not that simple. Here are a few of the things an AHTD member needs to consider:

- The people promoting webstores are selling an empty shell of a store. Think of this as an empty storefront. It can be a shoe store, a cell phone outlet or a florist. They are just providing you with a shell to load all of your own merchandise. For those who try to build their own webstore, their IT people can typically get to about 60 percent done before they realize the last part is where it gets complicated. And, just like with the folks selling an empty webstore, getting content is still an issue.

- Product content is harder to get than you can even begin to imagine. Talk to any distributor who has launched into this project and they will tell you, content is key to success; and expensive to get. First, most manufacturers don't have what you need. The only options are to create it yourself, hire "data scrapers" (generally people who find content of some kind on line and reconfigure it), or buy the data from someone who has developed it. All of these options are super expensive. One automation distributor told me his company has already spent over $100,000 dollars on content and

they are still not done. Extending this cost further, each time a new product is added to a supplier's catalog, additional work is required.

- People who don't know you are not all that likely to find you without some kind of major effort. Ok, your website is up and running. There are a million variations of the same type of products. Aside from price, you must ask, why would they pick you? Will your webstore be buried somewhere on page 23 of the Google search results? In order to make a difference, your webstore must be maximized for search engine discovery.

- The webstore should be an extension of your sales efforts, not a standalone event. The best customers for your webstore are those who are already doing business with you. Directing traffic to your site should be part of your marketing and sales efforts. The website/store should mirror your products service and provide a similar experience for customers whether they do business on the phone, via email or over the web. Quotes created and sent through the system should be easy for the customer to convert to an order whenever and from wherever as they see fit.

Wouldn't it be nice if at least one webstore provider actually knew the automation business?
Somebody said, don't try to describe the ocean if you've never seen it. The developers working on most webstores have no idea what the automation distributor's business model looks like. Going back to the misguided advice mentioned early in this article, obviously this person has no clue as to the realities of our world.

If I might be so bold as to add a bit about our organization, KYKLO knows your business. My partner and I are ex-Schneider Electric Employees. A large percentage of our 40 engineers have backgrounds in the automation and electrical industry. Why does this make a difference?

We understand the information your customers need. Since we provide content as part of our system, we can tune the content to closely align with customer interests. This answers a couple of the issues surrounding content and how it is served up. It goes further than that. We build the content from scratch, often with better descriptors and pictures than found on the manufacturer's website. Improving further, we update the product data each time a manufacturer releases a new version.

One thing I didn't mention is the length of time it takes to get a credible webstore up and running. Most people measure success in months. We have the capability to get our clients up and running in days – sometimes in as little as 48 hours.

A final word on Digitalization of Distribution
It's not a matter of if you will make this move, I believe you will. If not now, then sometime in the future. If you are thinking about the best practices, my team, along with myself, will be at AHTD. Let's talk. You may decide to wait, and that's ok, but I guarantee you will be more astute in your thinking after spending a few minutes hearing about the options.