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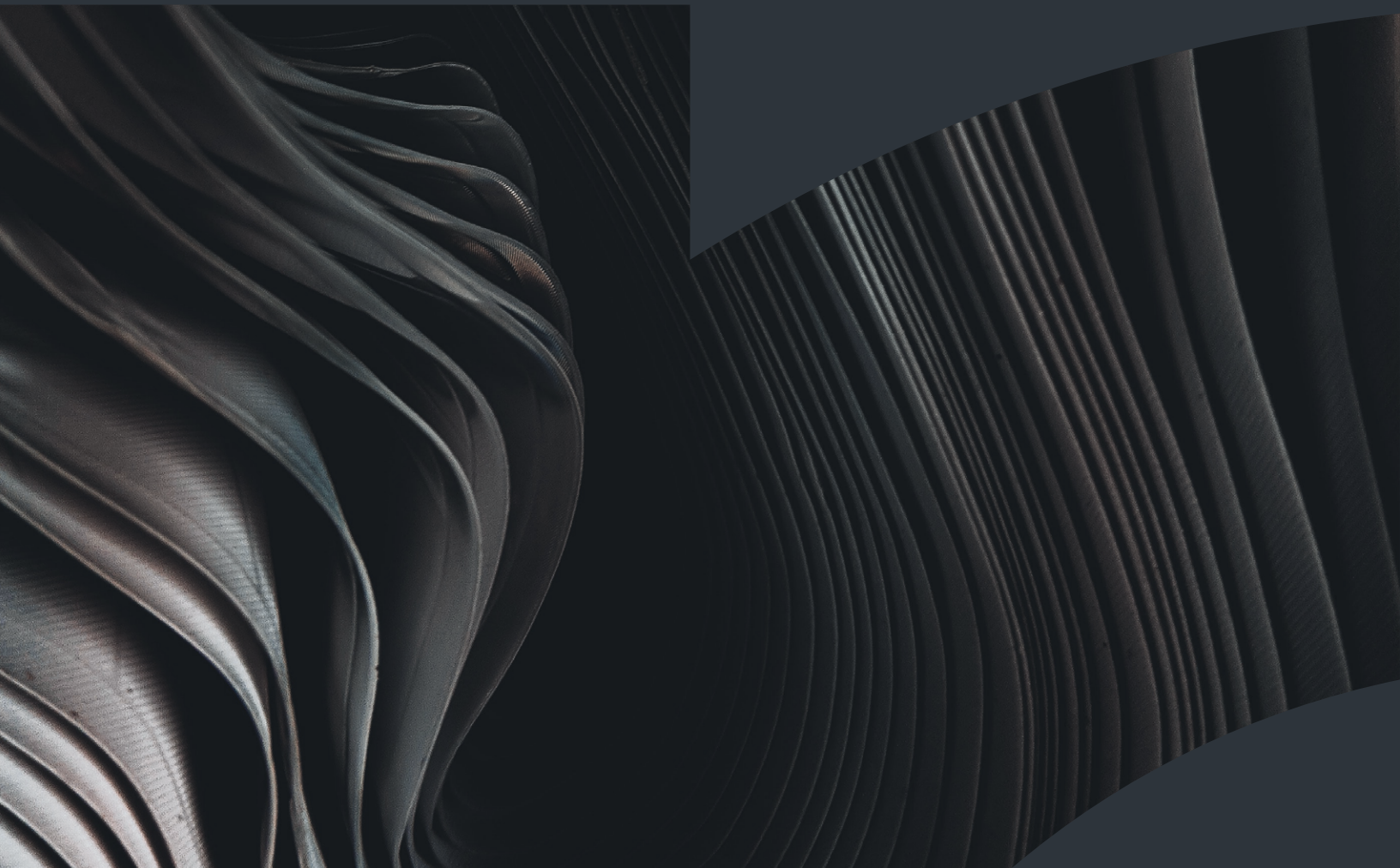
How a DXP Helps Distributors Win at E-Commerce

Sell Online Like You Sell On Site

Contents

Introduction

Imagine a contractor stops by her local distributor looking for a specific valve. A common interaction in a distributor branch would involve the rep helping the contractor find the right parts based on the spec sheets, dimensions, and other requirements. The rep may even offer suggestions on a tool that can simplify installation.

Now imagine entering the same store and seeing the rep on the phone and ignoring the contractor, leaving her on her own among an overwhelming and impossible-to-navigate selection within the aisles.

Most distributors would be turned off at this lack of attentiveness and respect for the customer's time, especially since excellent, personalized customer service could lead to repeat purchases. So why do so many companies let this happen online regularly?

Think about a time when you've visited a website where finding what you needed was next to impossible, where the search results were not relevant, and the product recommendations were way off. We've all had that bad experience. You were probably even less likely to stick around that company's digital branch – their website – than you would a physical branch.

Some websites do a great job of getting you to the product you need quickly. And others – well, they are difficult to navigate from the start and leave you unsatisfied.

It's a big ask to translate that positive offline customer experience online. Can your website reflect the expertise and guidance your customers have come to rely on when they stop by a branch or talk with a sales rep?

Many distributors don't think so, causing resistance and a reluctance to fully leverage e-commerce as a sales channel. But it's possible to create an experience online that makes a customer feel like you "get them." That you're recommending the product that is best suited to the job at hand. That's what B2B buyers expect today. But if they can't quickly find what they need on your website, they'll go somewhere else.

Meeting these expectations from customers will be challenging, if not impossible, for most distributors to do without a more sophisticated technology set.

In this e-book, you'll learn:

What's holding distributors back from meeting growing customer expectations online

How distributors' technology stacks up against what they really need

The role of a digital experience platform (DXP) in transforming how distributors deliver the ideal customer experience

The Challenges
Distributors Face

The Challenges Distributors Face

Many more B2B buyers are using e-commerce to fulfill customer needs in 2021 as compared to just 2 years ago in 2019. A whopping 83% of buyers reported double-digit growth in digital revenue in 2020. In 2019, only 9% saw that kind of growth, according to [The State of Customer Experience](#), a commissioned study by Forrester Consulting on behalf of Bloomreach.

It's all great news for distributors new to digital, but the growth in e-commerce has brought with it a minefield of new challenges for distributors post-launch:

76% of buyers

experienced challenges in a recent shopping experience on supplier websites

Over half (53%)

of customers will not buy from the same business again if they have had a bad experience

Nearly 50%

of customers would pay more for a better, faster online buying experience

Distributors need an e-commerce site that drives more sales, increases profitability, and attracts new customers at a lower cost to serve. To do that, they must build a website that's easy for customers to browse, understands what they're looking for, and offers relevant product recommendations based on customers' applications and industry.

Many still fall woefully short of these customer expectations. Why aren't distributors' investments in digital working? Why aren't they getting the traffic they want to their websites, and when it does arrive, why aren't sales increasing? Why does e-commerce still make up such a low percentage of revenue? And why haven't they seen a material increase in profitability?

Let's look again at the offline experience. In a physical location, customers are able to talk to sales reps to help them browse the aisles and find the correct product based on their needs. Maybe there's an end-cap display featuring a seasonal promotion. Or maybe there's a catalog that customers can easily reference and bookmark. This all falls under what would be considered traditional in-store or print merchandising.

Digital merchandising, on the other hand, is all about how to display and list products on a website or app in a way that's intuitive, relevant, and optimized for purchase.

The problem is, depending on the sector, many distributors haven't considered merchandising in the way many B2C retailers do. The different parts of merchandising (pricing, displays, cross-selling, discounting, vendor partnerships, and more) have typically been distributed across multiple teams. As a result, most distributors lack specialized experience with merchandising.

But to succeed in e-commerce requires distributors (and companies selling online) to be digital merchandisers. Unfortunately, taking what's already an unfamiliar process — merchandising — and applying it well to an unfamiliar channel is a tall order for many distributors that are busy fielding calls and putting out fires daily.

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The online merchandising challenge is even more complex because the buying process online is so different from offline. For example, a customer's expectation of a print catalog is linear. They scan the table of contents, find the product category and item they are looking for, and flip to that page. On that page, they compare available options for a particular product type and find the item that best matches their needs. Or, they pick up the phone to talk with a sales rep or stop by the branch for additional expertise.

A website can serve a similar purpose, but its true benefit is the ability to support non-linear discovery, where the buyer's journey is dynamic and the website opens doors to alternate or related products along the way. This more advanced experience requires more sophisticated technology, which, for the most part, is easy to implement. Even if a customer ultimately picks up the phone or emails in an order after shopping on your website, you need to make sure that the website guides them to find what they need, as well as makes relevant recommendations that grow order size and profitability.

Customers want to do more of that research on their own. While the highly technical sales may still require a salesperson's guidance, a distributor's website can support other sales that don't require a sales rep's intervention. But those orders still benefit from a way to personalize based on the buyer and their use case and let them research products and content on their own. This frees sales reps for more pursuits that add genuine value for the distributor.

What's making this process difficult for distributors?

Diverse Audience

How a product is used and what they need may vary greatly from customer to customer based on industry, application, geography, and so on. It doesn't work to personalize an experience to a single individual; distributors must account for all contexts to solve problems.

SKU Count

Even the smallest distributors stock or sell tens of thousands of SKUs. The largest sell millions. What's more, products are more precise in B2B than in consumer goods, meaning the differences between two items are finer and more subtle.

For example, if a contractor were to look at "insulating electrical tape" on one major distributor's website, they would find 293 products listed, representing seven sub-types based on the application or environment (high-voltage, moisture-resistant, etc.), 14 options for backing material (rubber, silicone, vinyl, etc.), and dozens of size options, not to mention multiple brands. That diversity of options for a single type of electrical tape isn't available on traditionally B2C websites.

Multiple Touchpoints and Siloed Systems

Customers interact with distributors across multiple channels, including digital, in person, phone, and print. That customer experience across these channels can't remain siloed. When you bring these channels together, you can provide an omnichannel experience, where you provide the same experience no matter where the customer is interacting with you. A true omnichannel strategy requires the right technology, which means your front- and back-end systems are integrated.

Technically Complicated Product

The products that are offered by B2B distributors are often both highly technical in nature and unfamiliar to buyers, and are not often encountered

or used by those not in the industry. It's challenging to scale the knowledge and expertise of a technical product specialist required to select and install the right solution.

What's more, you have to account for the wide range of customer behaviors. Some customers want to search the website with brand names or manufacturer part numbers. Some want to search by application (drywall hanging), while others want to search by describing the product (drywall driver). Sometimes, a customer may only know what their problem is (circulation pump for coolant) and not the solution — they don't even know what to call the product.

To effectively stand out from the pack in digital, you must let customers use the language they want to use, and not just the terms you prefer they use.

The power has moved from the distributor to the buyer. After all, if a customer gets frustrated and can't find what they're looking for, they'll just click over to a new supplier online, in hopes of finding a better experience. You must show that you understand what they want. And then, given what you know about them and their needs, you know which order to show those search results in, based on products relevant for their problem.

For example, let's say that you search for "screw machine drill bit." It would be frustrating if that phrase returned zero results, but plugging in "short length drill bit" (a different term for the same product) returned thousands of product results. A website must account for the multiple ways customers refer to a product and return the same results each time, regardless of which synonym is used.
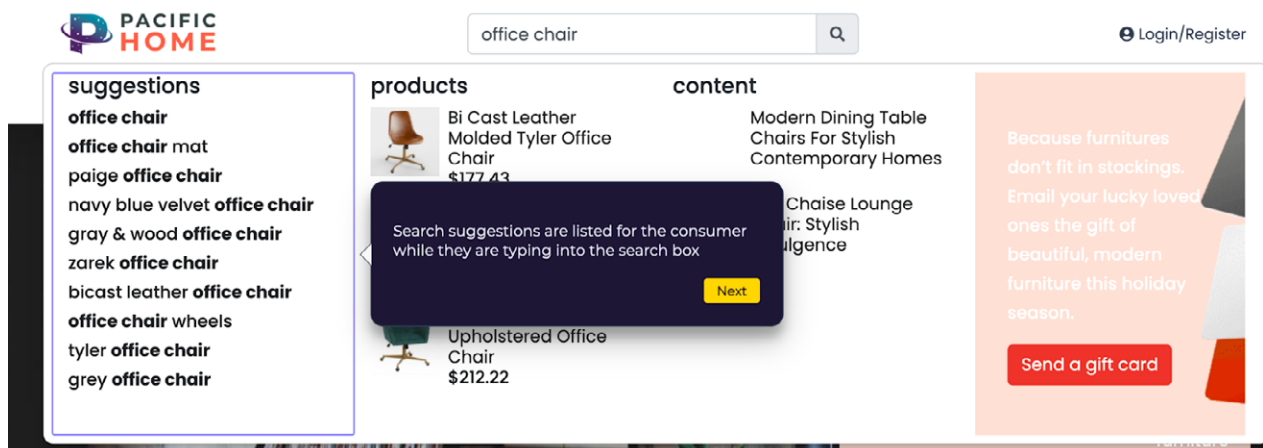
Help Them Find Products Fast

- Personalize the most impactful areas of your site with cohesive technology.

- Return accurate results for every visitor by understanding which segments care about which product attributes and leverage associations between queries and products.

- Rely on AI, not manual rule writing, to ensure that your search is always getting better.

That's not easy. What's more, this degree of precision can't be done manually at scale. Where would you start? How big would your team need to be? How much time would they need to spend to research every possible iteration of a shopper's needs? And where would they even do that research?

The answer lies in machine learning — these algorithms learn by pattern recognition, using massive amounts of data to identify trends that it can then apply to new datasets (such as a buyer's session on your website). Traditional merchandising won't stand up to the power of machine learning; the website is training itself to automatically show the best products based on that shopper's history — no human intervention required.

The Problem With a Distributor's Standard Tech Stack

The standard technology stack isn't keeping up with the digital needs of customers today. In fact, it was never designed to do that.

Most decision-makers in B2B firms have experienced challenges with their tech stack and say that technology is the biggest hurdle across the e-commerce journey. When it comes to building the online channel, B2B companies that are new to digital often rely on a one-size-fits-all legacy commerce cloud or a bunch of point solutions cobbled together by an IT team. These point solutions are each designed to solve a specific business problem, but must be custom-integrated to create the full solution.

The point solutions that a distributor operates to serve customers online include:

Multiple Touchpoints and Siloed Systems

a system that manages how the business sells the products in the PIM, including details like pricing, inventory amounts, and warehouse locations.

Content Management System (CMS)

a system that organizes content to be used on the website and empowers business users to publish without IT support.

E-Commerce Platform

the part of your stack that handles the transaction itself. The platform simply lets users add products to a cart and place their order.

Product Information Management (PIM) System

a database where all the core data about products is stored and maintained. PIMs can also be used to audit and fix the quality of that data.

Distributors' problems stem from the fact that they usually don't implement all of these elements at once. Rather, they start with an ERP and then implement e-commerce, CMS, and a PIM. As the tech stack grows more complicated, distributors aren't able to integrate each new element effectively. As a result, businesses have too many overlapping systems resulting in inconsistent customer experiences, slower revenue growth, less flexibility, a one-size-fits-all customer experience, and an inability to adapt to customer expectations and market demands.

So the businesses hit a lull. Only when they begin to consolidate their tools and solutions and invest in a core platform aligned to its strategy can they begin to jumpstart growth.

The Power of the API: Less Risk, More Flexibility

Distributors have historically been forced to choose between two undesirable options: Either cobble together individual point solutions (that are mostly manual and require a lot of maintenance) or opt for a complete package, but get very little control over individual solutions (many of which technically work, but not especially well). Enter application programming interfaces (APIs). Standardized APIs (acting as fasteners between software programs) make it much easier to connect best-in-breed software solutions. Not only that, but the information in each solution can be more easily shared across the stack, unlike the silo issues encountered in most point solution-based stacks. Options are now modular, or headless,

and can be pieced together based on your company's needs to create better customer experiences.

[Bloomreach,](#) a commerce experience cloud, offers a headless, API-first design that complements the other parts of a distributor's tech stack, easily integrating with a variety of data sources and systems. For a distributor with so many customer interactions on multiple channels, this control and visibility is critical.

What Is a DXP,
and Why Do Distributors Need One?

The solution to all of these aforementioned problems is a digital experience platform (DXP). A DXP lets distributors take that highly personalized and relevant experience that they provide in person and bring it to a customer's online experience.

Going back to the earlier example, with a DXP, you can now search for "screw machine drill bit" and the website knows you mean "short length drill bit."

Or let's say you also need "gloves," so you search for those as well. Based on your search and purchase history, the website knows you need gloves for a construction site, and not for a hospital. Just as a sales rep would know a regular customer well enough to suggest relevant products and make recommendations that fit their situation, a DXP adapts and scales the experience in real time based on a customer's purchase and behavior history across all sales channels.

No customer is the same. And in B2B markets, even the same customer can have different problems they are trying to solve at different times. Their experience online needs to reflect the elements of the customer that stay the same while also accounting for the variety of applications that are part of their job.

Case Study

HD Supply Increases Revenue From Search by 16%

The vast majority of customers on the HD Supply website find products through search. Navigation is used less than 10% of the time. As a result, HD Supply wanted to improve its site search capabilities. HD Supply adopted Bloomreach Discovery as its site-search technology of choice. As part of that, HD Supply leverages the insights dashboard, an analytics dashboard from Bloomreach that allows the team to identify problem areas fast.

For example, one customer complained they could not find a specific typeof lightbulb, BR30, through the HD Supply site search. Using Bloomreach Discovery to update HD Supply synonyms for BR30-type bulbs fixed the problem. In addition to faster issue resolution, the improvement in search result quality has increased HD Supply's revenue from search by 16%

Read HD Supply's Story

How Does a DXP Do This?

A DXP takes data from multiple sources about the products and services a distributor offers and crunches it in real time. The types of data include:

Product Data: products you offer and their attributes, such as color, size, material, and price

Content Data: articles, videos, and images that describe your offering

Marketing Data: campaigns, creatives, email lists, mobile numbers, and other data you may use in your digital marketing programs

Behavior Data: clicks, swipes, email opens, views, location, and other ambient data about your customer. For example, what pages are they looking at? What recommendations are they clicking on? If they search for X, what do they click on in search results?

Transaction Data: past purchases or transactions customers may have made

Customer Data: a single source of customer data from online and offline sources

A DXP rolls every transaction into an algorithm that can make digital merchandising decisions for you, such as:

If a customer searches for this term, what should be shown in the search results?

What product recommendations should you provide if they are purchasing X?

Who should I offer this promotion to?

But the DXP isn't just a hands-off behavior aggregator; a distributor's team can nudge rankings or search results on the website as needed to achieve goals, such as moving private-label products up in the rankings, dropping down out-of-stock products, and boosting promoted products.

What if a manufacturer (Brand A) was offering an extra 15% off new toolkits? Historically, a distributor would have to find all the brand's products on their website, change the pricing, and manually create a banner ad that would push to a page listing SKUs that apply to that promotion. With a DXP, distributors can set a rule: "If the brand = Brand A, boost those products in search rankings by 20%." This takes significantly less time and is highly scalable.

DXPs automate and scale features that used to be done manually, such as applying merchandising rules for boosting products in search results or setting up promotional landing pages for a new product launch. For example, manufacturers or internal product specialists may manually curate product recommendations. But because they are difficult to set up and overwhelming to maintain, these recommendations may quickly become outdated or inaccurate on your website. In addition, manual recommendations are often based on anecdotal information, and not the complete dataset of every search and every sale. No matter how experienced salespeople are, they cannot remember every issue, question, and outcome. DXPs can.

Given the vast amounts of data pouring through distributors' systems every day, distributors can't uncover these hidden insights on their own. What once was a tedious process of manually applying rules to each SKU can now be done to hundreds (or thousands) of products automatically. This is done through algorithms that focus on four core business areas:

Personalization:

ensures the offerings you put in front of customers represent your best understanding of their current intent. Personalization algorithms makes it so that each customer gets their own unique experience.

Relevance:

ensures you recognize the customer's terms and show them you understood what they were looking for by returning relevant results, ranked in order of the products most likely to solve the buyer's problem first.

Business Optimization:

displays the SKU that maximizes revenue, profits, or some other business goal for your business.

Marketing Optimization:

ensures you show up in search engines, which according to Distribution Strategy Group's 2021 State of Shopping and Buying, is the first step in most B2B buyers' shopping journey. It also lowers spend across marketing channels by narrowing your audience to those that are interested in your products, allowing you to craft Single Customer Profiles used in segmentation, channel selection, journey building, and recommendations on digital channels.

Staples

Staples Increases Revenue per B2B Visitor by 3.5%

Staples has moved decisively into B2B, now offering a much broader inventory of products that businesses need — everything from copy paper and toner to power tools and medical scrubs. To do that, Staples increased the number of SKUs on its websites to two million. However, its legacy site-search technology hampered its progress. Staples needed a solution that could better scale and take into account behavior on the website and wider web. It also needed to automate the work involved in surfacing relevant products to customers online.

Bloomreach Discovery helped Staples successfully manage the increase in product listings on its site without additional manual effort. The onsite search team now spends 80% less time manually tuning their websites, allowing them to focus on higher-level problems. The result: a 3.5% increase in revenue per visitor on the B2B site.

Read HD Supply's Story

There are Big Opportunities With DXPs

There Are Big Opportunities With DXPs

Boost revenue and profitability through cross-selling, upselling, and new business. Knowing more about your customers' behaviors, tendencies, and preferences puts you in a position where the products you recommend are optimized for specific customers and applications, not just the "best-selling items in X category" that are aggregated across all customers. Next-generation buyers with expectations of personalized marketing expect to see this when they are at work, too.

Lower costs. An effective e-commerce site provides a lower cost to serve due to self-service, as well as fewer order-error rates. That means e-commerce is a much more profitable channel for distributors.

Gain new customers. Some leading B2B companies with a great customer experience online do little to no advertising due to satisfied customers' word-of-mouth recommendations, creating enough new demand to drive growth. An effective e-commerce website also opens up new markets, such as new territories or small and midsize businesses that would be unprofitable to serve using traditional outside sales tactics. It may draw more SMB customers with lower budgets, who can now purchase where the cost to serve is lowest.

What a DXP Can Do for Your Distribution Business

Sales Channel Management:

Manage the experience on multiple sales channels — various websites, mobile apps, voice interfaces, or other customer-facing channels. That leads to improvements in overall customer satisfaction as more customers find products that are relevant to their problems and can buy the right item more often with more confidence.

Digital Merchandising:

Take products and services and display them in a way that most effectively drives outcomes, including improved profitability, increased inventory turns, and greater rebate volume.

Content Management:

Empower your business users (rather than your IT team) to edit, manage, preview, version, and otherwise manage the content elements of an experience. This improves your visibility in search results, increases click-through rate, and grows traffic, as well as increases the time customers spend on your website.

Recommendations:

Make relevant recommendations so that customers can benefit from the behavior of similar users or buyers. Account for the unique complexities of B2B purchasing, where buyers' needs may change each week based on the work they are doing. This increases average order value and overall revenue.

Search Management:

Manage the search capabilities to assure that the most relevant content or products match what the user is looking for. Doing so results in increased lines per order and average order value, as well as increased revenue from search.

Analytics:

Deeply understand customers, products, and content elements to continuously recommend how experiences might improve.

Testing and Targeting:

Select specific groups of customers, offer uniquely targeted content or products to them, then test against the target key performance indicators and iterate toward better results. This contributes to better risk management, and drives improvements across all other key performance indicators you're tracking online.

Schedule a demo of the Bloomreach Commerce Experience Cloud solution for distributors. Or, calculate your potential ROI.

Go Beyond the DXP to Delight and Win With Bloomreach Commerce Experience Cloud

Go Beyond the DXP to Delight and Win With Bloomreach Commerce Experience Cloud

Ultimately, your goal is to delight all your customers, win new ones, and gain an edge over industry disruptors and the competition that lags.

In other words, your goals as a distributor haven't changed.

What has changed is the complexity that comes with creating a seamless customer experience online. While DXPs are crucial, they are still only one part of a broader ecosystem of solutions you can tap into to drive true personalization and digital commerce growth.

Bloomreach can help any business boost their e-commerce presence, grow digital revenue, and improve profitability with the **Bloomreach Commerce Experience Cloud**, a suite of products that covers the entire commerce experience:

Discovery: Our product and content search, merchandising, SEO, and recommendations are backed by an AI engine — built with more than a decade of product and search data — to drive improved conversion rates with powerful discovery tools.

Content: Our Headless CMS offers the APIs and flexibility to power any front end while retaining the personalization and authoring capabilities marketers and commerce professionals know and love.

Engagement: The world's most-loved customer data platform combined with our omnichannel marketing automation delivers personalized experiences that feel like magic.

Now's the time to build relevant experiences that convert on any channel and every journey. Not only will you improve customer loyalty and increase retention, you'll also unlock the next phase in your digital commerce growth.

bloomreach

Bloomreach is the world's #1 Commerce Experience Cloud, empowering brands to deliver customer journeys so personalized, they feel like magic.

It offers a suite of products that drive true personalization and digital commerce growth, including: Discovery, offering AI-driven search and merchandising; Content, offering a headless CMS; and Engagement, offering a leading CDP and marketing automation solutions. Together, these solutions combine the power of unified customer and product data with the speed and scale of AI-optimization, enabling revenue-driving digital commerce experiences that convert on any channel and every journey.

Bloomreach serves over 850 global brands including Albertsons, Bosch, Puma, FC Bayern München, and Marks & Spencer.

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