

EPICOR

Don't Fall Behind: Six Strategies for Industrial Distributors



A Turning Point

Industrial supplies distribution is at a turning point. Between supply chain upheaval, digital acceleration, and customers who expect more than ever before, the old playbook no longer works. This paper examines six trends disrupting the industry—and the strategic moves that will enable winning distributors to thrive.



Six Trends Redefining Distribution

01

Reshoring Creates a Regional Gold Rush

The shift to domestic sourcing isn't slowing down. North American manufacturers are bringing supply chains home to dodge tariffs, slash lead times, satisfy customer demands, and reduce geopolitical complexity. For distributors able to build and enhance even stronger regional networks, a renewed local focus can be a potential game-changer.

While geographic boundaries might be changing, perhaps the bigger trend is how it's changing the nature of distributor-buyer relationships with new criteria for risk, relationships, and reliability.

02

Digital Ordering Becomes Table Stakes

According to Gartner, B2B buyers now make 60% of their purchases through digital channels. Customers increasingly want real-time inventory, their negotiated pricing, and the ability to order from anywhere, anytime: no phone tag, no fax machines, no waiting.

The distributors seeing the most growth? They're the ones offering sophisticated e-commerce with vital capabilities including integrated compliance docs, technical specs, and account-specific catalogs. Meanwhile, traditional players are seeing shrinking sales in their analog-only channels.



Six Trends Redefining Distribution

03

Smart Equipment Changes Everything

IoT-enabled predictive maintenance is rewriting the rules of procurement. When sensors predict failures and maintenance before they happen, customers stop ordering parts in panic mode and start planning proactively. This fundamental shift opens doors to entirely new relationships between buyers and distributors.

Forward-thinking distributors are already moving beyond basic product sales; they're now offering value-added services like automated replenishment and performance-based contracts based on uptime and facility performance. This creates new revenue streams and loyalty.

04

AI Goes from Experiment to Essential

According to Modern Distribution Management, 87% of distributors now use AI in at least one area of their business, up from 35% just two years ago. The remaining 13% unanimously report having plans to implement AI tools within the next 24 months. In other words, within just 48 months, every distribution business will have adopted AI.

Why the frenzy? AI is increasingly proving it can transform the tedious and manual work in a distribution business into streamlined processes that free up workers to focus on more revenue-generating activities. More than that, AI is generating new possibilities like smarter inventory forecasting and demand planning. When applied to big-ticket areas of the business, like procurement and revenue generation, the ROI can be real and rapid.

Six Trends Redefining Distribution

05

Compliance Gets Serious (and Digital)

Gone are the days of filing away certificates in dusty cabinets. Today's customers—especially those operating in regulated industries—demand instant, digital proof of compliance. They want to know product origins, see quality certifications, and verify regulatory compliance with one click.

Distributors who can deliver this transparency gain serious competitive advantage. Those still shuffling paper may be losing customers and opportunities they don't even know about.

06

The Great Knowledge Exodus

Increasingly keeping executives up at night is the idea of succession planning: when veteran employees retire, how does one replace the decades of expertise and customer relationships that walk out the door with them? In addition to not losing these critical skills, success in today's distribution world also requires adding new skills: digital fluency, AI prompt design, data analysis, and sophisticated product knowledge.

The workforce challenge spurred by a slow but transformational generational shift may seem gradual, but the effects are showing up in ways that are changing distribution quickly.



Six Strategies to Own the Future

01

Make Your Inventory Smart

Industrial inventory can be complex with thousands of SKUs, seasonal patterns, hazmat restrictions, and kits where every component must be in stock to win an order. Where generic solutions don't cut it, intelligent inventory wins. Smart inventory gives your company the competitive edge:

- Deploy **AI forecasting** that handles industrial complexity—long-tail SKUs, seasonal patterns, and kit synchronization.
- Start with **high-value, high-turnover categories** for quick wins.
- Build **flexible stocking** strategies based on how critical items are to customer operations, not just how fast they sell.
- Account for **planned shutdowns** and **product transitions**.
- **Create real-time visibility** across all locations.



Six Strategies to Own the Future

02

Build a Resilient Supply Network

Single-source dependencies are ticking time bombs in today's environment. Modern distributors build redundancy without creating chaos. Here's how to get started:

- Establish **multiple supplier partnerships** across key product categories. Balance relationships with traditional manufacturers and alternative sources, helping you maintain critical inventory during disruptions.
- Develop supply chain **contingency plans** for essential items, particularly those with limited production sources or lengthy manufacturing lead times.
- Develop logistics options that support inventory transfer between distribution centers to maximize product **availability across regional markets**.
- Create **real-time visibility** of supply chain vulnerabilities through ongoing assessment of source dependencies and geographic concentration risks in the supplier base.



Six Strategies to Own the Future

03

Turn Proactive Intelligence into Predictable Revenue

Your customers' equipment is getting smarter; the products you distribute can help play a role in this transformation. Strategic distributors are reframing the business they're in, from selling products to selling uptime and efficiency. Examples including collecting and analyzing equipment vibration patterns to recommend bearing replacement; using RFID tracking to recommend products and calibration based on usage data; and automating replenishment with monitoring and prediction. It's important to think creatively about how you can support your customers at every stage:

- Consider the role you might play to **beyond products**, providing related value-add services and insights that can help customers grow their business.
- **Deepen your expertise** in specific, high-stakes equipment categories for priority customers, potentially even pursuing training or hiring additional resources in those areas.
- **Bundle products** with monitoring and management services.
- Build **recurring revenue** and cash flow through performance-based profit models.



Six Strategies to Own the Future

04

Invest in Your People

The talent gap in distribution is real and growing. Your veteran sales reps, who are likely beginning to retire, don't just know products; they know that Customer A always over-orders in Q3 for year-end projects, that Customer B's maintenance manager prefers a specific brand despite what's in the contract, and that Supplier C is always willing to deliver during shortage periods. When that knowledge walks out the door, so does much of your competitive advantage. Get started overcoming the talent crisis today with these strategic moves:

- Implement **knowledge management** before veterans retire.
- Create real **mentorship programs** that go beyond buddy systems.
- Develop **technical certification** programs that reward—financially and otherwise—eager, diligent learners.
- **Deploy AI** as a “co-pilot” for newer team members.
- Make **digital literacy** non-negotiable at every level.
- **Re-think workplace tools, culture, and operating procedures** to entice a new generation of tech-savvy talent.



Six Strategies to Own the Future

05

Revolutionize How Customers Buy

To counter the heightened competition from digital marketplaces and direct manufacturer sales channels, industrial distributors should consider introducing flexible, convenient procurement models tailored specifically to their customers' needs:

- **Smart vending solutions:** Install intelligent vending machines at customer sites for 24/7 access to PPE, cutting tools, and maintenance supplies—complete with usage tracking and automated reordering.
- **Full crib management:** Take over entire tool cribs and storerooms, handling everything from inventory optimization to usage analytics to spare parts maintenance.
- **Custom kitting services:** Pre-package exact component sets for specific maintenance or assembly procedures, dramatically improving technician productivity.
- **VMI programs:** Manage inventory for predictable consumables like lubricants and MRO products, eliminating stockouts while reducing customer carrying costs.
- **Safety program management:** Handle complete safety product programs including training, fit testing, and compliance monitoring—becoming an indispensable partner, not just a supplier.



Six Strategies to Own the Future

06

Make Compliance a Not-So-Secret Superpower

While traditional competitors scramble with spreadsheets, industry leaders are turning smart compliance into a seamless way to stay ahead of the crowd.

Customers you serve in regulated industries— aerospace, automotive, food processing, pharmaceuticals—are facing increasing scrutiny. They need suppliers who can instantly prove product origins, demonstrate quality certifications, and verify regulatory compliance.

Instead of treating compliance as a necessary evil, savvy distributors are making it a reason customers can't leave. By providing instant digital verification of every certificate, automating compliance tracking, and understanding the regulations your customers face, you become irreplaceable, offering more than just quick product distribution:

- **Go fully digital:** Integrate compliance management directly into your ERP, creating a single source of truth for all certifications, test reports, and regulatory documents.
- **Automate everything:** Set up alerts for expiring certifications, regulatory changes, and documentation updates well in advance. Never let a customer discover you're out of compliance.
- **Create customer portals:** Give customers 24/7 access to verify compliance documentation, download certificates, and track product origins on their own time.
- **Build expertise:** Become the regulatory expert for your key verticals: Know ISO requirements for manufacturers, AS9100 for aerospace, and FDA requirements for food and pharma, to name a few.
- **Make it proactive:** Alert customers to upcoming regulatory changes and help them prepare. Position yourself as a strategic partner, not just a vendor.





“The distributors that are really crushing it are adopting automation and technology. If you’re just pick, pack and ship, you’ve got a commodity, and commodities are always price sensitive. You’re always going to get beat up on price.”

— Rick Johnson,
Territory Manager-
Distribution Epicor

The Bottom Line

Industrial distribution is being rewritten in real-time. The distributors who thrive won't be those who perfected yesterday's model. They'll be the bold businesses who embrace transformation, who strengthen modern ERP foundations while reimagining the massive opportunity that distribution presents. Only one question remains: **How fast can you move?**

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Discover how Epicor can help give your business the insight advantage.

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