

YOUR SECRET TOOL FOR SUCCESS

GIANTS HAVE THEIR WEAKNESSES, TOO — USE THEM TO WIN

It seems that every industry magazine this year has had a story questioning whether small- to medium-sized wholesalers can survive when forced to compete with Amazon and other “Mega distributors.” After all, these goliaths, with all of their technology and automation, seem to have tremendous advantages, including:

- ▶ Feature-rich websites
- ▶ Extensive product availability
- ▶ Fast delivery
- ▶ Low prices

Sometimes it is hard to realize that these “one stop shops for all of your needs” also face some challenges that prevent them from meeting or exceeding their customers’ needs and expectations. You can continue to be successful by taking advantage of these weaknesses. How? With the tool that probably led to the initial success of your organization:

knowledgeable, human interaction. Let’s look at some of the ways you can still win the distribution game.

ASK CUSTOMERS TO DESCRIBE THEIR SYMPTOMS

The “search” capabilities of most ecommerce sites allow you to search for products by a number of criteria. This works well if a customer knows what he is looking for or has a lot of knowledge about the product. But what if you aren’t an expert (or close to it) concerning the item you are trying to find? There is a good chance you won’t find the best product to meet your needs.

Think of your frustration when a website provides “technically accurate” search results that nonetheless fail to answer your questions. How often do your customers experience the same frustration when trying to buy products on the Internet? The

answer is probably fairly often, if they don’t have the time to become as knowledgeable as your sales staff is about the products you sell.



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But what about a website’s “chat” feature to provide guidance in product selection? These “help” services are normally staffed with entry-level people who can only respond with scripted answers. However, no matter how well developed, their scripts cannot address every situation presented by their customers.

Earlier this year I had to buy a new laptop. Just for fun I tried to see how helpful the “chat” personnel on a PC website would be in making my decision. After asking five questions (none of which applied to my unique challenges or situation) the clerk suggested a system. When I told her

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Amazon and other mega distributors are hardly invincible; just play to your strengths — many of which also happen to be to their weaknesses — and you can continue to win at the distribution game.

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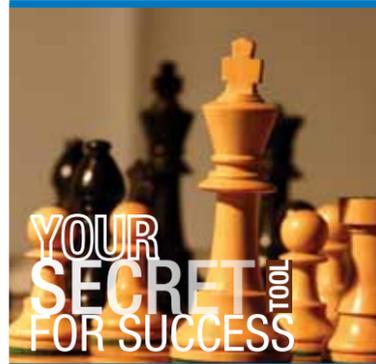
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this system was not going to work for me, she responded that this was the suggested system based on my responses to her questions. She seemed frustrated that I didn't understand the "right" way to buy a laptop.

The next day I bought a new computer from a local dealer whose salesperson asked me far more questions to ensure she was selling me the "perfect" system for my specific needs.



to thoroughly understand every facet of every possible material acquisition situation. Human expertise is necessary. And when your customers understand your employees are "problem solvers," they will probably call you first the next time they have a need for one of the products you sell. **You have the potential to provide a faster and less frustrating purchasing experience.**

THINK OF YOUR FRUSTRATION WHEN A WEBSITE PROVIDES "TECHNICALLY ACCURATE" SEARCH RESULTS THAT NONETHELESS FAIL TO ANSWER YOUR QUESTIONS. HOW OFTEN DO YOUR CUSTOMERS EXPERIENCE THE SAME FRUSTRATION WHEN TRYING TO BUY PRODUCTS ON THE INTERNET?

CUSTOMIZE YOUR OFFERINGS TO YOUR LOCAL MARKET

How often have you heard someone say, "You can get everything on Amazon!" This is true for customers who want one or two pieces of a product. But we have seen that in industrial distribution, quantities of products requested by customers are often erratic. You might get a request for four pieces of an item and then another request for 400. In both cases the customer expects immediate delivery from your stock inventory.

How are you in a better position to handle these problems than a big online competitor? You can spend time with your customers discussing their upcoming product needs and base your replenishment decisions, in part, on the feedback you receive.

One of our distribution clients experienced the following usage history for a product over the

previous six months:

PREV MO 1	PREV MO 2	PREV MO 3	PREV MO 4	PREV MO 5	PREV MO 6
185	33	12	18	157	29

Their computer system identified the unusual usage and a salesperson was sent to ask the customer why they occasionally needed a large quantity of the product. The customer explained that large quantities of the item were needed for a custom product produced for their best customer

and that they were given very little advance notice concerning when the custom item would be needed. Our client agreed to keep large quantities of the item on-hand as long as it was purchased at least every six months.

Most distributors, both large and small, use data in forecasting future demand of products. But to make sure you consistently have the right quantity of the right item in the right location at the right time, this information must be supplemented with data from your salespeople, your customers and other sources of information in your local market.

Mega distributors are usually not equipped to gather and access this information. They have no way of designing stocking policies that meet the needs of a particular customer. You can! Understand that you must be a business partner for your customers, not just another vendor.

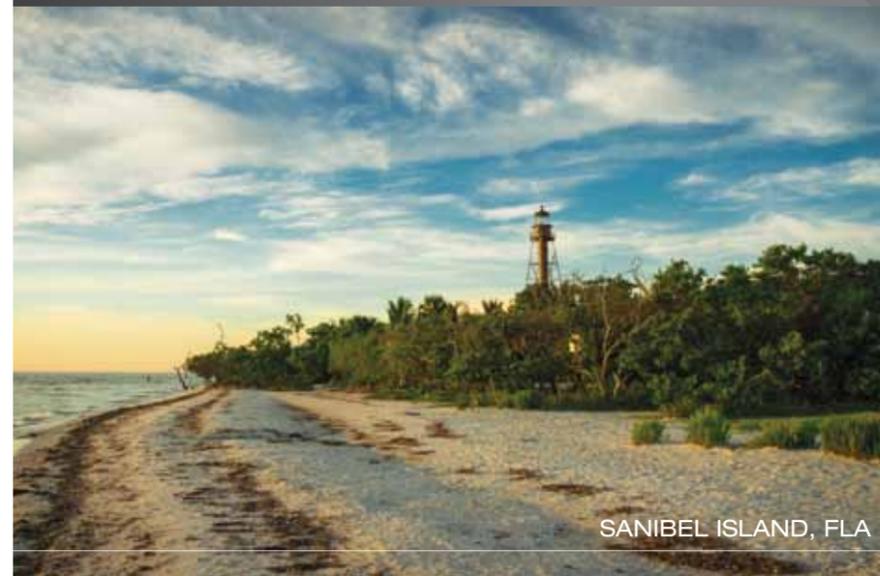
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Being a true partner often includes providing special value added services including:

- Special packaging
- Delivery services beyond just getting the material to the customers' doors

- Consignment of inventory at the customer's site
- Vendor managed inventory

WHEN NEXT DAY DELIVERY ISN'T FAST ENOUGH

It is not unusual for a Mega distributor to offer next day delivery

for most normal orders. In fact, in our city, Amazon offers same day delivery for many products. But you can offer more! Give "preferred" customers a special emergency after-hours phone number. If they have an emergency in the middle of the night, they can receive the products they need within the hour.

I grew up in a family-owned industrial distributorship. About once every six months I would have to fill a customer order at 2:00 or 3:00 in the morning. The customer was always grateful that we helped to "solve" the crisis. The result: the customer learned that the best supplier was a true partner and not just the company who currently had the lowest unit cost for each item.

USE TECHNOLOGY TO FREE UP TIME TO WORK WITH YOUR CUSTOMERS

Amazon and other mega distributors are here to stay. It would be challenging, if not impossible, to win a price war with them. But by being a business partner you can become the lowest "total cost" provider for your customers.

And being a business partner takes time and effort. Your best employees cannot waste their valuable time on paperwork and other tasks that can be automated.

Utilize technology to free up their time for more important tasks — interacting with your customers to ensure that you are providing the best possible service to meet their unique needs. **CS**

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