

From Triage to Transformation: Moving from a Reactive to a Proactive B2B Online Channel Strategy

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The Channels People



Facilitator and Panelists



Jim Fogarty
Principal
Frank Lynn & Associates, Inc.
jfogarty@franklynn.com



John Henderson
President and CEO
Frank Lynn & Associates, Inc.
hendy@franklynn.com



Bob Segal
Principal
Frank Lynn & Associates, Inc.
bobsegal@franklynn.com



B2B Manufacturers Slow to Address/Integrate Online Channels

Why?

- Initially low volume of online sales
- “Professional buyers don’t buy online”
- Amazon Supply – 2012
- Amazon Business – 2015 (adds marketplace)

But some professional buyers have purchased online for a long time!

- Grainger electronic catalog launched 1995
 - Zoro.com – small business web-only model (2011)
- Manufacturers began encouraging partners to have websites
 - Product info
 - Brand info
 - Configurator tools
- Manufacturers direct online



Today, B2B Manufacturers Must Address Various Forms of Online Channels

“Brick and Mortar” Reseller
with Website

“Brick and Mortar” Reseller
With a Separate Web
Transaction Site

Catalog-type
Distributors

Retailers

Industry Specific
Online Distributors

Amazon

Online Marketplaces (e.g.,
Amazon Business, eBay)

Manufacturer Direct



Potential Adverse, Unintended Consequences



Sales outside intended geographies, industries, etc.



Poor support from unauthorized resellers

Gray markets



Transparent prices (unmoored from costs)



Tarnished brand

“Bait and switch” selling



Reduced margin for “full-service” channels



TM

Unauthorized trademark usage



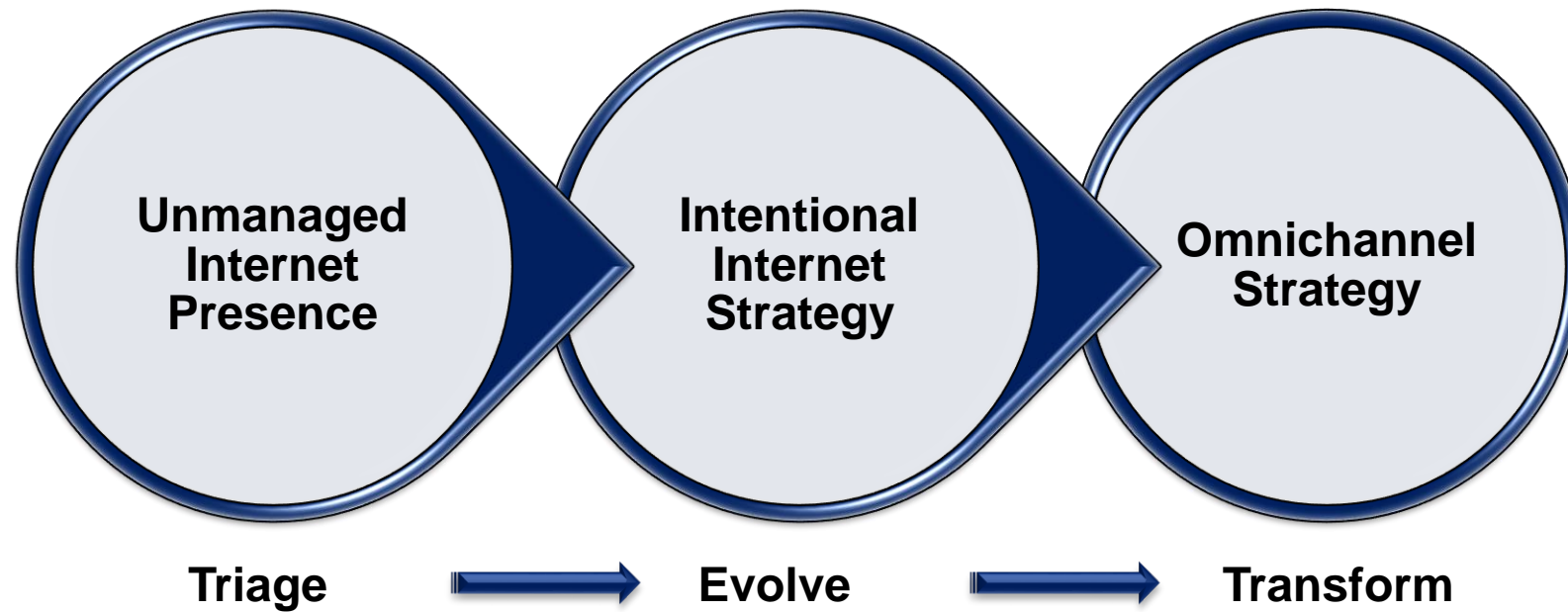
Disruptive channel conflict



Lower customer satisfaction and market share



Internet Channel Presence/Strategy Evolution





Triage and Evolve

To triage their unmanaged Internet presence and evolve it to an online channel strategy, manufacturers often use a couple different methods.

Pricing Mechanisms ("level the playing field")

- Pricing programs that pay for function/activity
- MAP
(U.S. and Canada)
- Resale Price Policies
(U.S. and Canada)

On-line Authorization Policies

- Requirements authorizing online sales
- Redistribution policy– limit resale only to authorized channels
- Select master distributors –to sell to online resellers



Customers

Research – Where, when and why do/will they buy online?

Customer “journey”

- Key touch points
- Online opportunities to engage



Competitors

- Permit channels to sell online?**
- Sell direct online?**
- Provide support, services online?**
- Employ online pricing policies?**

Channels

Traditional channels

- Currently selling online? In future?
- Online customer support, services?
- Manufacturer role?
- Perceived conflict?

New entrants

- Opportunity or threat

Online Technology

New Tools/Features

- Transactional
- Logistics
- Big Data, Analytics
- IoT

**Timing
Cost**



Selling Direct Online

Should B2B manufacturers sell direct online?

Pro's

- Greater customer “intimacy,” data
- More “push” for accessories, tertiary products, etc.
- Higher coverage in niche markets
- Higher profit?

Con's

- Potentially significant channel conflict
- Low revenue (potentially)
- Logistical complexities
- Cost



Strategies for managing conflict (examples)

- Sell at or close to list price
- Only sell accessories, tertiary products
- Limit online sales to current direct customers (e.g., national accounts)
- Be a “fast follower” (e.g., don’t go first)
- Book orders direct, but fulfill through partners (at lower discount)



An Omnichannel Strategy

An ***omnichannel*** strategy involves the collaboration across two or more channel models to complete a single purchase cycle (often with a significant online role)

Within a single
company

Direct and
Indirect Channel
Collaboration

Multi-indirect
channel
collaboration



Rationale— no single channel is most effective/efficient
for all functions across the purchasing process



Designing and Implementing a Successful Omnichannel Strategy

Know your customer

- Segment
- Identify most likely omnichannel scenarios



Identify roles. Engage partners

- Seek partner input, agreement
- Define tasks, roles
- Assign roles by organization
- Map out omnichannel workflows



Create omnichannel plan. Implement.

- Assign roles and goals
- Establish cost/profit-sharing scheme
- Hire
- Build IT infrastructure
- Avoid org silos



Test. Market/advertise.
Measure. Revise





Open Discussion



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Thank you!