



# Omnichannel Moves and Distribution Relationships

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## NAW Billion Dollar Roundtable

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Chicago Strategy Associates

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# GALLUP Poll

## 2016 B2B Customer Centricity Study

*“Fully engaged with companies we  
do business with”*

**29%**

*“Companies we work with deliver  
on what they promise”*

**46%**

# Why **Coordinate** New Distribution Models?

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- Maximizes systemwide **profits**
- Improves **end-customer experiences**
- Sustains **partnering** relationships
- Generates **reputation advantage**

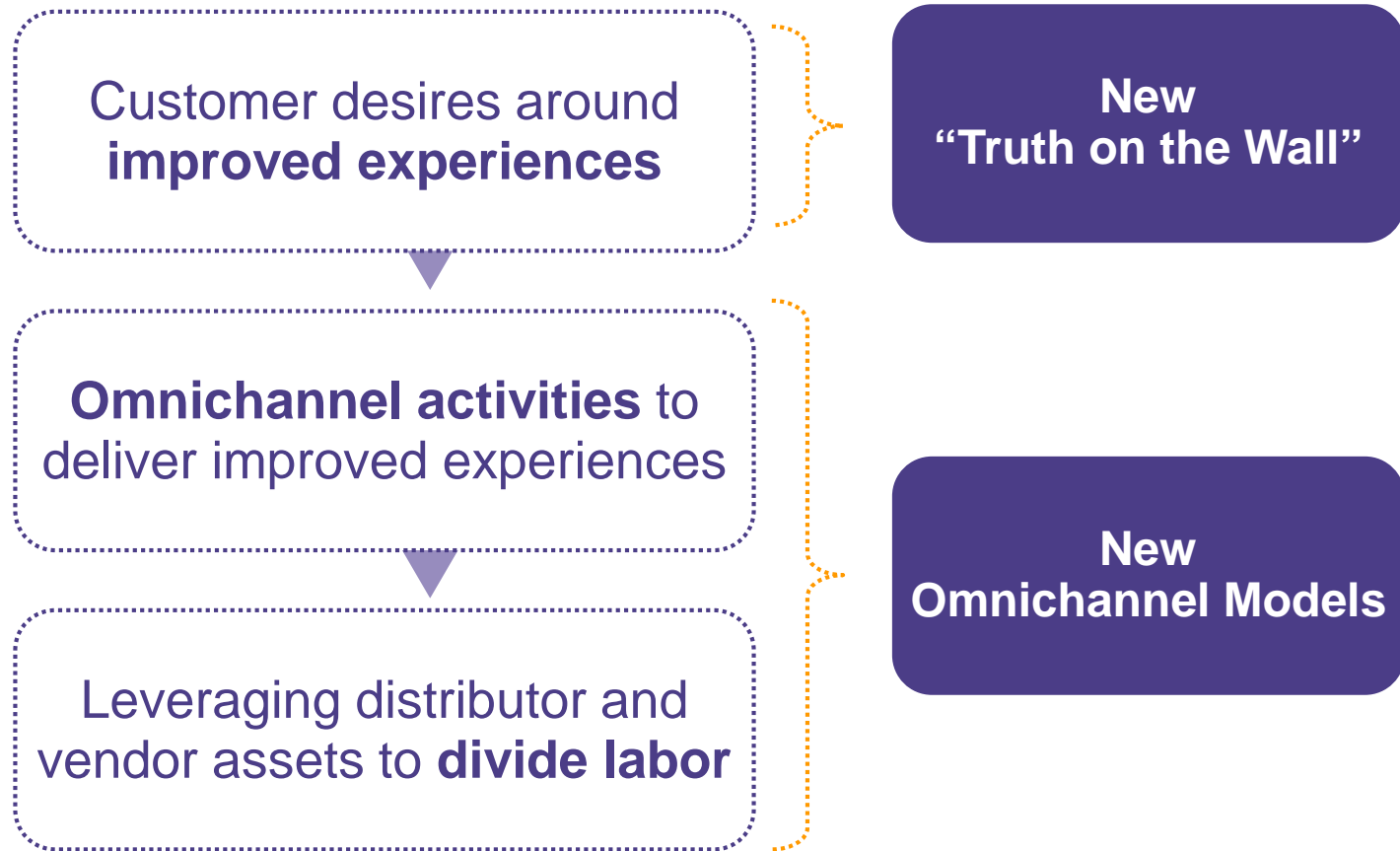
# Omnichannel Chatter

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- “Omnichannel implies integration and orchestration of channels such that the experience of engaging across all channels is [more] efficient or pleasant than using single channels in isolation”
- “Omnichannel supersedes multichannel and includes physical locations, ecommerce, mobile applications, social media, and more”
- “Companies using omnichannel models contend that customers value the ability to engage through multiple avenues at the same time”
- “Omnichannel is moving toward increased personalization based on analytics to make the customer experience more seamless”

# Shaping new **OMNICHANNEL** customer experiences

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# New Models – New Relationship Realities

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## DATA

Sharing



## TECHNOLOGY

Linking



## CONTENT

Funding



## PARTNERS

Consolidating



## POWER

Shifting



## ECONOMICS

Lengthening



# New Models – New Relationship Tensions

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- Can we pull off the necessary **operating changes**?
- Who should be **responsible** for what?
- Will we lose **control** over our end-customers?
- What will the impact be on our **cost** structure?
- How much **ROI** will there be on required investments?
- Will we capture the brand and **reputation** benefits?
- Can our differentiation be **protected** and sustained?
- Can we **trust** vendors not to share our information with others?

# Rules of (Omnichannel) Engagement

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**Start with the end-customer**

**Find out your own facts**

**Step-change improvements**

**Take a benevolent view**

**Invest in mutual benefits**



# Big Changes in Division of Labor

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**WHAT**

Customers Want

**HOW**

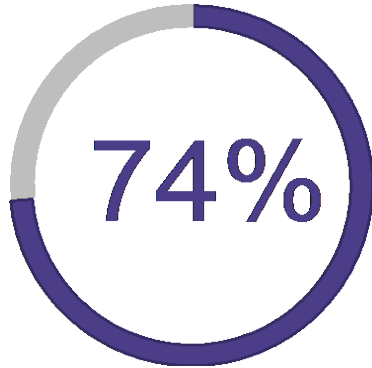
To Deliver It

**WHO**

Is Best Able

## B2B Customer Needs Evolving

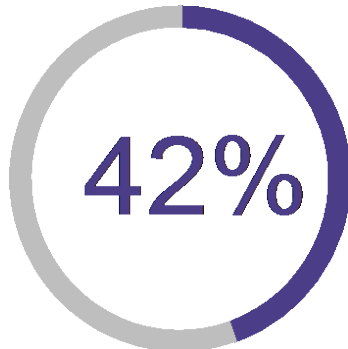
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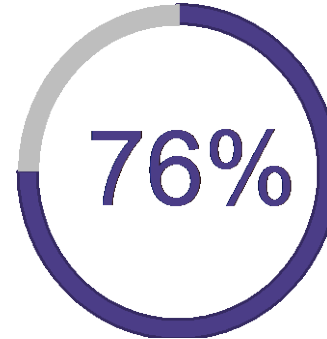
of B2B  
buyers  
research  
products  
online before  
purchasing



of B2B buying  
decisions are  
made prior to  
engaging with  
a sales team



of B2B  
customers  
use mobile  
devices to  
purchase



of buyers say  
that the most  
important  
factor is ease  
of finding  
information

Source: Apruve Inc.; Industrial Distributors: E-commerce Apruve Rating Report; 2018

# Distributors Embracing Omnichannel Models (Slowly)

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1.8%

of companies  
offer product  
**reviews**

1.0%

of distributors  
offer a **mobile**  
application

2.8%

offer digital  
**invoicing** for  
customers

2.4%

of websites offer  
a **reordering**  
function

Source: Apruve Inc.; *Industrial Distributors: E-commerce Apruval Rating Report*, 2018

# Using **INFLUENCE** to Evolve Partnerships

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## **POWER**

How We Influence Partners

## **GOAL ALIGNMENT**

The Perspective We Take

## **TRUST**

How Benevolent We Are

## **DEPENDENCE**

The Benefits We Offer

# POWER and Coordination

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## Influence:

The ability of A

to get B to do

what B would not otherwise do

# Bases of Channel Power

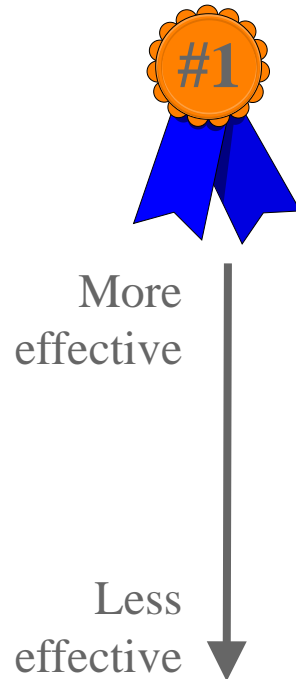
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- Legitimate** (B does what A wants because B believes A has the right to tell B what to do)
- Expertise** (B allows A to do something because A knows more than B)
- Coercive** (B perceives that A will punish B if B doesn't do what A wants)
- Reward** (B does what A wants because B perceives that he'll be rewarded by A)
- Referent** (B does what A wants because B wants to look like or "be at one with" A)



# The Best Source of **Power**

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# DEPENDENCE Will Continue to Increase

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B is more **dependent** on A:

The greater the *utility* B gets from A

The more *scarce* is the source of utility

(i.e., the fewer alternatives there are to A)

**Dependence = utility x scarcity**

Utility and scarcity are compensatory

But must have some of each for power to exist

# Is Dependence Always Bad?

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# Trust Seeking Will Drive **Fewer, Deeper Relationships**

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<b>Strategy Coordination</b>	<b>Top-to-top and cross-functional development of omnichannel differentiation</b>
<b>Mutual Investment</b>	<b>Mutual, meaningful, costly, and risky omnichannel investments</b>
<b>Selective Coverage</b>	<b>Fewer, more strategic relationships driving returns on omnichannel investments.</b>
<b>Price Management</b>	<b>Wholesale and customer pricing for profitable omnichannel investments</b>
<b>Reward Sharing</b>	<b>Profits allocated for mutual reward from differentiated business models</b>

# The Ultimate Omnichannel Goal

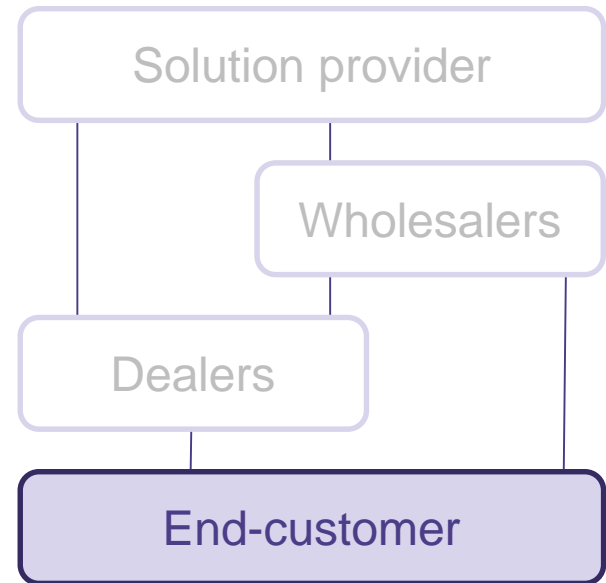
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## New Customer Value

- Service outputs to customers
- End-customer distributor preference
- End customer demand

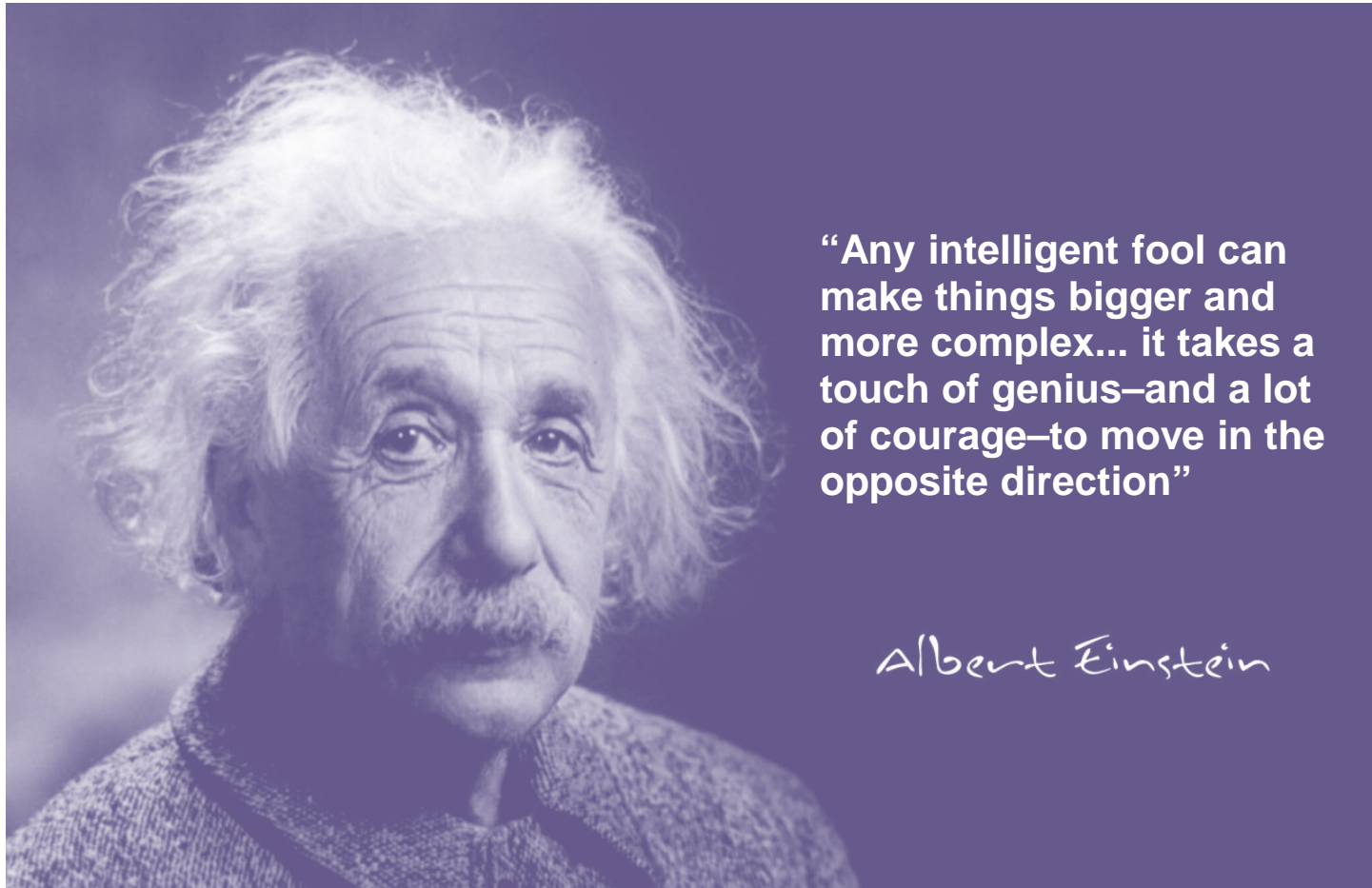
## New Partnership Value

- Improved value-added activity
- Increased customer loyalty
- Greater growth and profitability
- Healthier and stronger relationships



## Guiding PERSPECTIVE

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**“Any intelligent fool can make things bigger and more complex... it takes a touch of genius—and a lot of courage—to move in the opposite direction”**

*Albert Einstein*



A photograph of a sailboat's deck and rigging, viewed from the side, sailing on a deep blue sea. The boat's white hull and wooden deck are visible on the left. The sea is a vibrant blue with white foam from the boat's wake. In the far distance, a range of low mountains is visible under a clear sky. A dark purple rectangular box with rounded corners is centered over the lower half of the image, containing the text 'THANK-YOU!' in white.

**THANK-YOU!**