



**Network
for Channel
Innovation**

Disruptor Companies in Wholesale Distribution

Channel Strategy Perspectives on Leading
in the Digital Age

June 6, 2019

Prepared for:

NAW Billion Dollar CIO Roundtable, Spring 2018

Today's Goals

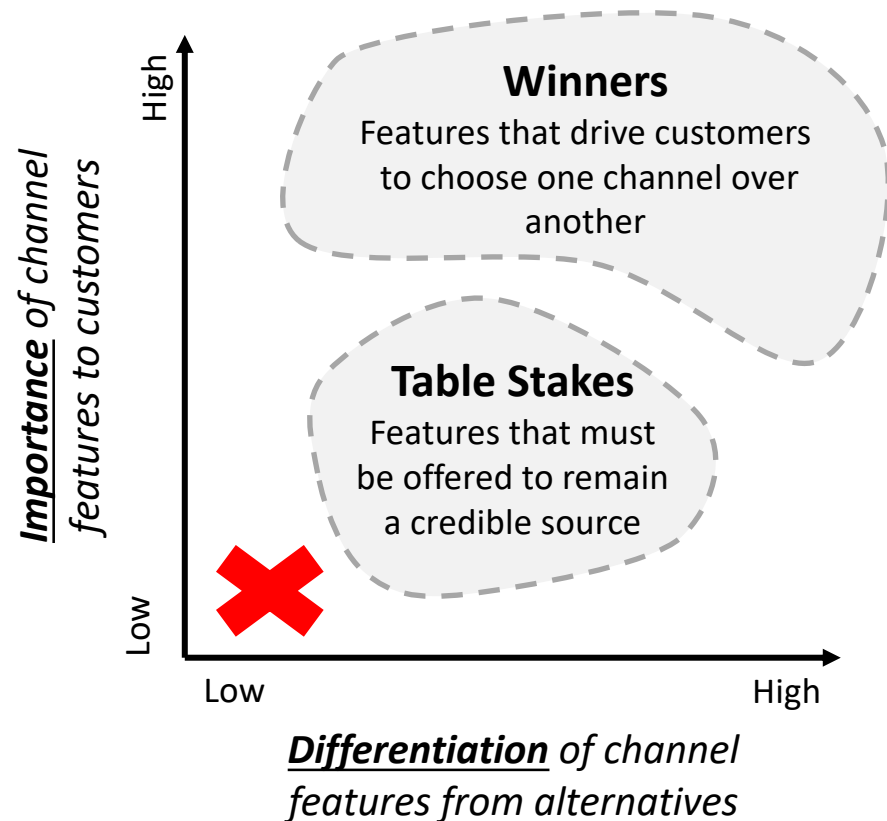
- Share key channel strategy and channel innovation concepts
 - Quick review
- Review offers and features of external disruptors
 - For context and ideas
- Explore three potential models for disruption by incumbent distributors
 - High level concepts; fill in the blanks through discussion
 - Composites of actuals and hypotheticals
- Discuss
 - Key takeaways
 - Priorities for Facing the Forces of Change® 2019 research

Channel Strategy and Channel Innovation Concepts

- A channel is any method for moving information, products, services and currency back and forth between customers
 - Notably, channel businesses create the “exchange of value”
- Common channel types
 - Field, virtual (or inside) and digital (e.g, webstores, websites, social media, apps, etc.
 - Direct (e.g., your channels) and indirect (e.g., now owned or operated by your business)
- Channel strategy
 - Selecting and deploying the right mix and number of channels to achieve business objectives
 - Building organizational competencies, business processes and tools for differentiated execution
- Channel innovation
 - A change, alteration, upheaval, transformation, or breakthrough of any element of channel strategy
 - Fundamentally different channel business model or value chain operations / partnerships

Responding to disruptive threats is about remaining relevant, differentiation and timing associated with offering new features or embracing a new channel

Staying Relevant and Differentiation



Timing

- **Old school rules**
 - Intercept, don't change customer behaviors
 - Don't go so fast that you legitimize "new" features or channels, but don't be so slow that you get left behind
- **New rules for disruptive change**
 - #1 and #2 are considerations, not rules
 - Focus on more on winners and table stakes and less on predicting when change will occur

amazonbusiness Prime

All ▾ Enter keyword or product number

EN ▾ Hello, Mark Account for Channelvatio... ▾ Lists ▾

Deliver to Channel... Colorado ... 80907

Departments ▾ Browsing History ▾ Today's Deals Gift Cards Sell Help

Channelvation, Inc.

Search across your business account

Office Products > Patio, Lawn & Garden >
Electronics & Computers > Home & Kitchen >
Software > AmazonFresh >
Books > Food Service >
Industrial > Automotive >
Janitorial Supplies > Grocery >
Safety >
Lab & Healthcare >
Tools & Home Improvement >

Full Store Directory

OVERVIEW FEATURES WHAT'S YOUR ROLE? BLOG

Sell to Amazon Business customers

Reach more than 400,000 organizations already shopping on Amazon Business. Access pricing and brand-building features tailored to business customer needs. To get started, select the option below that best works for your business.

Start Selling

Don't have a business account? [Create one](#)

Business Vendors

- You make it. We sell it. Your business grows.
- Fulfillment and customer service by Amazon
- One customer to manage: Amazon

Business Seller Program

- You control the pricing on all your products
- Customized features attract business customers
- Access to fulfillment and advertising programs

Not clear how you fit?

No problem. Contact the Amazon Business team and we'll help you get integrated with Amazon.

Best Sellers in Office Supplies

Brother P-touch Easy Portable Label Maker (PTH110)
\$9.99 ✓prime
Add to Cart

Scotch Heavy Duty Shipping Packaging Tape, 1.88 inches
\$12.48 ✓prime
Add to Cart

HP 63 Black & Tri-color Original Ink Cartridges, 2 Cart...
\$42.89 ✓prime
Add to Cart

Your Account
Manage Your Business
Approve Orders
Your Orders
Manage Suppliers
Business Analytics
Recurring Deliveries

Switch Accounts
Sign Out

Do you have an account for buying on Amazon Business?

Do your customers have Amazon Business set up as a punch out in their procurement system? Default?

Access economy

From Wikipedia, the free encyclopedia

The **access economy** is a business model where goods and services are traded on the basis of access rather than ownership: it refers to renting things temporarily rather than selling them permanently. The term arose as a correction to the term [sharing economy](#) because major players in the sharing economy, such as [Airbnb](#), [Zipcar](#), and [Uber](#), are commercial enterprises whose businesses do not involve any sharing.^{[1][2][3][4]}

This model uses a technology platform, often accessed via mobile phone, to connect suppliers willing to rent assets (e.g., apartments for rent or cars for transportation services) with consumers. This movement was worth around \$26 billion a year in 2015.^[5]

List of on-demand companies

From Wikipedia, the free encyclopedia

- [Airbnb](#), online rental service that enables people to list, find, and rent vacation homes
- [DoorDash](#), online food delivery
- [Careem](#), a transportation network company
- [ClassPass](#), fitness company
- [Drizly](#), an alcohol delivery service
- [GoPuff](#), a convenience store delivery service
- [Handy](#), an online two-sided market place for residential cleanings and other home services on demand
- [Homejoy](#), online platform to connect customers with house cleaners on demand
- [Hotel Tonight](#), an app that allows users to find discounted hotel accommodations last minute
- [Instacart](#), an Internet-based grocery delivery service
- [Lyft](#), a transportation network company
- [Postmates](#), delivers goods locally
- [Phlatbed](#), on demand delivery app connecting people to local drivers to move items
- [Riovic](#), on demand insurance company
- [Shyp](#), a courier service company
- [Just Eat](#), online takeaway food delivery
- [TaskRabbit](#), matches freelance labor with local demand immediately
- [Uber \(company\)](#), online transportation network company
- [Udemy](#), online learning company
- [UrbanSitter](#), book, pay, review, and recommend babysitters and nannies
- [JobyPepper](#), on demand staffing companies

Alternate names [\[edit \]](#)

- [Sharing economy](#)
- [Gig economy](#)
- [On-demand economy](#)
- [Peer-to-Peer \(P2P\) economy](#)
- [Circular economy](#)
- [Reputation economy](#)
- [Collaborative economy](#)
- [Trust economy](#)
- [Uberisation](#)

Is the access economy a resource (or opportunity) for distributors?

Technology

Bloomberg

This Startup is the Airbnb of Warehouses and Has Amazon in Its Sights

Flexe finds spare warehouse space for e-commerce merchants, including mattress seller Casper, and is set to offer overnight delivery all over the U.S.

By [Spencer Soper](#)

May 11, 2017, 4:00 AM MDT



[Click here for article](#)

FLEXE SOLUTIONS RESOURCES COMPANY SUPPORT Sign In FIND SPACE LIST SPACE

REDUCE FBA STORAGE COSTS AND OUT-OF-STOCK RATES WITH FLEXE FBA DISTRIBUTION

Save 40-80% on Storage Fees with On-Demand Warehousing

[CALCULATE YOUR SAVINGS >>](#)

Inventory Overflow

Add storage capacity instantly and manage it all from one platform.

Retail Distribution

Manage distribution to all retail channels to meet OTIF requirements and reduce costs.

eCommerce Fulfillment

Add fulfillment centers dynamically to reduce shipping times and costs.

Can distributors sell their warehouse before this company claims the space?

What other capabilities can a distributor sell in the access economy?

Food delivery's untapped opportunity

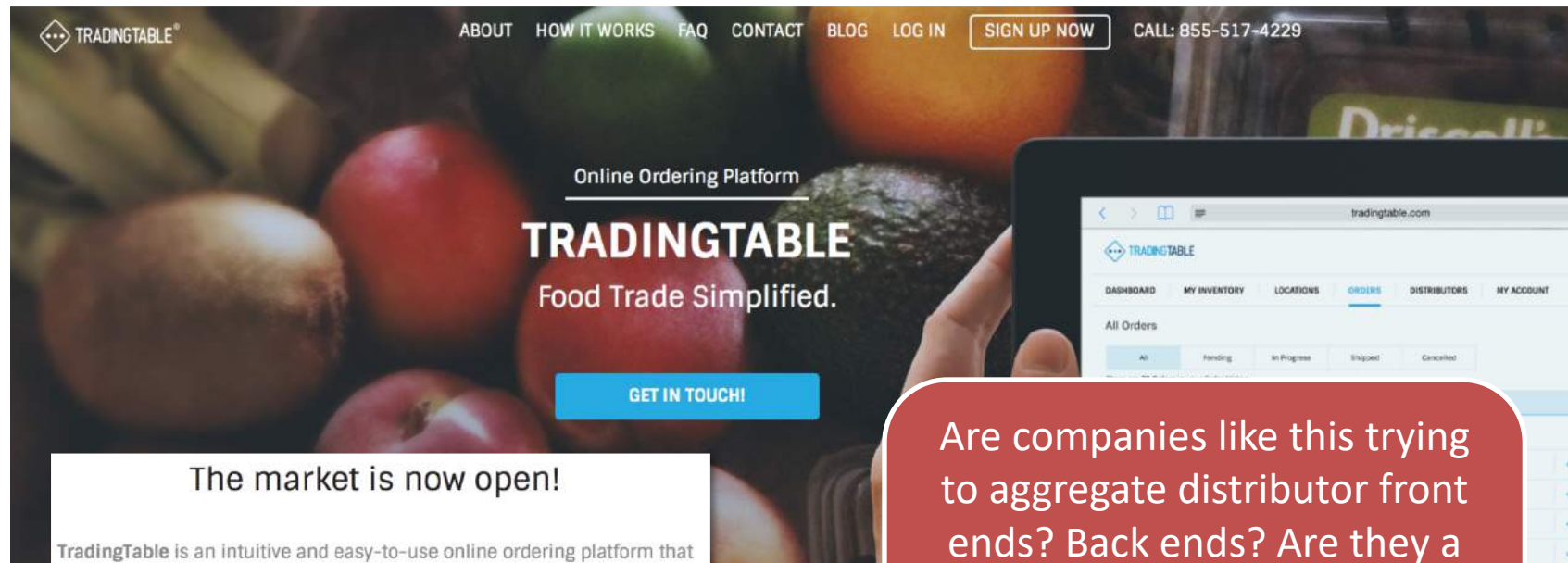
Tri Tran @tritrans / May 16, 2018

Comment

[Click here for article in Techcrunch](#)

The business-to-business food problem

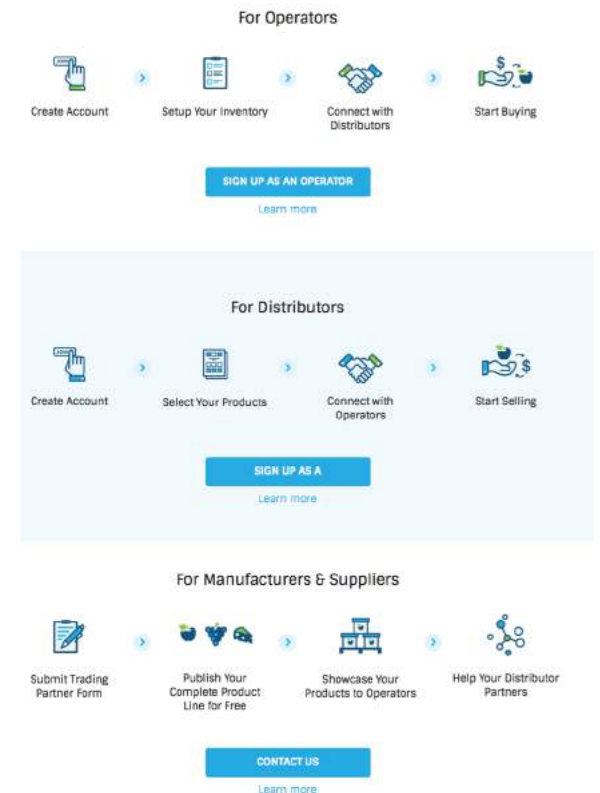
Consumers have it good. Services such as Amazon and Instacart are pushing for our business and attention and thus making it great for the end users. By comparison, **food and ingredient delivery for businesses is vastly underserved**. The business of foodservice distribution hasn't gotten nearly as much attention — or capital — as consumer delivery, and the industry is further behind when it comes to serving customers. Food-preparation facilities often face a number of difficulties getting the ingredients to cook the food we all enjoy.



The market is now open!

TradingTable is an intuitive and easy-to-use online ordering platform that allows operators to submit all of their purchase orders to their existing network of distributors from one portal.

Are companies like this trying to aggregate distributor front ends? Back ends? Are they a channel for distributors? Should you acquire (or create) this business?



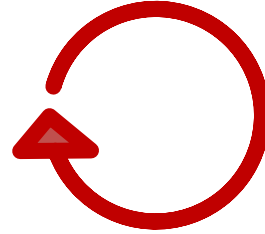
Three Potential Models for Incumbent Disruption

1. Profit-driven omnichannel excellence
2. Platform-enabled innovator-for-profit
3. Data aggregation for brand-aligned technical service

Profit-driven Omnichannel Excellence

Master Profit Drivers

- Leverage systems, data and analytics
 - Upgrade capabilities
 - Engage outside resources
- Identify profitability by
 - Accounts
 - Products
 - Transaction types
- Adjust product and brand portfolio
- Enforce critical businesses process
 - Sustain, defend, improve, cull, etc.
 - Collaborative innovation at priority accounts



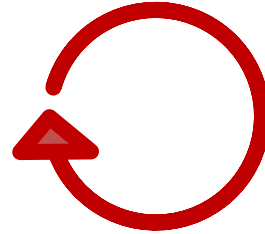
Optimize field, virtual and digital channels

- Transfer disrupted activities from field sales
 - Inside sales and webstore, portals, social media, etc.
- Retask and resize field sales force
 - Value vs. transactional sales model
 - Reset loads, territories and compensation
- Expand virtual roles and competencies
 - Inside sales customer support
 - Reset loads, territories and compensation
- Manage omnichannel strategy
 - Efficiency and effectiveness

Platform-enabled Innovator-for-Profit

Build customer platforms

- POS and inventory systems
 - Stockouts, redundancies, returns
- Mobile training platform
 - Short, on demand videos and static content
 - Product knowledge and sales methods
- Sales incentive program
 - Flex incentives to drive transient priorities
 - Correlate training with incentive payouts
- In store deployment systems
 - Floor planning and sales person placement



Lead innovation initiatives

- New core capabilities
 - Data and analytics
 - Business development
- Customer innovation assessments
 - Identify and quantify potential gains
 - Time with customer planning cycle
 - Offer program with mutual economic gains
- Custom solutions and programs for suppliers
 - Demand-based stocking for efficiency
 - Rapid product launch for max sales
 - Micro territory programs for max share

Data Aggregation for Brand-aligned Technical Service

Aggregate data, not demand

- Data from Internet of Things (IoT)
 - Monitor and measure performance
 - HVAC, manufacturing, operations, etc.
- Data from digital process enablement
 - Customer relationship management (CRM)
 - Marketing automation (digital footprints)
 - Mobile devices, configurators, etc.
 - Direct compensation (not margin on sales)
- Aggregate process and performance data
 - Across facilities, products and brands
 - Across distributor and supply processes
 - Optimize value for customer and suppliers



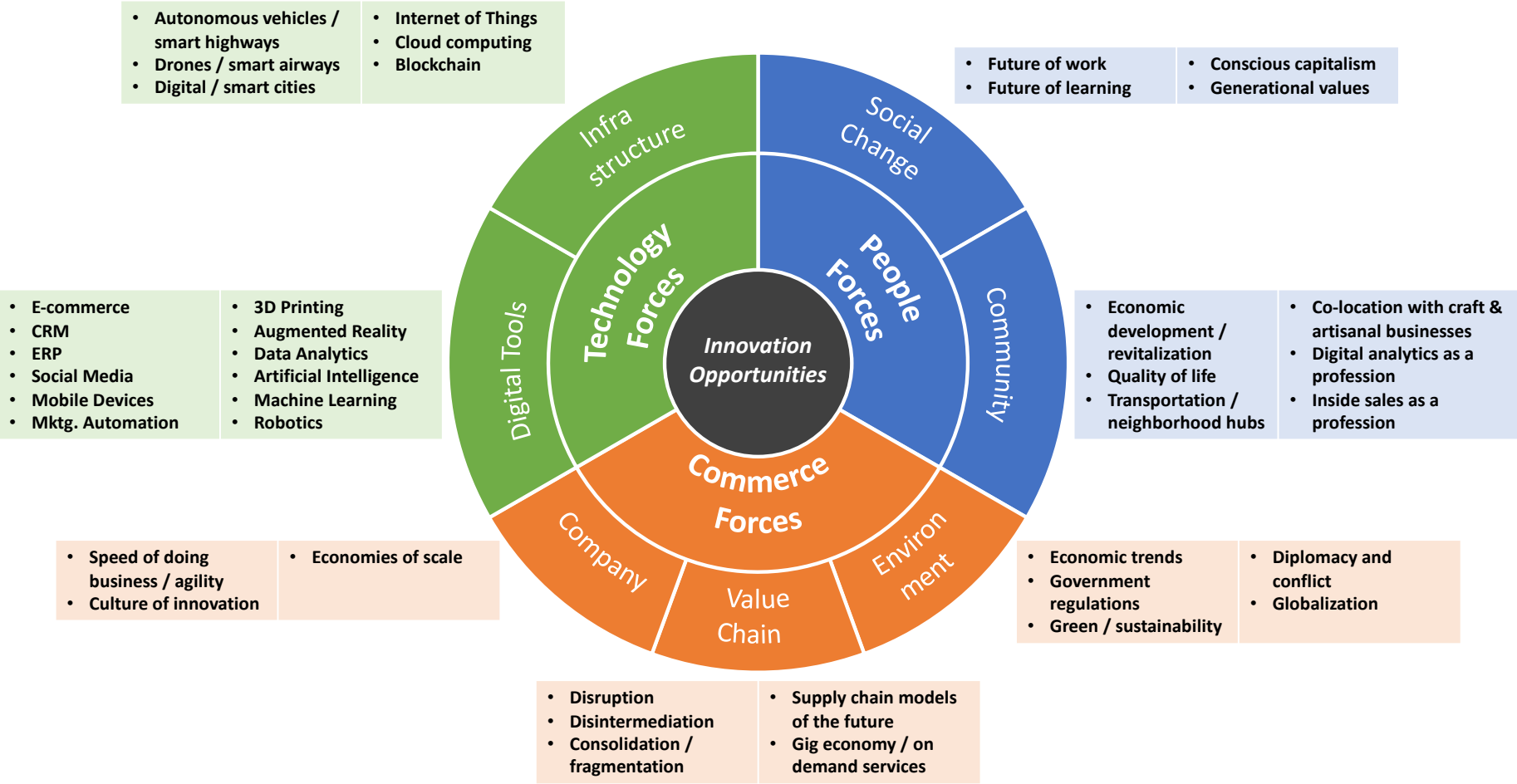
Sell technical service, not products

- Assume technical roles for leading brands
 - Justification
 - Cost transfer justification by supplier
 - Better than otherwise possible
 - Direct compensation (not margin on sales)
- Technical sales
 - Best-in-class, full cycle, value selling
- Technical support
 - Field resources for onsite technical support
 - Monitoring, analytics and continual improvement

Emerging Guiding Principles for Incumbent Disruption

- Competing with Amazon
 - Table Stakes: Offer customers the online shopping and buying experience they expect of a credible supplier
 - Winners: Be better at being different
- Disruption begins with innovation
 - Leaders must have foresight and articulate a vision
 - New capabilities enable new values
 - Culture makes innovation sustainable and additive
- Innovation can be a “make vs. buy” decision
 - Consider access economy (or other) models
- Other requirements
 - Your takeaways from today’s conversation?

Our Facing the Forces of Change® 2019 research is exploring multiple forces and identify innovation opportunities and roadmaps



You can participate in Facing the Forces of Change® 2019 research!

1. [Schedule a conversation](#)
2. Identify sources for investigation*
3. Complete online survey
4. Conduct an innovation intensive*
5. [Comment on blog posts](#)
6. Take an “innovator’s assessment”*
7. Tell a colleague!

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*** Text, call or send me an email!**