

Customer Experience The Make or Break Sales Tool of 2023



In a recent article from McKinsey and Co., the authors write about large incumbent companies generating tens of millions of dollars in new value by investing further into their digital capabilities. These companies are committing more deeply to digitally-driven commerce by focusing more on meeting their customers' needs digitally, and they are seeing significant results.

A major takeaway from the article was not another list of investments distributors must make in their technology. Instead, what applies to distribution is McKinsey's implication that companies must become indispensable to their customers or risk becoming obsolete.

In the article, McKinsey states, "A successful transition to the next horizon of digital commerce requires companies to get real about being customer first and make some hard choices."¹

To stay ahead of the competition, McKinsey declares, companies must become indispensable. Being indispensable means offering something unique and of value that customers cannot find elsewhere, providing an experience so valuable people are willing to pay extra to have it; achievable only when the company deeply understands its customers' needs and desires.

This report examines what indispensability looks like for distributors, and how they can achieve it.

Why Your Customers Stay with You

It's hard to know what makes customers most loyal. Every distributor has customers who've worked with them for years. And while you'd like to think they've been with you this long because they consider you indispensable or unreplaceable, you cannot discount the average person's resistance to change. It's more than likely you have a long-time customer or two who simply finds it easier to maintain the status quo and not invest the effort to find another service provider.

It would be nice to believe that if you do your job well enough, your customers will stick with you. But there's more to it than simply doing a good job.

Indian River Consulting Group co-founder Mike Marks states in a recent article, "In the past, it wasn't uncommon for the customer to be taken for granted. Maybe you thought, 'I have excellent products and customer service, and no one is calling to complain.' It makes sense: If no one is complaining, then there must not be a problem. However, that is probably not the case."

"Now more than ever," Marks writes, "the customer experience can make or break a company. We live in a world filled with options, and customers can easily go online to compare products that meet their needs faster, easier, and cheaper. [Gartner](#) found that companies who create complex, nonlinear paths for buyers create uncertainty during the buying process, resulting in a 30% decrease in purchasing."^{2,3}

Retaining customers today requires meeting and surpassing customers' expectations. According to Bridget van Kranlingen, a senior executive at IBM, "the last best experience anyone has anywhere becomes the minimum expectation for the experience they want everywhere."⁴

It's a scary thought, but when you think about it, it's true. Customers' experiences with other industries can and likely often do raise the bar on their expectations of all vendors they work with. As a result, customers will expect their experience with your company to be as good or better than an experience they've had with a company in an entirely different industry.



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¹"Becoming indispensable: Moving past e-commerce to NeXT commerce," McKinsey, November 15, 2022.

²Mike Marks, Indian River Consulting Group, "6 Steps to Improve Your Customers' Experience With Your Company."

³Rama Ramaswami, "Future of Sales 2025: Deliver the Digital Options B2B Buyers Demand," Gartner, March 10, 2021.

⁴Bill Taylor, "Your Competitors Aren't Always Who You Think They Are," Harvard Business Review, November 17, 2022.

Today distributors must live up to or surpass what their customers believe they can and should be doing. They're not just competing against competitors. They're competing with customers' expectations based on their experience with competitors and vendors from other industries.

Where Distributors Can Make a Difference

How far will you go to keep your customers happy? Is your company willing to go that extra mile and do whatever it takes to improve your customers' lives to the point where you are indispensable? Is that even possible?

In that same HBR article mentioned above, Lior Arussy, a leading advisor on the relationship between strategy, innovation, and customer experience, says you've got to think very far out of the box. "We are living in a new world," Arussy shares. "Customers no longer accept an okay job. It's exceptional or nothing." Instead, he says organizations must impress, surprise or do something memorable.

Give the customers what they want. You hear it all the time. Now you're hearing you must give your customers more than what they want, according to McKinsey. But how?

One opportunity that comes to mind is to examine your customers' buying experiences. Think of ways you can make it better. As an example, digital sales and marketing strategist Susan Merlo recounted recently speaking to a distributor client whose customer was unhappy about going from website to website to fulfill an order. The customer suggested one distributor fulfill their entire order, even if it meant purchasing materials from a competitor to do so. Merlo and the client discussed what that would look like and whether establishing reciprocal relationships with competitors around a service like this would make sense. Certainly, offering this service would provide the customer — and probably many others — with something no one else was willing to provide.

You won't know what customers' expectations are or how you can exceed them without a critical component to doing so, and that's knowing your customer: Who they are, what they want, and how they want it — nothing new there. Often, you'll know what your customers need before they do. This is knowledge you can and hopefully leverage when you can. But, according to the authors mentioned above, you must add one more element to the list of knowing your customer: knowing what options are available to them.

Knowing what options your customers have available when deciding who to work with will help you stay competitive and avoid any likelihood of their slipping through your fingers unannounced.

Become Your Customers' Go-to Expert

In a 2022 article published by Modern Distribution Management, Merlo wrote about how providing valuable information to buyers is essential for businesses to succeed today. Her advice was to recognize your customers' need for information helpful to their business success and ensure that information is available from you (vs. your competitors). Doing so would be something your customers will find very valuable, and it would move you further into the 'indispensable column.'

Because the world has become accustomed to instant gratification, including our customers, people want what they want, when they want it. When it comes to information — getting problems solved and questions answered — they'll turn to the Internet to get it.

Buyers do not want to take the time to involve a salesperson during their problem/solution discovery process. Instead, they'd prefer the information to be readily available when they need it so they can do the research themselves. Of course, customers may still want to speak to a salesperson when they're ready to buy, but in the meantime, they want to be left alone."⁵



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⁵Susan Merlo, "What Do Your Buyers Want From You?" Modern Distribution Management, April 6, 2022.

People today, including your buyers, know if they look hard enough, they'll find the information they are looking. And when they come across information that helps them with their business or allows them to do their jobs better, easier, faster or more effectively, they will remember where that helpful information came from and be left with a lasting, and often significant, impression.

Publishing valuable content on your website that provides answers and insight for the sole purpose of benefiting your customer depicts your company as more customer-focused than most. You're not required to do so. As a distributor, it's not your responsibility to educate your customers, and your customers know this.

When you publish valuable, beneficial information that helps your customers with whatever they're struggling with, your customers and anyone else who comes across it will notice. It goes a long way. It makes them feel cared for. Most importantly, it makes them appreciate you as a business partner.

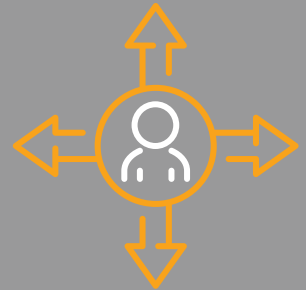
Other Ways to Become Indispensable

The McKinsey article centers around eCommerce a bit, warning that "companies are in danger of missing the next e-commerce wave. With e-commerce sales doubling in the past five years⁶, and markets expected to almost double again by 2026⁷, companies are making sizable investments in their e-commerce capabilities. The problem is that many of these companies are locked into an increasingly outdated view of e-commerce as a "bolt-on" to the main business."

Make no mistake, eCommerce or not, businesses must prepare for the next horizon as digital commerce continues to grow and evolve. McKinsey makes it clear. Becoming an indispensable piece of your customers' business will be crucial to customer retention.

Here are some quick tips to ensure your company stays relevant and top-of-mind for your customers, if not indispensable.

- **Be Prepared to adapt and change quickly.** This is especially true and easier for businesses that rely on their digital capabilities.
- **Make use of data and analytics.** Analytics can help you understand your customers better and identify areas where you can improve your offerings.
- **Have a robust online presence.** Maintain a professionally-built website and be sure to connect with your target audiences on the social media channels they use most often.
- **Have a clear and concise plan for your digital transformation.** Then, implement changes incrementally to avoid disruptions and distractions from your customers.
- **Stay on top of industry news and developments.** Be aware of what's coming down the pipeline and adjust accordingly. Use the best possible methods for selling your products and services with a focus on keeping your customers satisfied.
- **Pay attention to what your competitors are doing.** Keeping tabs on the competition will help you identify gaps in your offerings. Then, work to fill those gaps and differentiate yourself from the pack.
- **Be open to change and experimentation.** In business, the ability to change and adapt is essential for survival. Being open to new ideas, processes and technologies can help you stay ahead of the competition while being beneficial enough to keep your customers coming back for more.



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⁶Daniela Coppola, "E-commerce as share of total retail sales worldwide 2015-2021, with forecasts to 2026," Statista, September 21, 2022.

⁷"Here's why e-commerce growth can stay stronger for longer," Morgan Stanley, June 14, 2022

Indeed, change can be difficult, but today the adage 'change or die' rings truer than ever before. You may have been providing services and products in a way that's been working well for years, but you also may need to adjust how you're serving your customers as the market evolves.

Prepare for it. Experimentation is key to finding what works best for your business. Don't be afraid to try new things. An open mind will help you find the best way to serve your customers and grow your business.

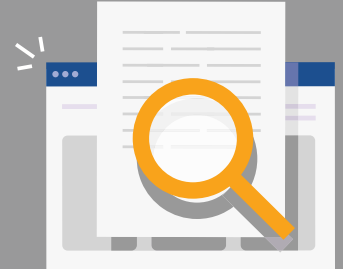
What Else You Can Do

To move past being accommodating to becoming indispensable to your customers, you must ask your customers about their needs and desires. And it would be a good idea to outsource this task. Doing so, you'll be more apt to get a complete picture of their needs and desires; and their impression of you.

As Marks reminds us, "Enhancing your customer experience requires you to go directly to the source: the customers. Don't involve your sales team in this process. Although they're great at their jobs, salespeople are trained to listen and respond rather than listening to understand."

When your research is complete, Marks advises, you should listen to understand your customers' feedback. Hear what they're saying. It's also advisable read between the lines for signals based on what customers are not saying. Then, make the necessary adjustments, or at least the adjustments you're willing to make to become indispensable, remembering that your customers have options.

Businesses must focus daily on becoming or remaining indispensable in their customers' eyes. It's the customers' opinions that matter. For them, indispensable companies are those that provide them with what they need when they need it and how they need it. It's no easy feat. But when you are perceived as indispensable, your business will be much more surefooted and likely to thrive in a rapidly changing world. As such, it's more important than ever to ensure every customer interaction with your company is an excellent experience.



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