E-commerce… what's your strategy?

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Distributors have a variety of e-commerce platforms and strategies to pursue when it comes to selling online. Whether your strategy is to sell to the broader consumer market or to strengthen existing customer ties, take the time to understand the pros and cons of your options and be mindful of the effort required to create and maintain product content and the technical costs that come with system integration.

Business-to-consumer (B2C)

Distributors interested in selling to the broader consumer market have a variety of third party platforms to choose from such as Shopify®, Magento®, BigCommerce®, to recent newcomers like Microsoft Dynamics 365 Commerce®. These solutions provide out-of-the-box capabilities to manage products, digital assets and basic item pricing, taxing and shipping features. Searching experiences are robust, and checkout processes are simple and straight forward – just provide an email, credit card number and shipping address to process an order.

System interfaces

Regardless of the third party e-commerce platform you choose, integration with your core ERP software system is an important element behind a successful e-commerce strategy. For example, which system will be the system of record for managing inventory, pricing, invoicing, payment processing and order fulfillment? Maintaining data and business logic in both systems can be complex and time consuming. As a best practice, leveraging the business logic and data maintained in your ERP system as much as possible

using standard programming interfaces to minimize duplication of data, processes, and labor costs. The use of standard REST APIs (programming interfaces) is a mature and proven method used to integrate e-commerce platforms with ERP systems. Remember, integrating systems is not a trivial task and requires a certain level of technical assistance and consultation.

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Business-to-business (B2B)

It's very common for distributors to implement e-commerce solutions used exclusively by their existing customers. This style of 'self-service' e-commerce is an extension of a company's ERP software platform and a proven way to reduce back office labor costs related to customer service needs ranging from paying off an invoice with a credit card, checking the status of an order, checking price and availability, placing orders, or reviewing cylinder balances and proof of deliveries. While these platforms may be proprietary in nature and lack some of the glitz of third party e-commerce platforms as noted earlier, they have a solid ROI and will strengthen ties with your existing customer base. As an added benefit, product searches and pricing are hidden from the public since customer access to B2B commerce platforms is controlled by you compared to consumer facing e-commerce platforms that freely expose product pricing to the broader market.

Product offering

What products should you sell online? Commodity items are easy to sell but come with constant pricing pressure. How about rental items that require service? Maybe find a niche product to sell that has limited distribution channels or challenging regulatory requirements? Where do you draw the line? A quick internet search for an ESAB Sentinel A50 welding helmet results in no less than seven different distributors to buy from, including Amazon. If pricing is freely known and matched across the buying channel, what factors will lead a consumer to purchase from you instead of a competitor? Regardless of your product strategy, don't underestimate the important role your brand image and company culture play in the e-commerce world.

The content challenge

One of the biggest challenges to online selling is the upfront and ongoing efforts to maintain great looking product images and meaningful descriptions. Sourcing digital images and extended product descriptions from one vendor is a manageable process. The challenge grows exponentially as additional vendor product lines are added to the site. Why? Because there is no guarantee that all vendors will be able to supply distributors with high quality images and product information in a standard format in a timely manner. If there is one area where the industry needs to come together it's with the supply and distribution of 'content' in the form of multiple product images and meaningful descriptions that are easily available and consumable by the independent distributor. **gw**

ABOUT THE AUTHOR

David Schaer is the President of Computers Unlimited, developers of TIMS Software, an integrated ERP software and mobile app solution for gas & welding supply distributors.