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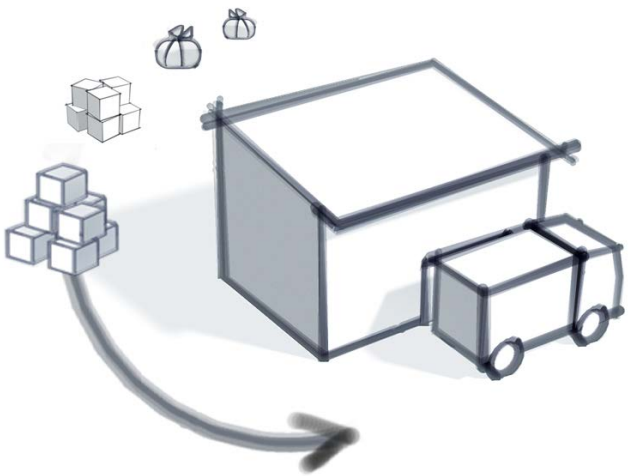
E-Commerce Checklist for Electrical Wholesalers

How Electrical Wholesalers Can Respond to the Diverse Needs of Buyers with More Potent E-Commerce Solutions



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In the business-to-business (B2B) marketplace for the electrical industry, the identification, distribution and sale of products requires exceptional precision to meet the requirements of manufacturers, retailers, building contractors, maintenance operators, and other specialty wholesalers. The reason for this precision is due mainly to three factors:

→ breadth of product selection to meet needs of industrial, building, and consumer applications

→ overlay of product- and application-specific criteria and regulations

→ complexity on the provisioning of installation and maintenance services

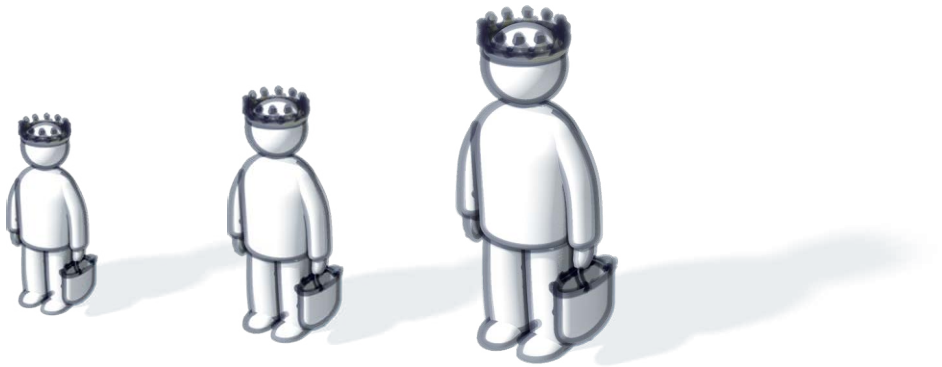
A recent hybris-led Electrical Wholesaling E-Commerce Audit of 200 electrical wholesale companies located throughout the U.S., found that when it comes to procurement experiences for their buyers, electrical wholesalers fall short in offering the kind of e-commerce procurement experience B2B buyers have come to expect.

In addition, electrical wholesalers have yet to embrace multi-channel e-commerce strategies that can ultimately enhance their print catalogs, websites and physical location offerings with extended and timelier customer service. Being "behind the times" with respect to delivering a multi-channel commerce experience may limit electrical wholesalers' ability to achieve the growth and customer loyalty found in other sectors such as consumer commerce.

This paper summarizes the findings of the audit and offers guidance on how electrical wholesalers can respond to the changing needs of their buyers and build robust, multi-channel e-commerce solutions that are in line with customer expectations. It also outlines best practices for evaluating e-commerce technology vendors and gives electrical wholesalers a checklist of key elements to look for in a platform that will deliver sustainable business benefits.

The Wholesale Distribution Customer Base

In electrical supplies distribution there are essentially three types of buyers. Each has different business needs and purchasing behavior that drives how and when they interact with a distributor.



Occasional buyers – individual electricians and small company owners who order parts for specific projects, often using a mobile device or desktop computer. These professionals:

- expect a "consumer-like" online experience featuring rich content, descriptive product attributes and purchasing decision support such as product comparisons, reviews, videos, and high-quality photos
- search for products based on application rather than product names or SKUs and commonly use the search window first when trying to find a product

Commercial buyers – individual electricians or companies working with contractors, subcontractors and teams in the field, who submit their parts orders by cell phone or two-way radio to an office, and typically have a fairly immediate need. These professionals:

- demand an easy-to-use interface with powerful search capabilities to quickly locate standard part numbers and enable rapid order fulfillment
- value speed of order placement and ease of completing transactions quickly. This may include offering on-line order with will-call pickup
- require self-service and prefer placing their orders directly (in a manner as simple as a typical consumer transaction) or via a readily available call center that supports orders, questions, or related transactions

Professional procurement managers – professionals responsible for maintaining procurement systems and fulfilling orders accurately and systematically. They may work with product management personnel in specifying component parts for a product line or a custom product design or with field personnel who submit requisitions against authorized item listings. These managers:

- require accurate product descriptions, order consolidation for fulfillment efficiencies and achievable SLAs in fill rates and quality control and expect computer-assisted inventory replenishment for recurring orders
- have pick lists of hundreds of items, including nested or kitting requirements, and may have internal part/SKU listings that can be filled by multiple vendors that meet the component specifications
- need high speed and simple interfaces, with spreadsheet uploads or portal interfaces – including part numbers and SKUs to accelerate ordering and fulfillment – with integration into other enterprise systems
- expect the ability to configure product attributes, retrieve relevant pricing, and obtain quotes when dealing with products that are more complex to order than a simple part listing
- insist on validation and confirmation of order status throughout the buying process

Survey Says: "Huh?"

"In (our) recent survey of distributors' customers, we were a little surprised by one of the recurring themes. We asked them what they would like to tell their distributors if they could gather them all in a room, and several suggested it would be nice to be able to go online and check their distributors' product availability, check the status of existing orders and place new orders for will-call.

Huh? Electrical distributors have had about 15 years now to figure out how to handle business over the web. So, why are so many customers telling us they're frustrated by attempts to do business online with their local distributors — frustrated enough to shift a significant number of their purchases to online sources...?"

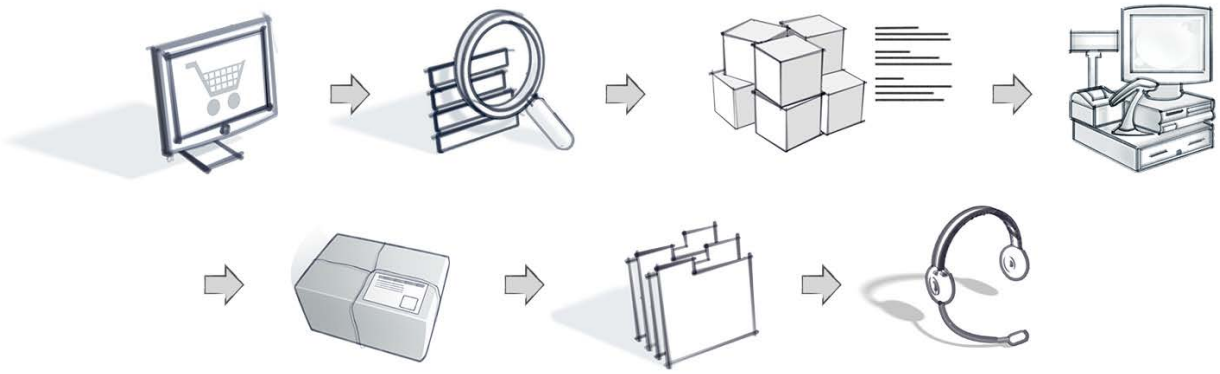
Doug Chandler, Executive Editor, Electrical Wholesaling Magazine[1]

[1] Electrical Wholesaling Magazine, 2011

Current State of E-Commerce in Electrical Wholesaling

The Electrical Wholesaling E-Commerce Audit found that wholesalers are not equipped to meet the needs of today's buyers who increasingly rely on e-commerce to quickly locate and purchase the products they need. Though 94 % of the audited companies had websites, only a select few offer a fully functional e-commerce experience.

The audit evaluated the following e-commerce factors:



E-Commerce Functionality – the ease of doing business with electrical wholesalers online showed major gaps, up to and including a complete lack or e-commerce capability:

The 200 companies audited were represented by 203 websites, due to multiple brands owned by a few large companies

Nearly half did not feature e-commerce functionality

- two wholesalers had no website at all
- another eight had websites that were "under construction" or otherwise unavailable
- 84 websites invited customers to contact the company to place an order with forms via fax (rather than by email or online)

Search and Navigation – business customers want to quickly locate specific products that are relevant to their needs. The hybris audit found that:

98 % of the functioning sites examined allowed customers to search by product code.

48 % enabled search by product attributes like size, brand, or price.

15 % returned search results for misspelled search terms.

6 % featured an auto-complete function.

Product Information – the audit revealed opportunities for improvement in their ability to offer a rich, online catalog.

61 % showed product dimensions and technical specifications.

Just one quarter allowed customers to enlarge the main product image.

Only 11 % offered product comparisons and customer reviews.

Checkout – efficiency and security are essential elements of effective e-commerce strategies.

96 % of the sites allow customers to pay on a credit account or accept credit card payments however,

Only 50 % of sites informed customers about secure checkout processes.

Shipping Options – after completing an online purchase, customers expect to be presented with a range of shipping options that enable them to receive their merchandise on their timetables, yet:

Just 7 % of the sites made shipping options visible.

89 % offered a next-day shipping option, but almost none offered enhanced shipping in the form of specific-day, weekend, or hourly time slots.

Account Management – increasingly, customers expect the ability to track orders, generate invoices, and manage their accounts online. Electrical wholesalers seem to understand that well:

100 % of sites surveyed allow customers to log in / view previous orders

97 % of available sites permit customers to track open orders.

Customer Service – call center availability was common, but online forums, which are mainstays of robust multi-channel commerce, were not.

78 % of audited sites clearly displayed a customer service phone number,

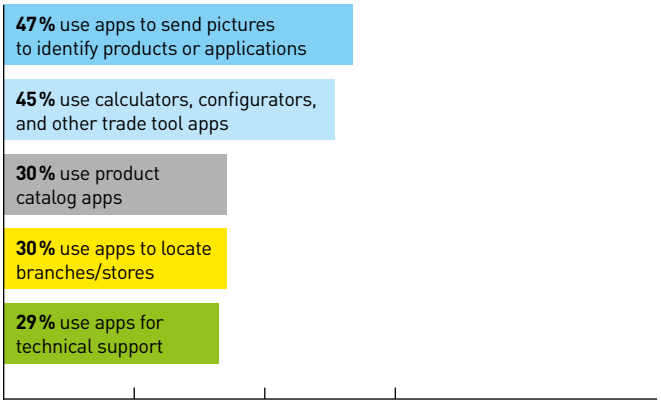
93 % provided an email address or contact form. Only 28 % offered a FAQ section that was available to all site visitors. No site provided a customer forum for industry or product discussions.

The conclusions from the survey? It is clear that many electric wholesalers are at the most-basic stages of servicing customers through e-commerce and will need to step up their game to keep pace with their customers.

Electrical Contractor Technology Benchmarking Survey

The hybris Electrical Wholesaling E-Commerce Audit supports the findings of a 2012 Technology Benchmarking Survey conducted jointly by the National Association of Electrical Distributors (NAED), the Independent Electrical Contractors Association (IEC), and the National Electrical Contractors Association (NECA).

Survey participants were asked about their use of applications designed to find information needed to perform their jobs.



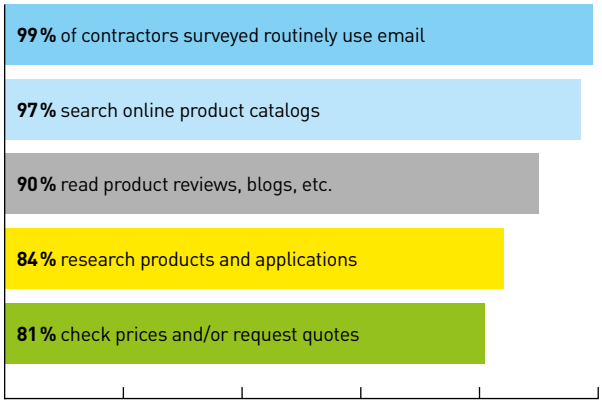
The NAED survey confirmed that mobile technology is growing at a rapid pace in the electrical supplies business. Transactions are frequently conducted online, and often on mobile devices. Over 86 % of buyers use smartphones, and nearly half (48 %) use tablet computers.

There is a clear and urgent case for electrical wholesalers to accelerate their efforts to meet their customers' e-commerce expectations. With the broader B2B sector embracing e-commerce as a prime channel for growth, it is imperative that electrical wholesalers respond quickly to retain their share of the business. Especially considering moves like that of consumer e-commerce giant, Amazon, to crack open B2B with Amazon Supply, after seeing the unmet needs of electrical and other industrial parts buyers.

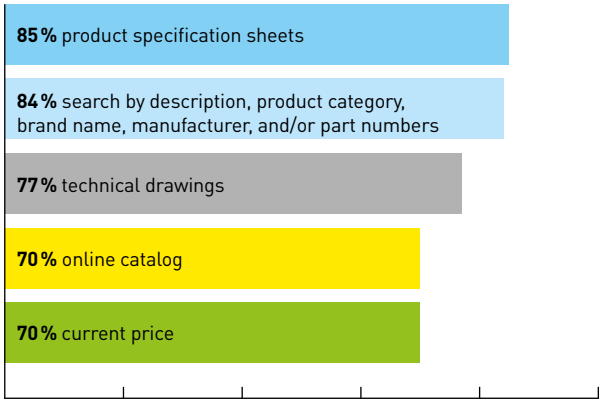
Summary of Top Online Commerce Tools

According to the 2012 NAED Technology Benchmarking Survey, electrical distributors can create a more efficient supply chain and delivery more value to their customers by following a few e-commerce best practices.

Nearly all business is now influenced in some way by online assets. Without a strong online presence, wholesalers miss significant opportunities to interact with and provide critical services.



It's important not to have just an average website, but to include product information and features that electrical contractors say they use most often.

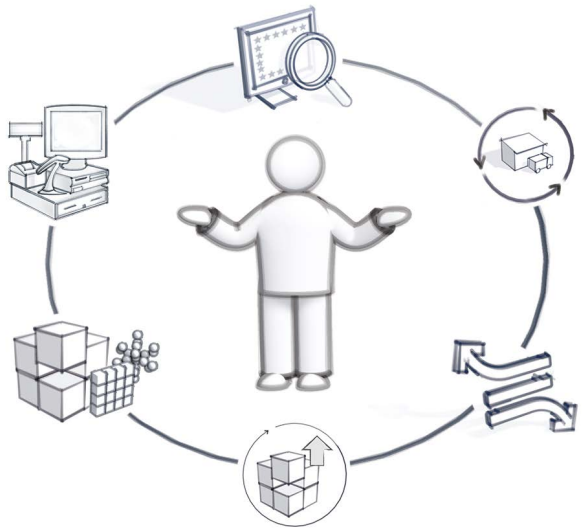


E-Commerce Checklist for Electrical Wholesalers

To deliver the online experience their customers demand, electrical wholesalers need to adopt e-commerce strategies that:

- address the fast evolving requirements of today's buyers
- incorporate commerce strategies and best practices from the broader B2B marketplace
- acknowledge that B2B sites must align with the consumerization of e-commerce

The process of implementing and evaluating e-commerce solutions can be daunting. The following checklist defines a number of key components electrical wholesalers should consider when enhancing existing technology, or installing a new commerce platform.



1. Application-Based Search and Order Entry

A best-of-breed e-commerce solution enables electrical wholesalers to give purchasers application-centric search capabilities. For example, an electrician with a lighting problem who doesn't know what part is needed can input descriptive information (natural language) to identify the best solution. Application- and product-driven guided navigation makes it easier for buyers to find relevant products.

A flexible platform allows for the design of more straightforward SKU-based ordering capabilities that facilitate order entry. Most procurement buyers simply want to input product numbers and amounts as quickly as possible and receive immediate validation that their order is correct and accepted.

2. Transaction Management and Fulfillment

The right e-commerce solution can dramatically improve the ability of wholesalers to offer timely transaction management and fulfillment services. With an agile solution, wholesalers can create self-service opportunities for customers, allowing them to conduct product research and place orders online (without making a

phone call), track order status dynamically, and perform other activities that have been available for years in B2C markets. When a customer needs assistance and inquires about an order, an integrated solution gives customer service representatives immediate visibility into the details of those orders, allowing them to assist in completing transactions safely and securely.

3. Channel Consistency and Expansion

Digital commerce touchpoints such as websites, tablets, smartphones, and online product catalogs should amplify the effectiveness of traditional channels like print catalogs, over-the-counter sales, phone, fax, and other order entry and distribution methods.

Electrical wholesalers should design their e-commerce programs using solutions that integrate all of these touchpoints on a single, flexible platform getting rid of treating touchpoints in a siloed approach.

They should also be aware of future technical innovations in the market and emerging touchpoints that are yet to be discovered. To address this, electrical wholesalers should design their e-commerce programs using solutions built on an open architecture. As needs change, having an open and flexible architecture with open API standards (such as RESTful[2] web service-based APIs) will allow them to easily adapt to the market ecosystem.

4. Real-Time Product Updates

As the variety of customer channels and touchpoints increases, it is even more important for wholesalers to incorporate customer-facing innovations into their e-commerce programs, including the ability to update product information and attributes across all channels in real time. If a wholesaler starts buying a certain component from a different supplier, any subtle differences in the new component itself may or may not be noted the transactional system of record (i.e, the ERP system that records purchase orders and account receivables needs more limited information). However, subtle differences may make a significant difference to the buyer and must be reflected in the commerce system of reference (i.e., the Product Content Management system that ripples out the information to all users of that content, regardless of channel).

For electrical wholesalers using a variety of rich media like high-resolution images or videos (to enhance the customer experience and improve the level of trust that customers have in the product or brand) it is necessary to make sure that content updates can be done in real-time for all channels. For rich, complex environment, it may be necessary to have digital asset management (DAM) as part of the commerce solution that stores rich media assets centrally and provides for channel wide updates as assets are altered.

[2] REpresentational State Transfer (REST) is gaining traction as the preferred web service design model, displacing other methods such as SOAP and WSDL. (Source: hybris)

5. Managing Manufacturer Product Diversity

Electrical wholesalers typically feature products from a number of manufacturers whose product listings must be kept accurate and up-to-date. A best-of-breed e-commerce solution empowers manufacturers to maintain their own product listings within the wholesaler's larger product catalog. By providing an interface that enables manufacturers to update their own spec sheets, images, and product data, e-commerce platforms lighten the data burden for wholesalers, and reduce the resources needed to manage and maintain e-commerce sites.

6. Self-Service Resources

Buyers value self-service transactional support in terms of customer account access, ordering, and customer service resources. By enabling customers to view account histories and update account profiles, initiate and adjust orders and even returns, and access other customer services online, electrical wholesalers can improve the online customer experience and reduce call center requirements.

For many contractors and electrical materials buyers, their self-service demands go beyond transactional support. A more comprehensive self-service model often includes the ability to access online repair manuals, user guides, technical drawings, end-use application alternatives and installation considerations, FAQ content, and even online technical forums. All of these support improved operational efficiencies for customers and help to reinforce loyalty.

Success Focus: W.W. Grainger Inc.

According to Industrial Supply Magazine, Grainger is the fifteenth largest online distributor in North America, with $2.2 billion in B2B e-commerce sales in 2011, serving two million businesses and institutions in 157 countries. Online orders represented 27% of the company's total sales, thanks to a sophisticated digital presence, including advanced electronic ordering capabilities.

"Our objective is to service the diverse needs of our customers. Whether they're visiting a branch, on the phone, on the web, or using a mobile device, we want to give them the critical information they need, precisely when they need it," explained Paul Miller, vice president of e-commerce operations at W.W. Grainger, Inc.[3]

[3] Industrial Supply Magazine, 2012

Embracing the Market Opportunity to Survive and Thrive

According to Forrester Research[4], the e-commerce channel is fast approaching a point where up to 50 % of total sales for some B2B sellers will be transacted online. Grainger, for example, has reported to Forrester that it expects to generate more than 40 % of its total sales online between 2014 and 2016.

More business buyers are demanding convenience features and social functions similar to the mobile and web-based consumer experiences in their personal lives, and electrical wholesalers should respond by rapidly implementing new platforms with converged capabilities. Application-centric search and navigation features enable customers to quickly locate the right products, while advanced fulfillment management features facilitate a secure, streamlined ordering process.

Forward-thinking wholesalers are discovering that high-quality digital product content and a modern online experience represent the fastest path to achieving meaningful results from their e-commerce investments. The most agile players will adapt experiential elements from successful B2C deployments to develop a comprehensive model that supports the uniqueness, complexity and richness of B2B transactions. In a world where companies like Amazon have begun to make a major play for the broader business market, the stakes for electrical wholesalers couldn't be higher.

[4] Forrester Research, B2B eCommerce: Going From Surviving to Thriving By Adopting Proven B2C Principles, May, 2012

About hybris, an SAP Company

hybris helps businesses around the globe sell more goods, services and digital content through everytouchpoint, channel and device. hybris delivers OmniCommerce™: state-of-the-art master data management for commerce and unified commerce processes that give a business a single view of its customers, products and orders, and its customers a single view of the business. hybris' omni-channel software is built on a single platform, based on open standards, that is agile to support limitless innovation, efficient to drive the best TCO, and scalable and extensible to be the last commerce platform companies will ever need. Both principal industry analyst firms rank hybris as a "leader" and list its commerce platform among the top two or three in the market. The same software is available on-premise, on-demand and managed hosted, giving merchants of all sizes maximum flexibility. Over 500 companies have chosen hybris, including global B2B sites W.W.Grainger, Rexel, General Electric, Thomson Reuters and 3M as well as consumer brands Toys"R"Us, Metro, Bridgestone, Levi's, Nikon, Galeries Lafayette, Migros, Nespresso and Lufthansa. hybris is the future of commerce™. **www.hybris.com | sales@hybris.com**

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