

WHITEPAPER

Driving Digital Transformation for Manufacturers

A strategic approach for rolling out eCommerce.



Driving Digital Transformation Today

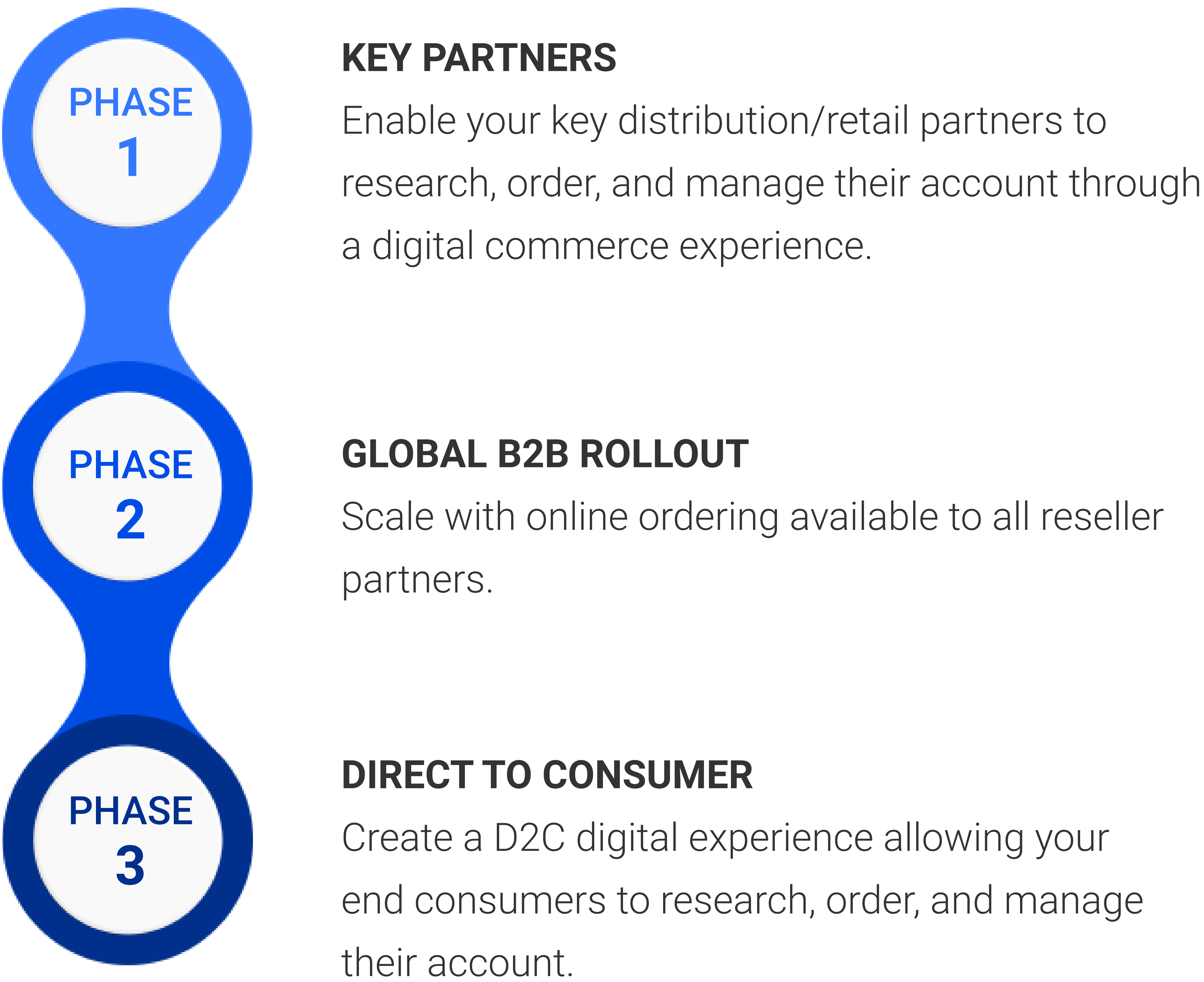
A 2020 Gartner report confirmed what manufacturing leaders have been living year after over year: “Increasing competition in the manufacturing industry puts pressure on organizations to reduce costs, improve customer experience and increase profitability. Organizations armed with digital forces are disrupting business models with new value propositions.”

In addition to the slower-moving trend of digital transformation, the 2020 global pandemic caused widespread ripples in how manufacturers do business. Manufacturers faced a slowdown or stop in their field sales, distribution network, and supply chain.

As the world restructures, we’re seeing a move towards a new reality of remote working, shuttered distributors, and a new dependence on digital experiences. eCommerce and digital fulfillment plays a key role in transforming your business: creating effortless digital experiences for your sales associates, partners, and customers.

But how do you evolve strategically? In this white paper, we’ll talk about a phased approach for rolling out eCommerce.

A Strategic Approach to Rolling Out eCommerce



Increasing competition in the manufacturing industry puts pressure on organizations to reduce costs, improve customer experience and increase profitability. Organizations armed with digital forces are disrupting business models with new value propositions. This disruption causes a challenge for manufacturing organizations but is also a chance to adopt digital themselves.

— Gartner

Our detailed analysis has identified a pool of \$74 billion to \$298 billion in revenue growth that could be tapped through enabling technology in sales. The value comes primarily through new customer experiences, refined pricing, and enhanced selling processes.

— McKinsey

B2B eCommerce for Your Key Partners

Enable your sales team and buyers to transact quickly, easily, and efficiently. For many manufacturers, their priority in the eCommerce journey is digitizing their catalog and distributing it to their internal sales team and key partners. Or it may be connecting your inventory with checkout. In either case, start with defining:

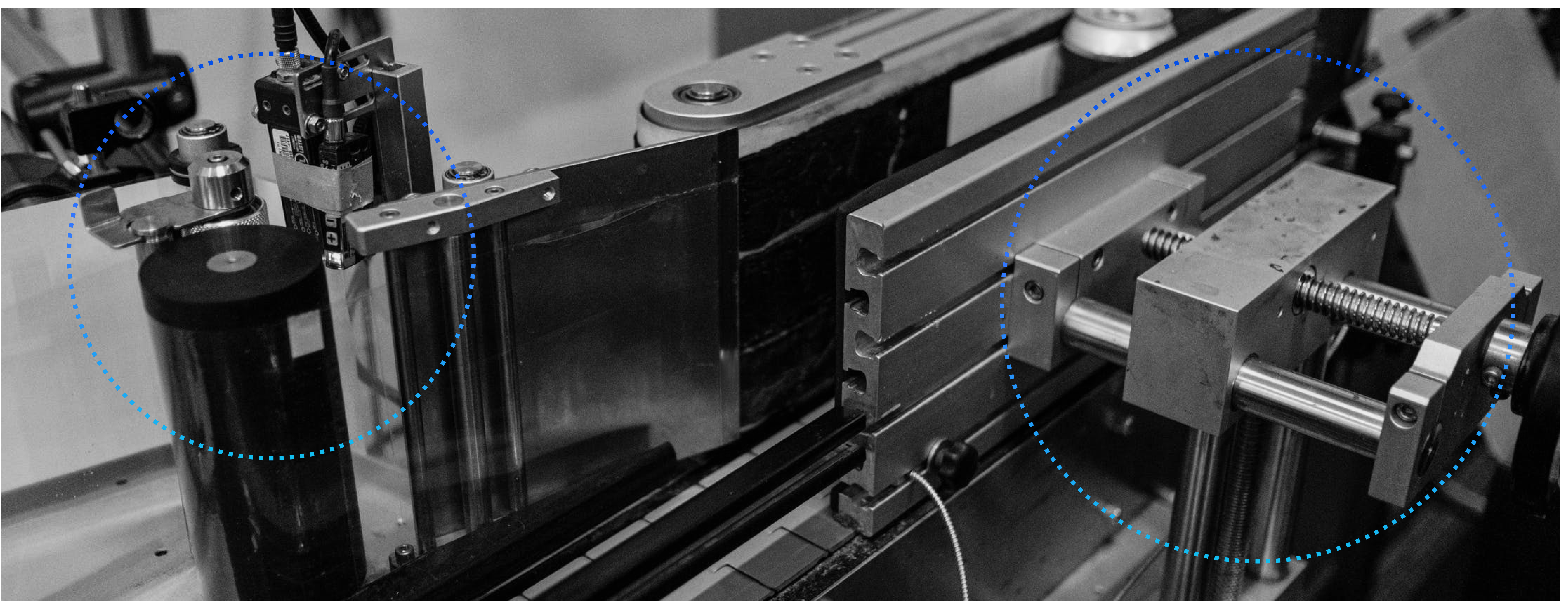
- **Your core audience:** key accounts you want to move to a digital experience. Who are your most enthusiastic advocates?
- **Your KPIs:** key performance indicators that will measure success for your business. Are they conversion, revenue, retention, cost?
- **Your digital experience:** the design and user experience for your website. How will you make it as easy as possible for users to research, order, and manage their accounts?
- **Your technology stack:** the software and systems that allow you to create the experience you want. What is the technology stack that provides you with flexibility and scalability?
- **Your go-to market and adoption plan:** launching your new site. How will you get your strongest, most enthusiastic customers to use your site?



Growing and Scaling B2B eCommerce

With base capabilities in place, how can you begin expanding your offering to more partners and customers? Where can you compete on product, pricing, and terms? What self-service tools can you implement that make the digital experience as effortless as possible - whether your sellers and buyers are at home, on the road, or in the office?

With the initial eCommerce experience in place, you can begin rolling out your platform to more partners and customers.



The Myths of Moving Direct to Consumer

Traditionally in manufacturing, the old guard has held on to the existing supply chain structures, but the global pandemic and economic fallout have required a rethinking of the way manufacturers do business.

Myth One: Channel Conflict will Kill Our Business

With disruptions in distribution channels, now is the time to rethink how and why you manage manufacturer D2C channel conflict. Think strategically about how you can support your resellers and your existing sales infrastructure while building a sustainable direct-to-consumer channel. Consider pricing structures for partners, incentive programs for sales, and product mix across channels. Get alignment on serving your customer, get your channel on board, and build initiatives to keep all players motivated and engaged.

With consumers ever more digitally connected, branded manufacturers are enticed by direct digital commerce benefits, including better sales margins, increased product control, and deeper customer relationships.

Myth Two: We Can't Expose our Pricing (It Will Kill Our Business)

It likely won't. In fact, hiding your pricing can make you look less trustworthy. In the age of Amazon Business and eCommerce your pricing will come at no surprise to anyone doing the research. Instead, show your retail pricing upfront and offer discounting behind a verified login. You can offer tiered pricing and volume pricing. You can build your business on brand, loyalty, and customer experience.

Myth Three: Our Customers Don't Shop Online

We bring this up for posterity. Recent events have shown that your buyers are moving online and are happy to stay there. Owning your online distribution channel means owning your direct consumers, shaping their customer journey, and creating their user experience. Here is where you can differentiate with a custom experience - leveraging experience design best practices and reflecting your core brand and values.

Bonus Benefit: Your Direct Channel Unlocks Consumer Insights

Your direct-to-consumer website gives you real-time data and insights into what your customers and prospects are searching, researching, and abandoning. Having your own eCommerce platform allows you to test and learn about pricing, positioning, promotions, as well as product assortments and expansions.

FORRESTER®

Out of respect for channel partners, B2B brands often redirect customers to partner sites — but in the process inadvertently frustrate and disappoint these originally eager customers as well as hurt their bottom line. Historically, brands and the channel have enjoyed a mutually beneficial relationship that has consistently grown the pie for both parties. But changing B2B buyer behavior is now forcing digital business pros at B2B brands to rethink their traditional channel-centric selling strategies.

Conflict with traditional retail partners can be a concern for many brands, preventing them from developing and maturing a direct digital presence and commerce capabilities. But even brands with serious channel conflict concerns have successfully managed retail partner relationships alongside D2C commerce initiatives by being transparent and clearly communicating noncompetitive objectives.

Traditionally one step removed from the end consumer, branded manufacturers pursue D2C initiatives for the value of direct consumer insight and relationships, rather than the initial revenue gains. A branded manufacturer's own website and digital presence do not have to be transactional to have an influence on sales. Many branded manufacturers use their digital presence as a platform to test, measure, and refine product and brand decisions.

A MACH Approach to Scale and Grow at Your Right Pace

MACH is a customizable, modern approach to developing eCommerce websites - giving you new levels of flexibility and scalability. MACH stands for Microservices, API, Cloud, and Headless:



- **Microservices:** small, stand-alone applications that can be individually designed and deployed by dedicated teams. Building a network of these services enables flexible development and shorter release cycles.
- **API:** the “glue” that connects two or more applications. APIs exchange data fast, in a structured way, and can be used to integrate different solutions or communicate with smart devices.
- **Cloud-Native:** scalable hosting infrastructure that allows businesses to access on-demand resources to run their applications (rather than running and maintaining their own data centers).
- **Headless:** meaning that the solution comes without a graphical user interface (GUI), for example an eCommerce shop front end. A headless solution focuses purely on background processes and making data available to separate frontend applications.

MACH is leveraged by eCommerce leaders because it allows them to quickly create the digital experience they need for their users. Unlike slower, monolithic applications, a MACH approach means that microservices can be independently developed, deployed, and managed by a small team of people from different disciplines.

MACH gives businesses the flexibility to bring new features and functionalities to market quickly. Microservices creates a building-block approach to digital development - allowing you to pick best-in-class solutions that give your users their best experience. Whether it's enabling your internal sales team, your key customers, or direct consumers, this approach provides built-in flexibility.

For manufacturers specifically, a MACH approach to eCommerce allows you to collaborate with your partners' existing technologies. Even if they have different technology stacks, maturity, or enablement, you are well positioned to easily integrate with your partners' systems by leveraging APIs. A microservices approach makes working with varying business models easier to support and manage.

For example, your distributors may each be differently structured: one reseller wants drop-ship, another carries inventory, and a third uses your inventory. A microservices approach that allows you to build a solution for each scenario gives your business the flexibility to create custom, seamless experiences for your key partners.

As you build those initial experiences, a microservices-based approach allows you to scale those experiences for your broader customer base, and launch directly to consumers.

About commercetools

commercetools is a leading global software company and stands for the platform of the same name for the next generation of B2C and B2B trade. The cloud-based headless e-commerce software is based on an API-first approach and flexible microservices. commercetools offers its customers flexible development modules and a real cloud platform. This enables companies to implement innovative business models and offer their customers comprehensive and inspiring shopping experiences across all touchpoints. International brands and Fortune 500 companies from a wide variety of industries - from automotive to telecommunications and retail to fashion - use the multi-tenant SaaS solution from commercetools GmbH.

About Object Edge

Established in 1994, **Object Edge** is an award-winning, MACH-certified, digital consultancy working with leading global businesses. In a challenging digital landscape, we help businesses differentiate and compete by serving their customers, partners, and associates through effortless digital experiences. We design, implement, and support digital commerce experiences with a data-driven, highly collaborative, and best-in-class team.



Ready to get started?

Contact oeinfo@objectedge.com to get started with your digital transformation.