

Trend Talk: 10 Ways Amazon has Changed Distribution

#1

Amazon.com has set the standard.

“Amazon.com has set the standard and the expectations of what customers are looking for in a website.”

- *Don Schalk, president and COO,
C.H. Briggs Company*

#2

AmazonSupply drives increased focus on differentiation.

“People like Amazon are setting a pace, they’re setting an expectation. We’re a niche player. What’s going to make us relevant if we’re just going to be data providers? Amazon spends more in an hour than I can spend in a year. So I have to figure out how we’re going to spend it smartly, not to be mini-Amazon. We have to be something different, or we have no value.”

- *Joseph Nettemeyer, president and CEO, Valin Corp.*

#3

AmazonSupply is forcing a re-evaluation of business models.

“Because of companies like AmazonSupply and some of the things that Grainger and others are doing, we really have to look at our business model and make sure that that business model is one that allows us to compete and compete profitably.”

- *Don Schalk, president and COO,
C.H. Briggs Company*

#4

AmazonSupply is changing the direction of the marketplace.

“Our customer base is competing with the perception of an Amazon, a Grainger. I wouldn't say they're directly competing with Amazon and Grainger, but they definitely see the market moving more in that direction, so they're trying to establish themselves, establish their brand, to have a larger presence on the Internet.”

- *Andy Berry, vice president, sales, wholesale distribution & equipment, Infor*

#5

Amazon drives investment in technology.

“Amazon brought business-to-consumer quality electronic commerce to the business-to-business world that distributors are in. A lot of people feel like they don’t want to fall further behind on that, they have to invest. And that’s where a lot of cap ex dollars are going.”

- *Brent Grover, Evergreen Consulting*

#6

AmazonSupply increased the focus on strategy in e-commerce.

“There is something that AmazonSupply has done well. They have increased the visibility of e-commerce so that for the better distributors, it's increased the prioritization within their company to say: ‘All right, what's our strategy going to be?’”

- *David Gordon, Channel Marketing Group*

#7

Amazon's prominence requires a balanced approach to online strategy.

“They have the younger crowd that's doing a lot of electronic stuff, and then they have the older crowd that's going to respond more to traditional media. ... And they have to find a way to meet the needs of both crowds.”

- *Jonathan Bein, Real Results Marketing*

#8

Sales focus shifted from products to transactions.

“When I first got into this business, I was shocked, all they wanted to talk about was the product: the next coolest product innovation, loading up their warehouses with all this inventory because a potentially hot new product came out. ... But there is a shift to a more transaction focus. How do we make product selection and ordering as easy as possible?”

- *Roger Woodward, president,
Alliance Distribution Partners LLC*

#9

Focus on transactions means distributors must invest in functional websites.

“More and more of our decision makers that are placing orders want to be able to place that order on the internet. They’re becoming quite accustomed to having that ability. So that’s going to be a challenge for distributors moving forward is to have real internet sites where people can conduct their business.”

- *David Parks, executive vice president, Hydradyne LLC*

#10

Amazon's price visibility has increased a focus on the value distributors provide.

“People are going to buy from Amazon, and it's going to show up the next day. And good for Amazon. They're not really price competitive, but we don't want to be the low price provider either. That makes us value our people a lot more and put the effort into training them to understand our customers' needs and to ask the right questions to really be a resource for them. And that's something that the Internet can't be in every way, shape or form.”

- *Jessica Yurgaitis, vice president of sales and marketing, Industrial Supply Company*

**Modern
Distribution
Management**

*Founded in 1967
by J. Van Ness Philip*

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Published twice monthly; \$395/yr., \$415 U.S. funds other
countries. Six-month and two-year terms are available. For group
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ISSN 0544-6538

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