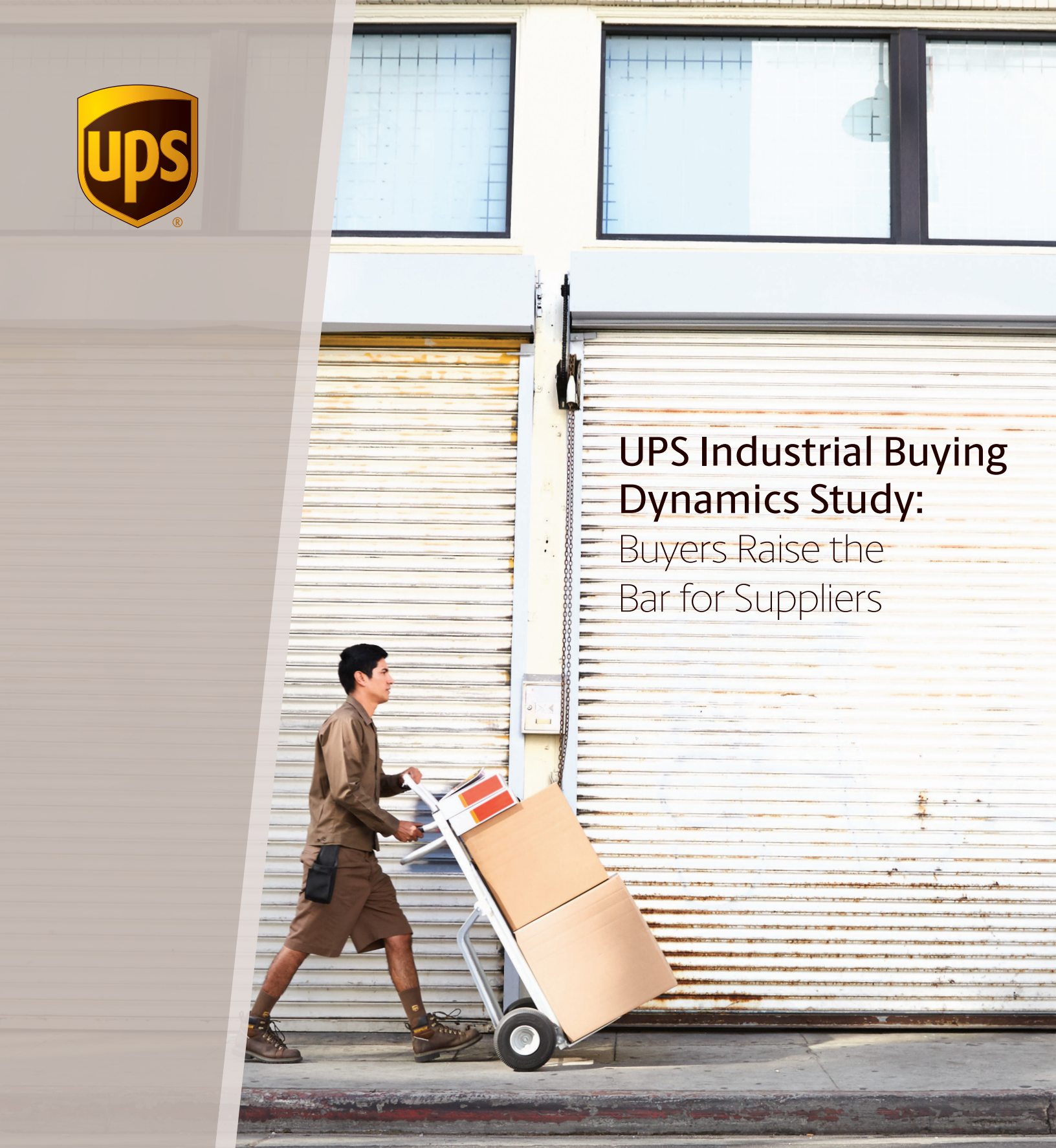
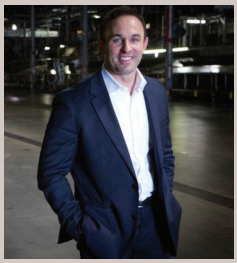


UPS Industrial Buying Dynamics Study:

Buyers Raise the Bar for Suppliers

2017: Third UPS study of industrial products buyer behaviors, preferences and perceptions

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Foreword

by Matt Guffey
Vice President
UPS Segment Marketing

Despite increased competitive pressures, the industrial distributor business model has endured. According to this 2017 Industrial Buying Dynamics Study, traditional distributors still capture the largest share of industrial buyers' spending — that's in spite of the dents made in recent years by demand for e-marketplaces and manufacturer-direct buying.

Distributors need to deliver a new level of customer experience not only to defend themselves from new threats, but to win share. They need to provide a digital customer experience that cuts across mobile and social lines, especially if they want to stay ahead of customer needs:

- Not only are 80% of buyers willing to switch suppliers for a better website, but 69% of millennial buyers will shift business to a supplier with a mobile app.
- Over one-third of Millennials use social media to research suppliers (vs. 24% Gen Xers and 2% Baby Boomers).
- Distributors also need to think about the experience after the sale, especially returns — 43% of buyers expect returns to be a core post-sales offering. This is especially true for OEM and MRO parts buyers who have expressed returns as a core expectation, at 49% and 45%, respectively.

Make no mistake, traditional distributors face formidable threats. Just as they get more comfortable with their e-commerce capabilities, buyers are demanding mobile buying. More Millennials than other age groups expect services not historically included in industrial sales. At the same time, the next generation of buyers are bringing their tech-savvy, non-traditional mindsets to leadership roles.

All things considered, it's fair to ask: Will distributors be able to retain and grow their market share? The answer is yes, but only if they stay in step with buyers' evolving demands.

In this study we look at the factors influencing the behaviors and preferences of 1,500 U.S. industrial buyers across all age groups, experience levels and a wide range of product or commodity groups. We then draw insights from the data that can help companies thrive in this intensely competitive market. Whether thriving means expanding product lines or geographies, or seizing on a lucrative niche, the path forward will be as unique as a company itself. We're pleased to share this study to help light the way.

Recognize Rising Threats - *Page 3*

Address Buyer Needs by Product Category - *Page 8*

Optimize the B2B Customer Experience - *Page 14*

Differentiate with Post-sales Service and Support - *Page 19*

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Methodology

The 2017 U.S. Industrial Buying Dynamics Study is based on a survey of 1,500 buyers in the United States between 21 and 70 years-old who purchase industrial parts, products or supplies for use in 16 industries. Two-thirds of respondents were male and one-third female. Thirty-three percent of participants have more than 10 years of tenure in their buying role; 34% have been in their roles between five and 10 years; 26% have between one and five years of experience, and 7% have been in their roles for up to one year.

For added context in certain areas, buyers were grouped by age (A) and their company's annual budget for industrial products (B) to highlight potential behavioral differences. Also, when buyers were asked to indicate which size distributor they prefer to work with, Box C shows the categories assigned.

A Generation

Millennials	Ages 21-34
Generation X	Ages 35-51
Baby Boomers	Ages 51-70

B Annual Budget

Low	< $50,000
Medium	$50,000 - $250,000
High	$250,000 >

C Distributor Size

Small	Single location/niche
Midsize	Regional coverage
Large	National/global

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The largest percentage of those surveyed purchase for general manufacturing (27%), followed by commercial construction (12%), contractor/service provider (12%) and residential construction (10%). A smaller percentage of participants purchase for the automotive, aerospace, machine shop, energy and hospitality industries, among others.

All participants either influence purchasing decisions or make purchases in at least one of these five product categories.

- **Equipment** – Equipment sold in a business-to-business transaction. The buyer of this product type may use it as capital equipment in a service establishment, factory, warehouse or kitting environment. Examples include powered and non-powered tools, machinery, tooling fixtures, refrigeration equipment and restaurant ovens.
- **Final assembly OEM parts** – Any parts, components or equipment used in the final assembly of a product.
- **MRO parts** – Parts related to maintenance, repair and operations including replacement gears, motors and bearings.
- **Consumables/raw materials** – Any input items that are used in a manufacturing process or equipment. This also includes fasteners, sealants and adhesives.
- **Janitorial and Sanitation** – Cleaning supplies, cleaning detergents and solvents, bathroom and hygiene products.

Participants came from companies of all sizes, with roughly one-third reporting annual revenue of $1 million; one-third reporting between $1 million and $10 million; and one-third more than $10 million.

27% of those surveyed

PURCHASE FOR GENERAL MANUFACTURING

The UPS Industrial Buying Dynamics Study was also conducted separately with 200 buyers each in China, Mexico and in four European countries: Germany, France, Italy and the United Kingdom. Select results from these studies are shared in this U.S. study as an interesting point of comparison to highlight potential business opportunities.

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Recognize Rising Threats

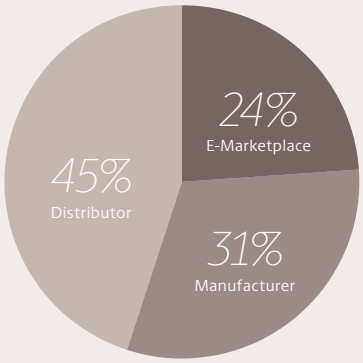
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The traditional distributor model remains competitive in the U.S. and has the largest share of spending among industrial buyers at 45% (Figure 1). However, Figure 2 hints that a dramatic change may lie ahead. In this year's study, 81% of 1,500 buyers surveyed had purchased direct from manufacturers, compared to 64% in 2015. The number of buyers who have purchased from e-marketplaces has soared from 20% in 2013 to 75% in 2017.

Demand/Channel Shift: Rapid Growth in Buyers Who Have Purchased from Non-traditional Suppliers

Although distributors are credited with getting the largest share of buyer purchases (Figure 1), Figure 2 shows that the percentage of buyers who purchased through manufacturers and e-marketplaces has significantly increased since the 2015 study was released.

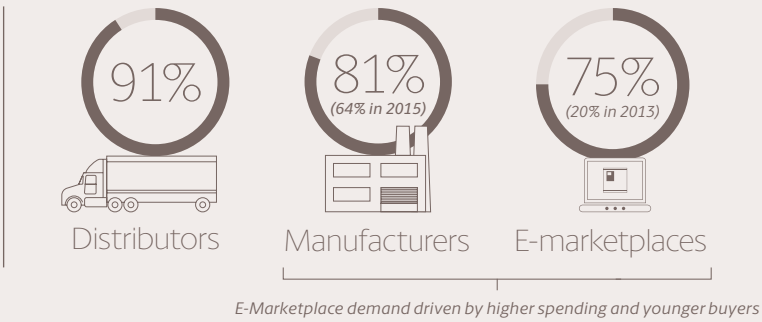
Figure 1



U.S.

Figure 2

Percent of industrial buyers who have purchased through these supplier types



E-Marketplace demand driven by higher spending and younger buyers

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Buying Policies

Buyers report being constrained in their purchasing roles. They may have to choose from a specific list of suppliers, or from a certain selection of products, as shown in Figure 3 below.

Figure 3
Purchase Restrictions

Base: Total respondents and by supplier type

Q. When purchasing industrial supplies/products, are people in your company restricted in any way?

	Total n = 1,500	Manufacturer n = 442	E-Marketplace n = 346	Large Distributor n = 386	Midsize Distributor n = 194	Small Distributor n = 132
Only allowed to purchase from specific suppliers	33%	34%	32%	37%	25%	30%
Only allowed to purchase from a limited list of product types	25%	26%	33%	20%	20%	23%
Only allowed to purchase from a limited list of brands	22%	25%	28%	16%	14%	22%
Management approvals required for certain purchases	47%	47%	43%	50%	51%	40%
Other	1%	1%	0	2%	0	0
We do not have any restrictions	28%	23%	30%	29%	33%	27%

A New Generation of Buyers: The Unique Habits of Millennials

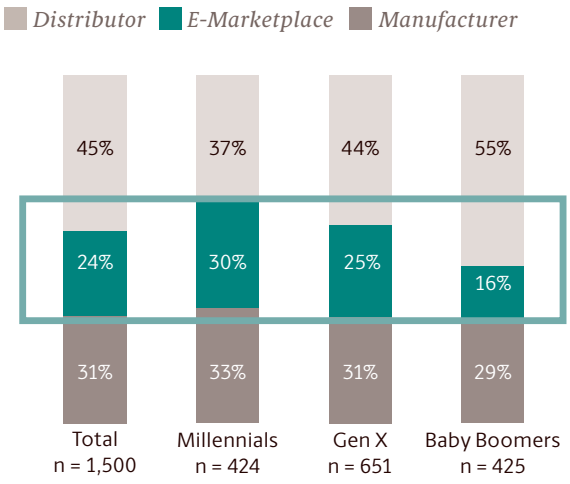
The Millennial generation might have the most profound impact on the future of industrial products buying than any other. Figure 4 illustrates one of the ways this 21-34 age group's behavior varies from their peers, most notably, in the percent of their purchases they spend with e-marketplaces.

Millennials, like their other buying peers, are restricted in their purchasing choices. As they move into the ranks of purchasing leadership, they will most certainly reshape purchasing policies to fit their preferences. Note also the steep drop in distributor share after the Baby Boomer generation of buyers. And with younger buying groups open to purchasing through e-marketplaces, the risk of further share loss should be a very real concern for distributors.

Figure 4
Supplier Share

Base: Total respondents and by Generation

Q. What percent of your total purchases of industrial supplies/products, in a year, are with the following types of suppliers?



Data may not add up to 100% due to rounding.

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Understanding the Appeal of Non-traditional Suppliers: A Complicated Puzzle

When selecting a supplier, buyers first look for those who meet foundational needs of product quality, availability and price. Again, buying restrictions will play a significant role. Once those requirements are met, however, it's difficult to isolate a single reason buyers gravitate toward a certain supplier type. Once buyers are separated according to supplier preference, shown below in Figures 5 and 6, we get a slightly closer look at what drives their choices.

Figure 5

Buyers Preferring E-Marketplaces

Free shipping is the reason more buyers say they select e-marketplaces. With *price* and *quick response* in the second and third spots, it's fair to assume that these buyers prefer a B2B experience that is closer to a consumer's.

Q. More specifically, why do you prefer to purchase supplies/products from your preferred supplier?



Reasons for Selecting E-Marketplaces

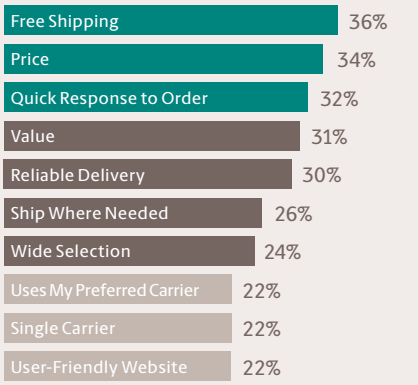
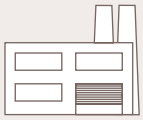


Figure 6

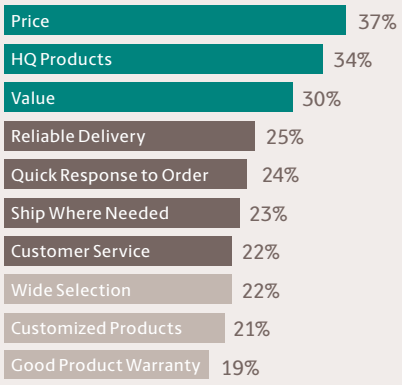
Manufacturers

Price, high-quality products and *value* dominate as the top reasons for purchasing from a manufacturer, followed by a rather steep drop in the number of buyers who chose other reasons. It is not surprising that fewer buyers chose wide selection as a reason they purchase from manufacturers. Most can only sell the brands they manufacture or brand.

Q. More specifically, why do you prefer to purchase supplies/products from your preferred supplier?



Reasons for Selecting Manufacturers



It can be argued that the appeal of non-traditional suppliers stems from their business models. For example, e-marketplaces can offer a wide selection of products because the sellers own the inventory. If the products are being fulfilled directly from the seller's warehouse, the e-marketplace can further reduce their inventory management costs, which, in turn, reduces their cost-to-serve while still providing a wide selection of products.

Manufacturers may have a price advantage when they are not selling through an intermediary, but they must also consider the impact on their existing relationship with distributors. In many cases, they cannot sell at list prices below their distributors' prices. Some buyers prefer to purchase critical parts from manufacturers to ensure product integrity and compliance with OEM specifications.

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Traditional distributor business models, typically characterized by a broad portfolio, products in-stock and good customer service, are therefore typically capital and labor intensive. Since small distributors can ill afford to be all things to all people, they tend to put more focus on certain product groups or service attributes where they feel they can better compete.

Figure 7 shows that large and midsize distributors are chosen by more buyers for *price, value* and *wide selection* — it's fair to assume this is due to distributors' volume discounts with manufacturers that can often be passed down to the buyer.

Slightly more buyers choose midsize distributors for their *reliability, value* and *quality products*. Small distributors are most competitive in the areas of *reliability, customer service* and *good reputation*.

Three service attributes, *Customer Service, Assists with Orders* and *Emergency Fulfillment*, appear higher on the list of reasons that buyers choose a small distributor over a midsize or large distributor. However, the percentage of buyers who choose *Customer Service* as a reason they prefer a certain size of distributor is roughly the same for each group.

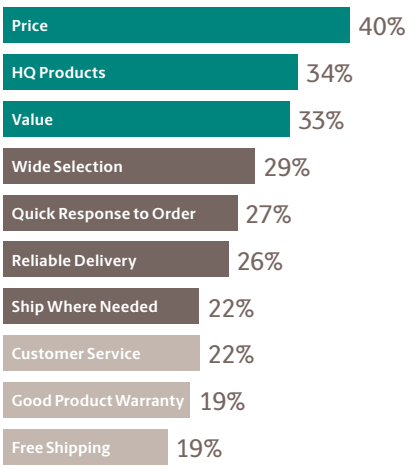
Figure 7

Among Buyers Who Prefer Large, Midsize or Small Distributors

Q. More specifically, why do you prefer to purchase supplies/ products from your [preferred supplier]?

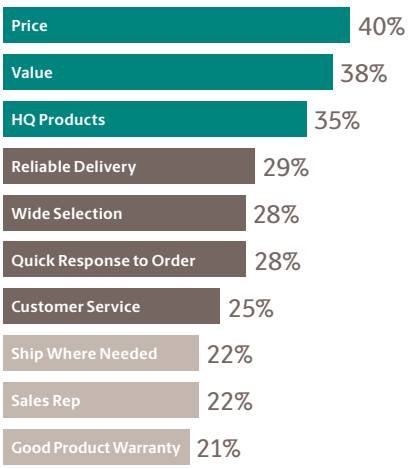


Reasons for Selecting Large Distributors



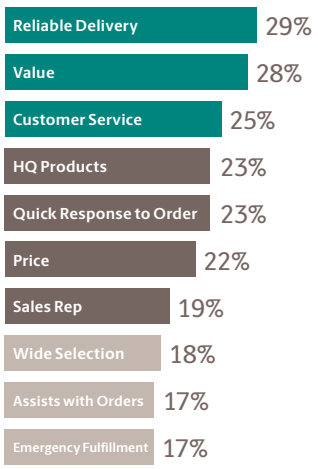


Reasons for Selecting Midsize Distributors





Reasons for Selecting Small Distributors



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Recognize
Rising Threats

Key Takeaways

Although distributors maintain the largest share of spending among U.S. industrial buyers, they continue to face strong headwinds as buyers, especially Millennials, ramp up in their use of non-traditional suppliers.

Monitor

- The changing demographics of your customer base
- Trends in corporate purchasing policies

Consider

- Strategic investments to bring services to parity with competitors, whether that means other distributors, marketplaces or manufacturers
  - Small distributors may consider drop-shipping from their suppliers which may enable them to offer a wider range of SKUs without carrying additional inventory
  - Midsize distributors may consider making significant improvements in online capabilities to better compete with larger distributors and marketplaces
  - Large distributors may consider enhancing their perceived strength in personalized service

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Address Buyer Needs by Product Category

2

This year's study included new questions that explore the role that product type plays in supplier selection and buying habits. Buyers were asked what types of supplies they purchased in each of these five product categories.

Q. Which of the following types of industrial supplies/products does your company purchase? Please consider catalog/stock type products, not custom-made items. Also, include just those products your company purchases, not rents.



Consumables/ Raw Materials

(Adhesives, lubricants, solvents, pipes/tubing)



Equipment

(Automation, cutting tools, grinding tools, machinery)



Final Assembly OEM Parts

(Electrical, hoses, hydraulics, motors)



Janitorial and Sanitation

(Soap, paper towels, toilet paper, general cleaners)



MRO Parts

(Electrical, pumps, sprockets, HVAC)

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Product-specific Needs Driving Supplier Selection

As expected, product quality, best value and best prices remain essential to buyers in all product categories. Those foundational needs aside, the criteria driving supplier selection vary. *Good product warranty* appears in four of the five categories (Figure 8).

Figure 8

Critical Factors in Supplier Selection by Product

What specifically do you consider when selecting a supplier?

MRO Parts	Good product warranty Customized products In-person service
OEM Parts	Good product warranty Customized products
Equipment	Good product warranty Good selection of products
Consumables/Raw Materials	Good product warranty Good selection of products
Janitorial and Sanitation	Reliable delivery time Free shipping

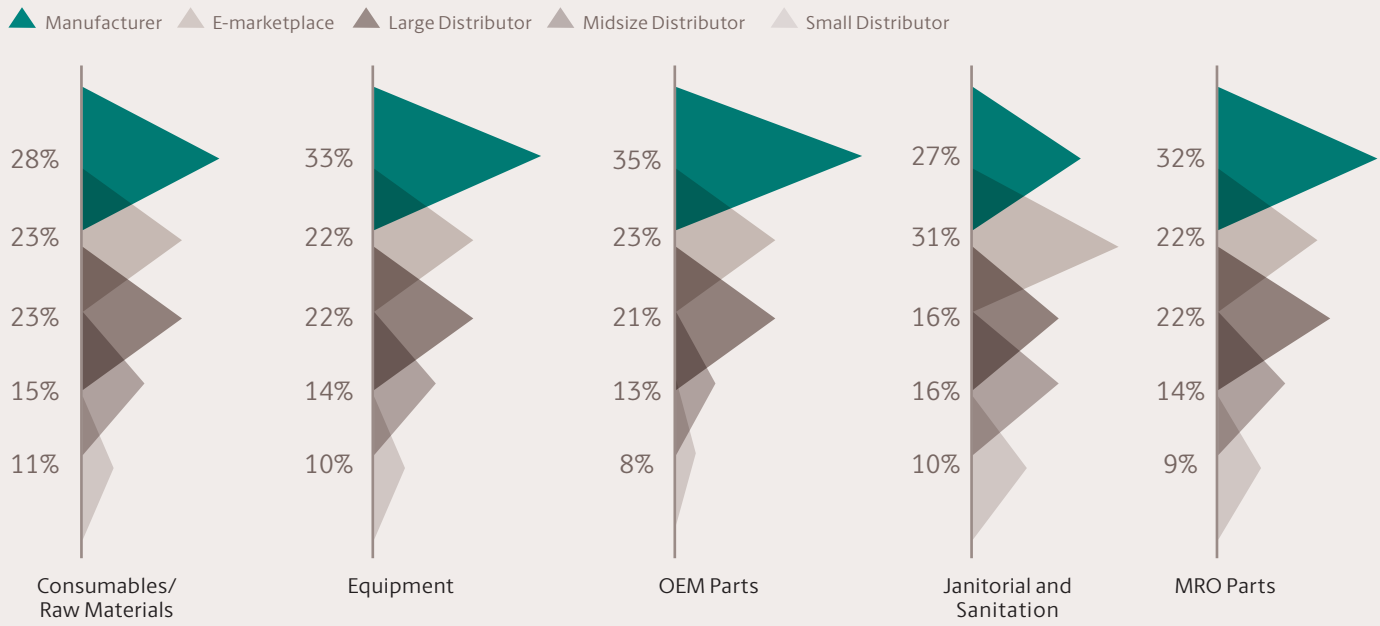
Impact of Product Type on Supplier Preference

Distributors have some success with those purchasing Consumables/Raw Materials or MRO Parts; however, Manufacturers are preferred by and large across the majority of product types (Figure 9).

Figure 9

Supplier Share by Product

What type of suppliers do you prefer to purchase from?



Data may not add up to 100% due to rounding.

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Services as a Purchase Motivator: Ancillary Services Have an Influence on OEM and MRO Parts Buyers

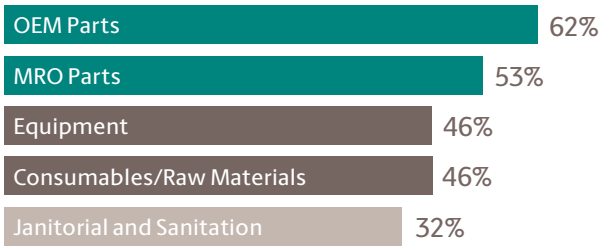
To get a sense for whether added-value services could win new customers, we asked buyers if they would shift business to a supplier who offered services that aren't typically considered an industrial purchase: Insurance on Shipments and 3D Printing Services. Over half of those who buy OEM and MRO parts said they were likely to shift business to a supplier who provided these services (Figure 10).

Furthermore, buyers whose primary suppliers are e-marketplaces are much more likely to shift share for 3D Printing Services (Figure 11). It is difficult to decipher what drives that share-shift mindset except that buyers may find a more limited range of services through e-marketplaces, while manufacturers or distributors may be more inclined to offer special services to accommodate their customers.

Q. In the next 3-5 years, how likely are you to shift business to a new supplier due to...?

Figure 10

Likelihood to Shift Business Due to Insurance on Purchases



Likelihood to Shift Business Due to 3D Printing Services

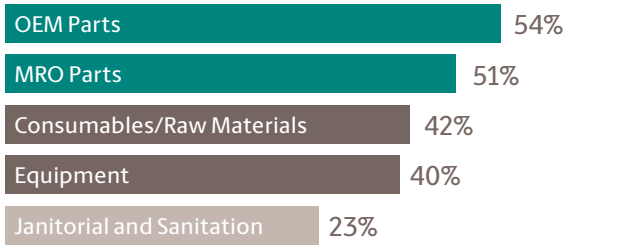
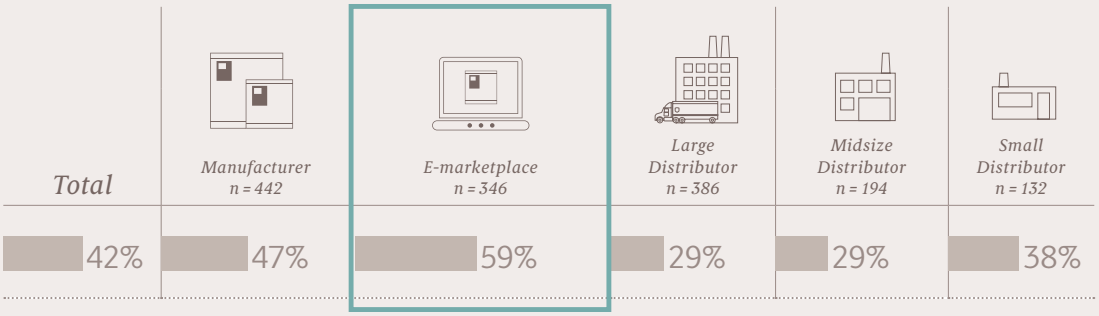


Figure 11

Offer of 3D Printing Services

Q. In the next 3-5 years, how likely are you to shift business to a new supplier due to...?



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Product Categories and Country Sourcing

Buyers source most product categories in the United States, yet OEM and MRO parts are sourced outside the U.S. more than the other categories (Figure 12).

When products are sourced outside of the U.S., the reasons were predominantly related to product quality and reliability. MRO and OEM products are also more likely to be needed urgently, with more than half of orders requiring delivery within two days (Figure 13).

Figure 12

Goods Sourced Outside U.S.

Q. Where do you source [product type]?

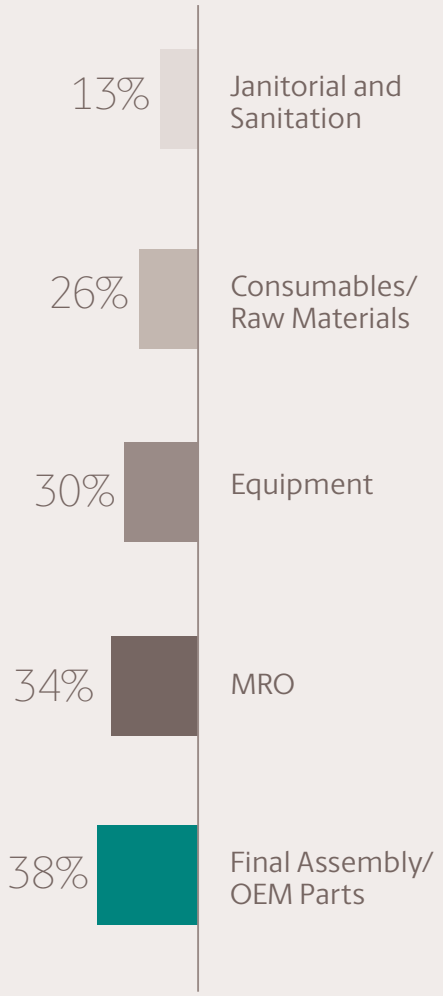
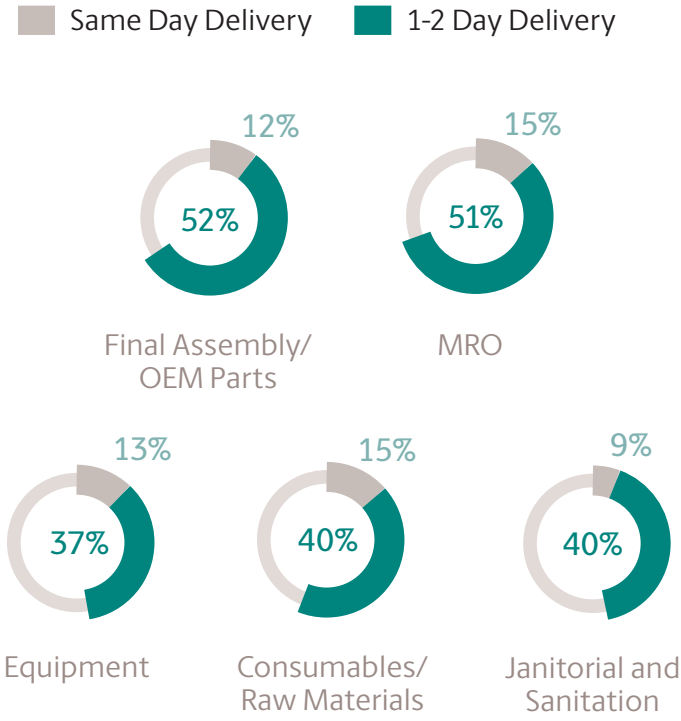


Figure 13

Delivery Time Needed

Q. How fast do you typically need [product type] to be delivered?

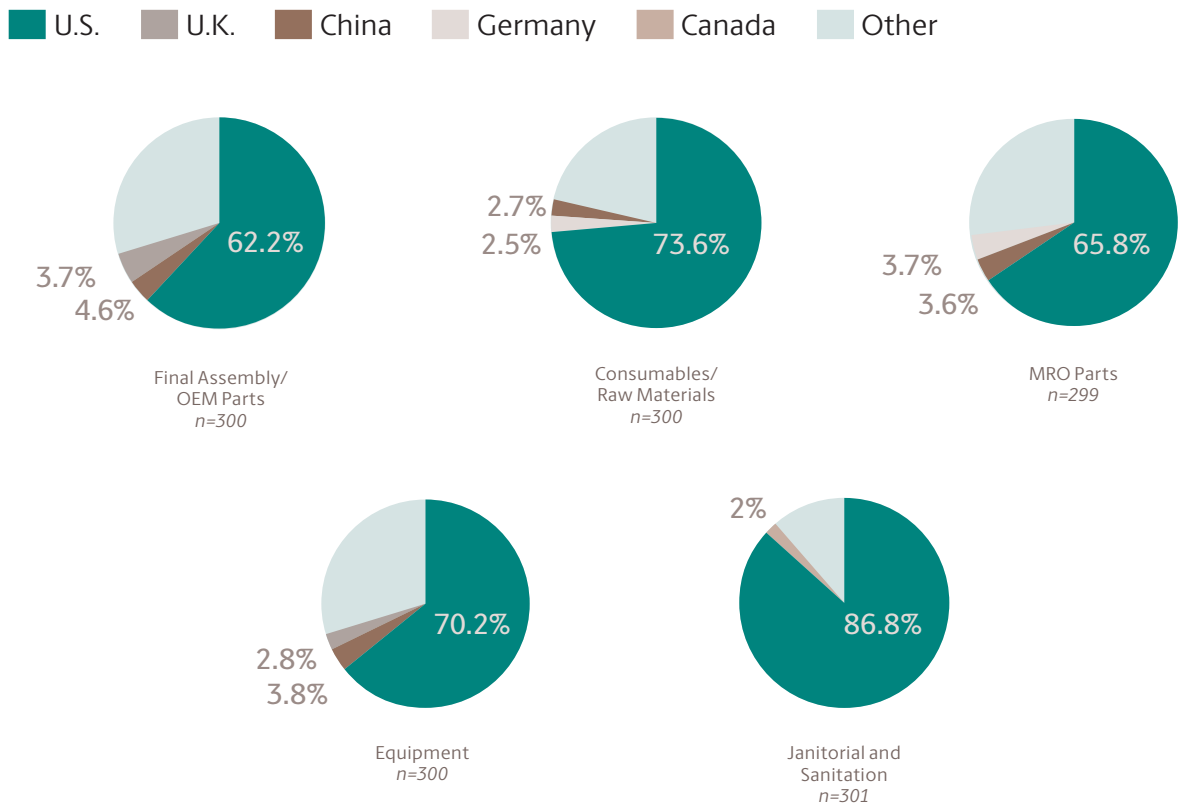


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Top Three Countries for Sourcing by Product Type

As shown above in Figure 11, the vast majority of buyers source products from the U.S. The percentage of buyers who source from China, Germany, Canada and the United Kingdom are in the low single digits (Figure 14).

Figure 14



Global Perspective

Quick look at why buyers outside the U.S. source from Europe, China and Mexico:

Europe

Repair services post-sale, logistics needs, customer service/technical support

China

Reliable delivery time more important across all product types, customized products

Mexico

Wide selection

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Address Buyer Needs by Product Category

Key Takeaways

While it's not surprising that buyers' needs vary by the category of products they purchase, the data provides insight into strategies distributors can use to compete in new and different ways.

Consider

- Partnering with a logistics provider for additional services to increase service with less capital investment
  - Look into purchasing insurance on products and shipments to mitigate risk and protect and improve cash flow
  - Contract for on-demand 3D Printing services to increase selection, reduce inventory and offer more customizable or differentiated products
  - Leverage a logistics provider's global network to ramp up service more quickly and reach new pockets of growth
- Evaluating the viability of offering free shipping for Janitorial and Sanitation products

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Optimize the B2B Customer Experience

3

Online Channels Reign — Traditional Channels Hanging-in — Mobile and Social Gaining Traction

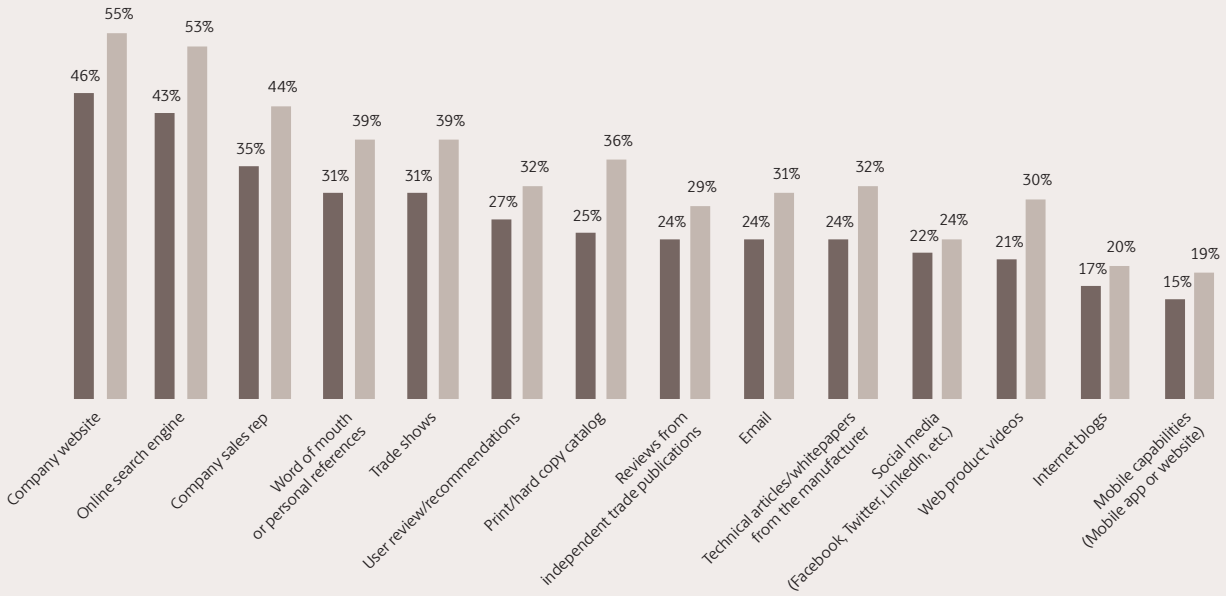
Forrester, an influential research and global advisory firm forecasts that global B2B e-commerce will grow to over $1 Trillion by 2019 — or, roughly 2.3 times B2C e-commerce.

Once again, more buyers say that online channels and company websites are the top methods buyers use for researching suppliers and products, and for making purchases (Figure 15). Buyers also indicate that sales representatives, word of mouth and trade shows remain among the most popular means of researching suppliers and products.

Q. Which of the following sources do you typically use to find out more information about a new industrial product supplier?

Q. Which of the following sources do you typically use to find out more information about new industrial supplies/products?

Figure 15



Resources for Researching a New Supplier
Base: Total respondents
n=1,500

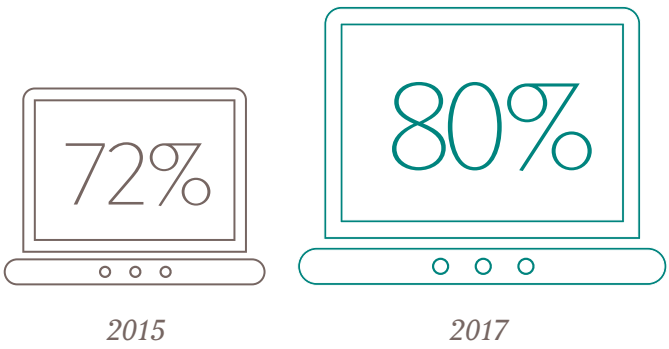
Resources for Researching New Products
Base: Total respondents
n=1,500

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Good Websites Remain a Strong Magnet for Share-shift

Since the 2015 UPS study, buyers have been asked if they were likely to shift some of their spending to a supplier with a more "user-friendly website." Clearly, buyers continue to signal that a user-friendly website is a powerful influence on their spending behavior.

Likely to Shift Spending for More User-friendly Website



New Research Sources on the Radar: Social Media and Mobile Channels

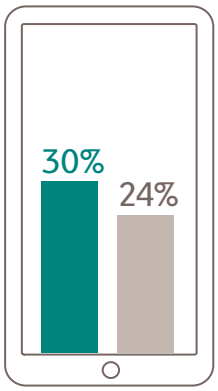
Due to the rapid rise of mobile B2B e-commerce, we surveyed buyers on their use of mobile commerce in business purchases. Figure 16 shows 30% of buyers are already using mobile channels to order industrial products, and 24% are extremely likely to do so in the future.

Figure 16

Current purchase via mobile
Extremely likely to order via mobile

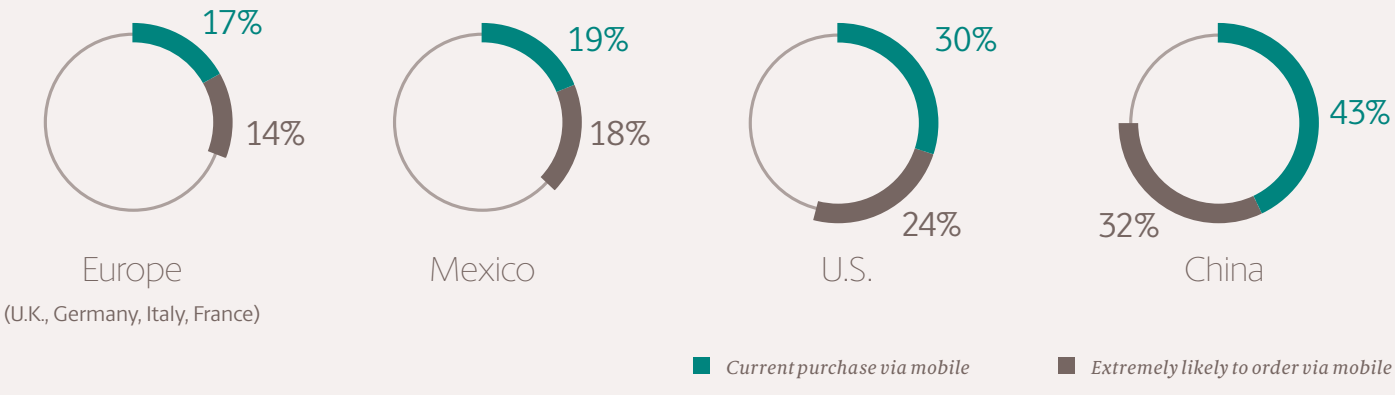
Q. Which methods do you use to purchase industrial supplies/ products?

Q. In the next 3-5 years, how likely are you to shift business to a new supplier due to...?



Global Perspective

The U.S. trails only China in current or intended ordering via mobile device.



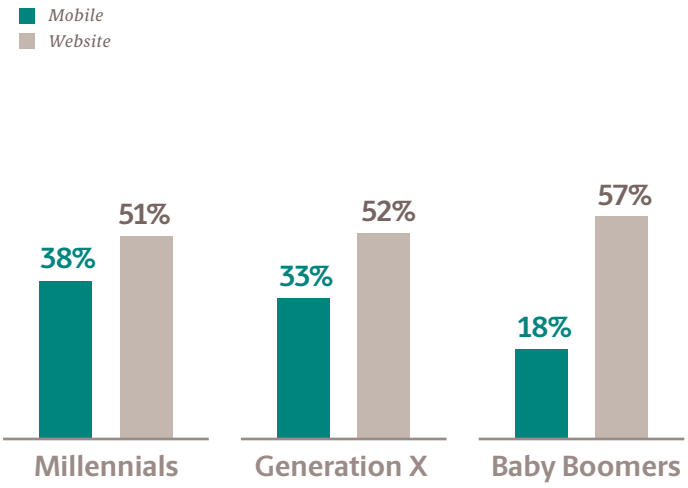
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Mobile as a Millennial Motivator

As might be expected, mobile ordering varies by buyer generation as well as by the types of products being ordered. Roughly half of Millennial and Gen X buyers are ordering industrial products through websites, and roughly one-third are buying via mobile channels (Figure 17). The two product categories most likely to be purchased via mobile: Janitorial and Sanitation and MRO parts.

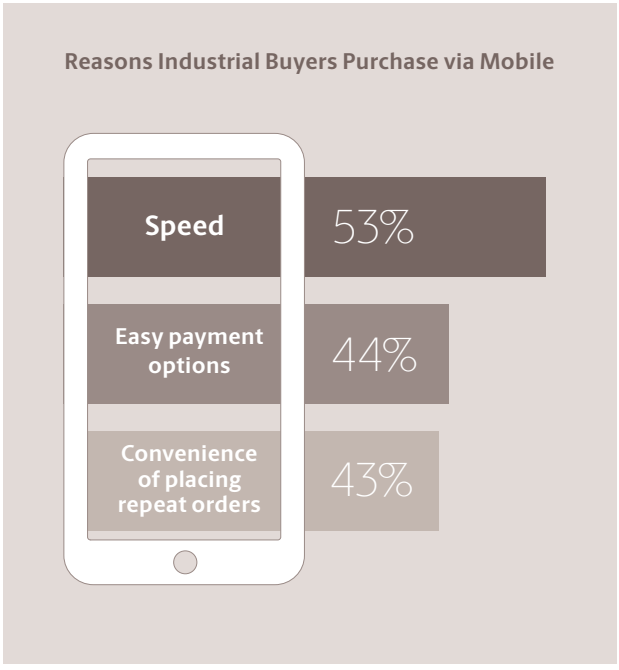
Q. Which methods do you use to purchase industrial supplies/products?

Figure 17



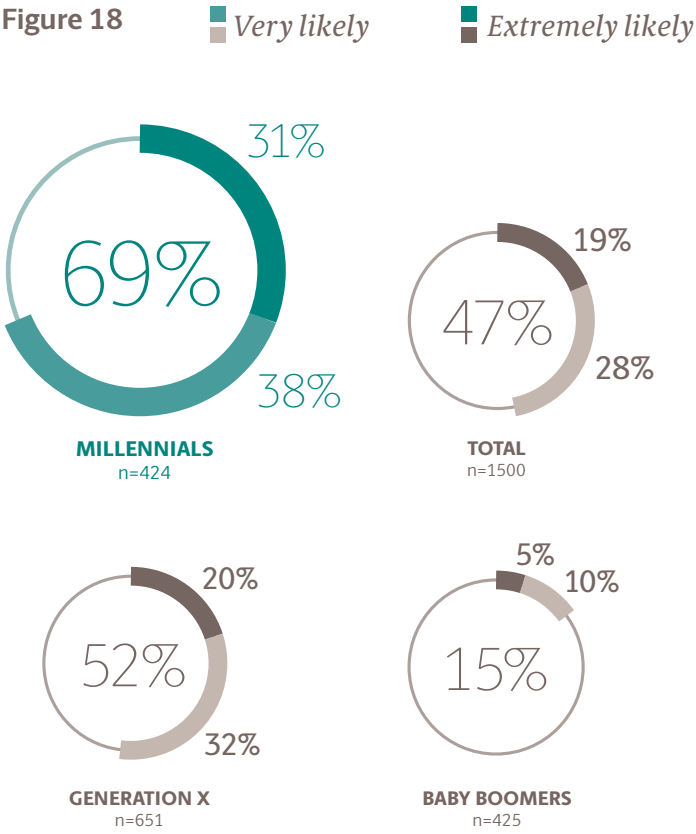
Mobile as a Tool for Share-shift and Global Growth

The growing power of mobile capabilities is apparent. Figure 18 shows that nearly half of all buyers (47%) indicated they were likely to shift business to distributors that provide a mobile app. Among Millennials the results are more dramatic in that 69% said they would shift business for a mobile app.



Q. What are your reasons for using each purchase method?

Figure 18



Q. In the next 3-5 years, how likely are you to shift business to a new supplier due to...?

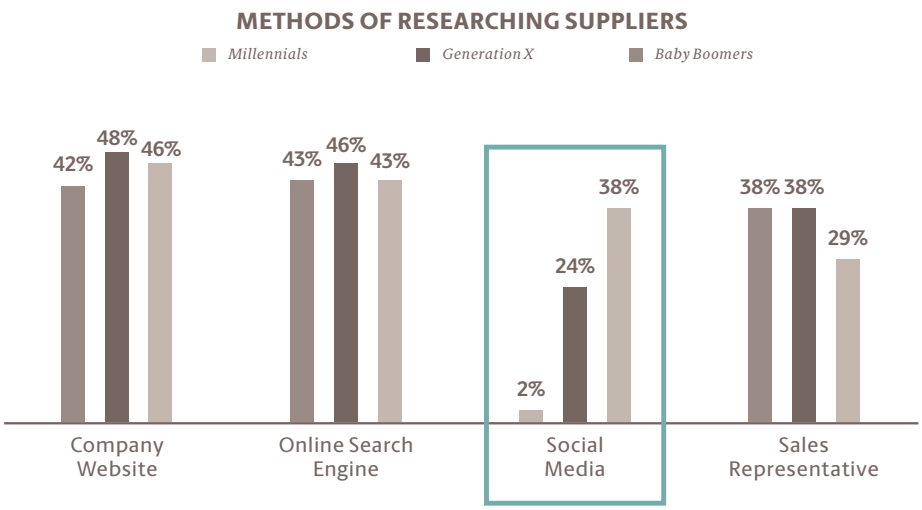
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More Millennial buyers chose social media over sales representatives as an important source for researching new suppliers (Figure 19).

Generation X and Baby Boomer responses are provided for comparison but are not arranged in the order they appeared in the survey results.

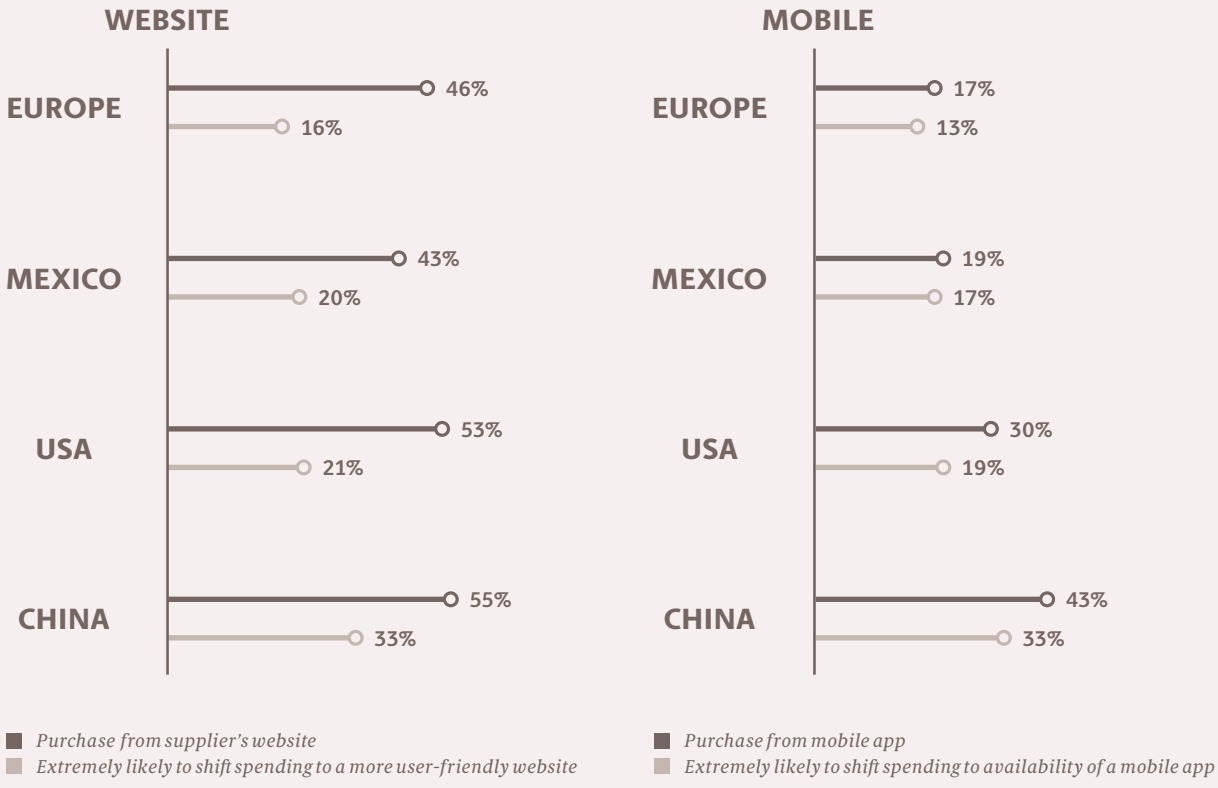
> *Q. Which of the following sources do you typically use to find out more information about a new industrial product supplier?*

Figure 19



Global Perspective: Online and Mobile Purchasing

To varying degrees, buyers in all surveyed regions say that they are willing to shift spending to a supplier offering the buyer experience they prefer — whether that is via a website or mobile application.



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38% of millennials

ORDER ON MOBILE



Optimize the B2B Customer Experience

Key Takeaways

Online channels are a core need for industrial products buyers, and they are a primary means of researching suppliers and purchasing from them.

Younger buyers put a higher value on mobile buying capabilities than other age groups. Nearly 70% of Millennial buyers indicated they would be likely to shift spending to suppliers who offer mobile purchasing. Furthermore, buyers of Janitorial and Sanitation products or MRO parts express the strongest need for mobile.

Buyers report that the greatest benefits to using mobile channels are speed of the transaction and having easy access to order history. It is essential that any mobile experience deliver on those expectations.

Consider

- Assess your readiness to meet the needs of the upcoming Millennial generation and establish a plan for getting there.
- Survey customers on their satisfaction with the customer experience you provide across all points of interaction.
- Add mobile commerce capabilities, or at the very least, ensure that existing website(s) have "responsive design" and, therefore, adapt to provide a good mobile experience.
- Leverage mobile advantages with buyers in China, and website advantages with buyers in Mexico.

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Differentiate with Post-sales Service and Support

4

From a buyer's perspective, some midsize distributors, and most small distributors lack the broad product selection of large distributors, and the price and quality advantages of large distributors, e-marketplaces and manufacturers.

Still, there is an unmet buyer need that small and midsize distributors may be well-positioned to serve: Post-sales Service and Support. One-half of buyers said they were likely to shift spending to a supplier who offered assistance with returns, training and on-site maintenance or repairs (Figure 20). Twenty-one percent indicated they were extremely likely to shift share for that attribute.

Since buyers purchase from small and midsize distributors primarily for responsive and personal service, distributors may find that they can extend that advantage by enhancing their post-sales services.

Q. In the next 3-5 years, how likely are you to shift business to a new supplier due to...?

Q. Would you expect your industrial supplier to provide the following post-sales services?



Figure 20

Post-sales interest is high, with half stating they would shift spending to a supplier offering assistance with returns, training and on-site maintenance or repairs.

Buyer expectations for post sales include...

82% Help with returns

69% On-site repairs

67% Training

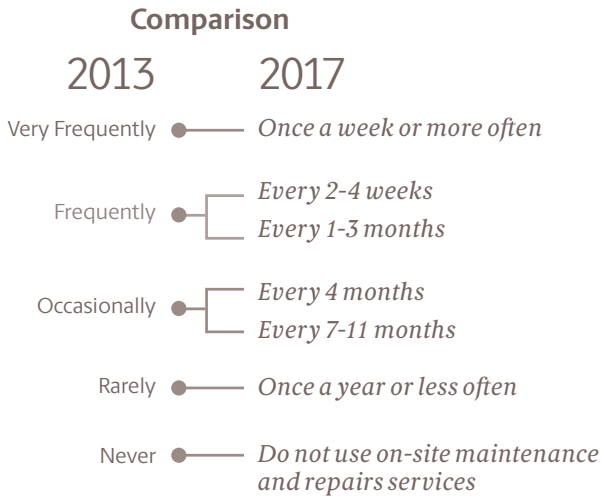
67% On-site maintenance

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Post-sales Demand

In the first UPS study of industrial products buyers that was fielded in 2013, we asked buyers how frequently they contacted their suppliers for post-sales support, on a scale from *Very Frequently* to *Never* (Figure 21). The 2017 survey also included that question but required that buyers attach time frames to their answers ranging from *Once per week or more* to *Never*.

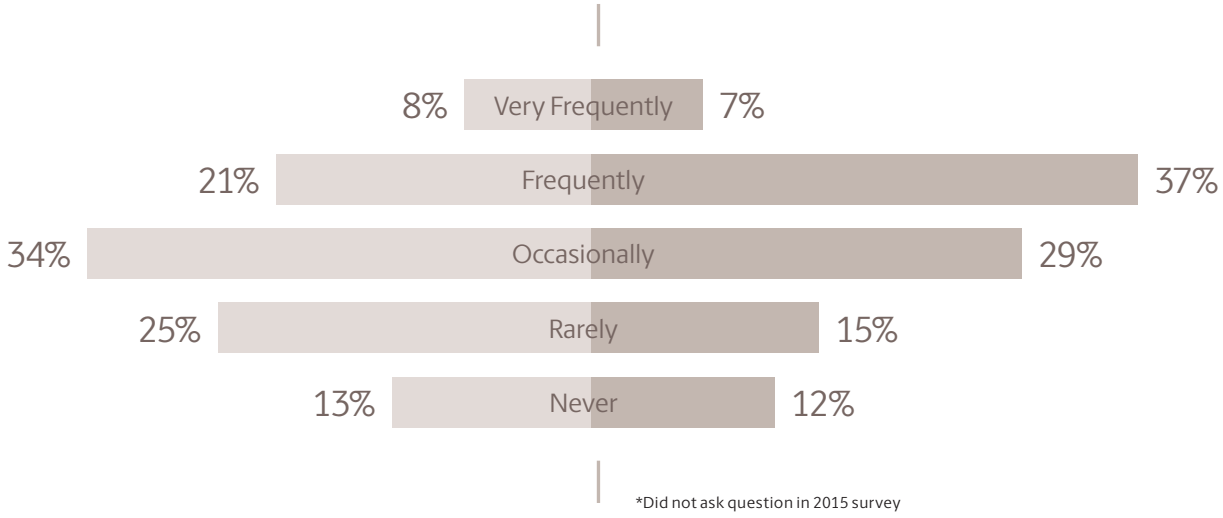
To compare the results, we applied the 2013-14 frequency options to the time frames used in the 2017 study. That comparison shows that buyers are expressing the need for more frequent post-sales and service support (Figures 21, 22).



Q. Would you expect your supplier to offer the following post-sales services?

Q. How frequently do you contact your supplier for the following types of post-sales service and support?

Figure 21 **Figure 22**



Data may not add up to 100% due to rounding.

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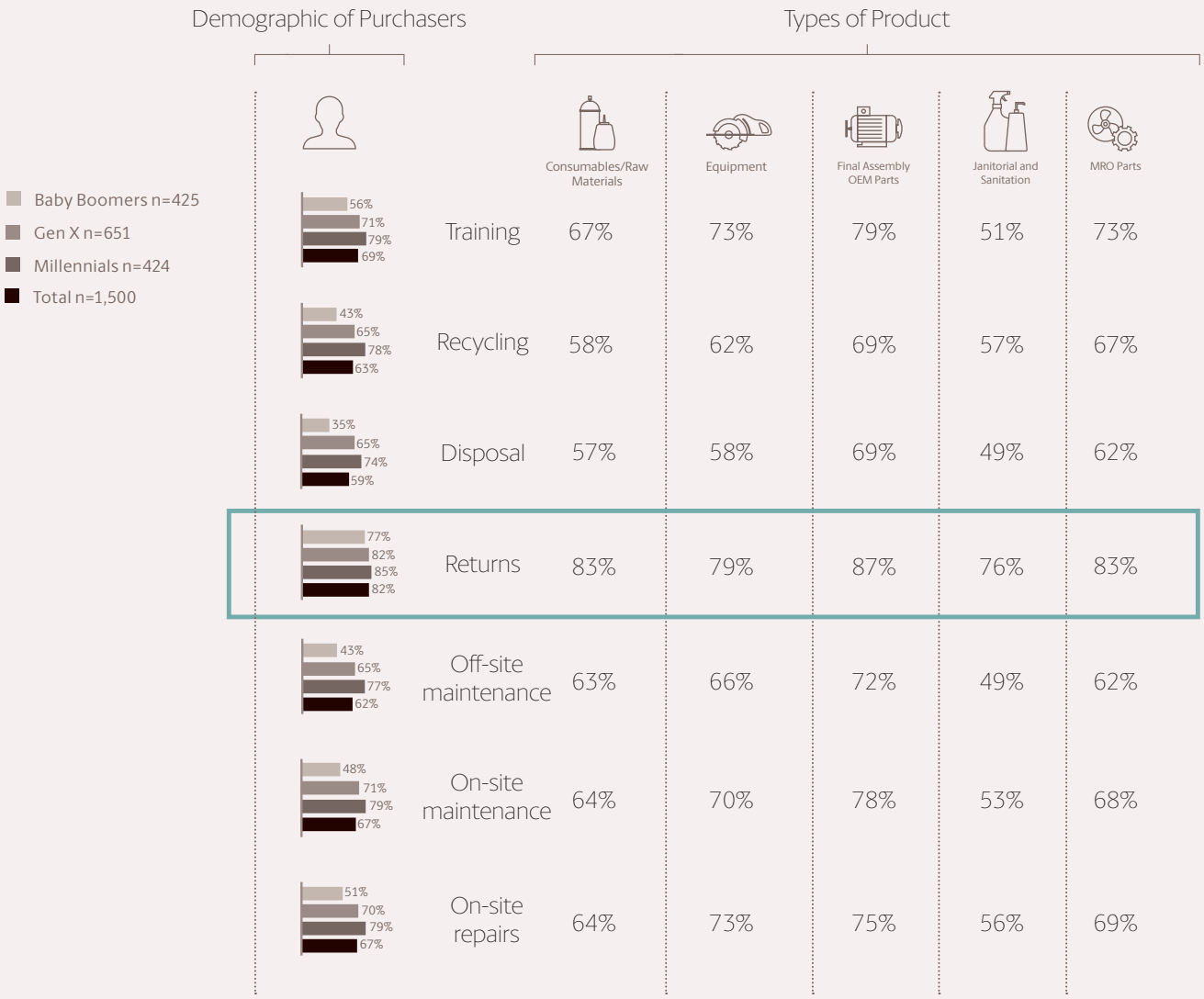
Returns Top the List of Post-sales Service Expectations

Among all 1,500 buyers, 82% expect a supplier to offer returns as part of their post-sales services (see horizontal bar charts). Training and on-site maintenance and on-site repairs are expected by 69% and 67% of buyers, respectively.

Looking at age groups, note that more Millennials and Gen X buyers expect returns services than Baby Boomers; slightly more buyers of Final Assembly/ OEM parts expect returns than buyers of other product groups (Figure 23).

Q. Would you expect your industrial supplier to provide the following post-sales services?

Figure 23



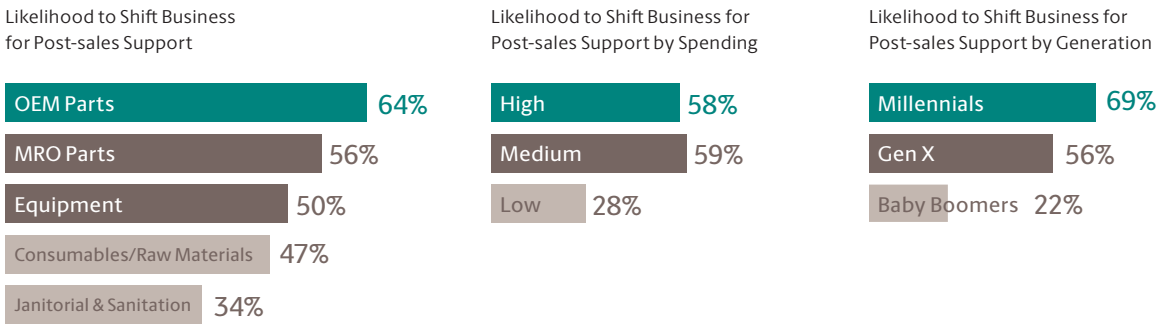
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Post-sales Service as a Business Driver

Buyers of OEM and MRO parts show the greatest likelihood to shift spending to a new provider for post-sales service (Figure 24), and they are more likely to have medium or high annual budgets ($50,000 and up). Millennial buyers are the most likely to move to a supplier for this enhanced level of support.

Figure 24

Q. In the next 3-5 years, how likely are you to shift business to a new supplier for...?



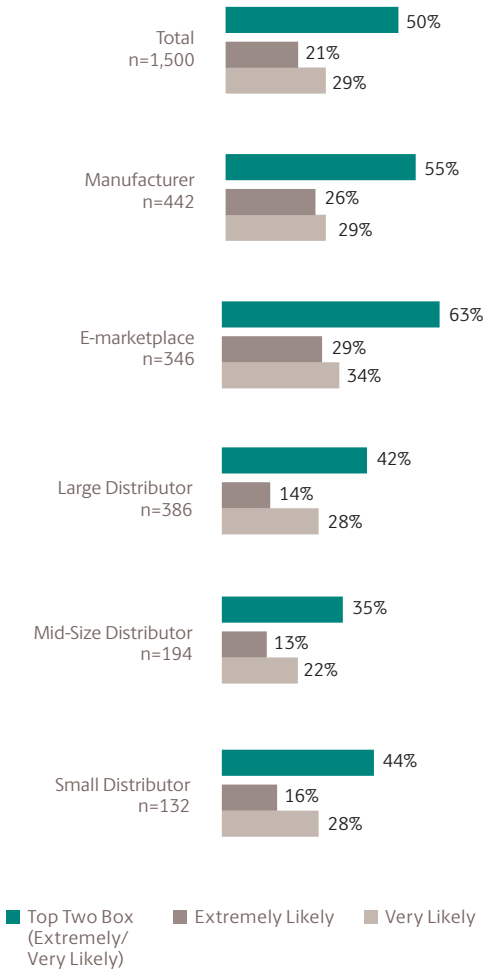
Further, buyers who purchase primarily from E-marketplaces and Manufacturers are the most likely to shift business to a supplier offering Post-sales Service (Figure 25).

Q. In the next 3-5 years, how likely are you to shift business to a new supplier for...?

Figure 25

Post-sales Support

Q. Would you expect your supplier to offer the following post-sales services?



Global Perspective:

U.S. buyers' post-sales expectations are highest for returns, while buyers in other global regions also have high expectations for on-site support, training and recycling

Figure 26



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Differentiate Through Post-sales Service and Support

Key Takeaways

Unprecedented change in the industrial products marketplace has closed some doors for distributors while potentially opening another in post-sales service and support. In a crowded and competitive industrial supplier marketplace, distributors might find post-sales service an effective way to reinforce their value and gain share.

Consider

- Adding or enhancing post-sales services that have the greatest appeal to your buyers — the most important of which is returns.
- Talk with a logistics provider about potentially contracting for services to enhance your post-sales network and capabilities.
- Think about leveraging post-sales support in order to capitalize on revenue opportunities outside of the U.S.

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In Closing

Traditional distributors, having evolved for decades with a classic, inventory-heavy business model, must find new ways to counteract rising threats from asset-light e-marketplaces, and from manufacturers with the advantages of intellectual property rights and service exclusivities.

Beyond what suppliers are doing to disrupt the marketplace, however, the habits and preferences of industrial products buyers are also undergoing significant change. They're signaling stronger preference for buying via mobile channels — especially among the Millennial and Gen X generations, and among buyers of MRO and OEM parts. Many want suppliers who can offer them 3D printing for more customized products, and insurance products to protect their shipments and assets.

Buyers are also demanding a higher level of post-sales services such as easy returns, training and maintenance and repairs. They're willing to shift share to a supplier who can meet those needs.

Clearly, industrial buying dynamics remain in a high state of flux while suppliers of all kinds search for the optimal balance of capabilities, services and profitability. These new dynamics in industrial buying seem to have left traditional distributors with three options: 1) Maintain status quo with customer service and customer experience, 2) Improve perceived value by offering wider selection of products to a larger geographic audience via a more user-friendly buying experience, or 3) Become a niche player by delivering superior customer service and a highly focused but lucrative portfolio of products.

There is little evidence supporting status quo as a viable long-term — or short-term — strategy. Whatever path distributors take, challenging discussions and decisions await them. But those decisions must be made, and quickly. Buyers are increasingly open to non-traditional sourcing alternatives. Distributors must make sure they remain one of the desired options, or risk falling too far behind to catch up.

Learn more about the ways UPS can help industrial distributors**.**

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Related UPS Resources

UPS Capital® services – Financial, insurance and payment solutions tailored to supply chain management.

UPS Quantum View® application – Integrates with existing supply chain technologies for better visibility of inbound and outbound shipments to enable improved customer service and cash flow.

UPS Returns® services – A portfolio of solutions designed to automate returns for an improved customer experience and more efficient operations. UPS Returns solutions can facilitate batch returns, smooth post-sales workflow, provide customers with flexible and easy-to-understand returns policies and reduce costs associated with product recalls, replacement warranties, disposal and recycling.

UPS Field Stocking Locations – UPS operates over 950 field stocking locations (FSLs) worldwide that enable our customers to position their products closer to the point of need.

UPS Access Point® network – A global network of UPS-authorized retailers and businesses that accept and secure UPS deliveries. This service is popular with companies that operate service networks in that it enables field service technicians to manage their schedules more efficiently, and helps to remove the expense of carrying so-called "trunk stock."

UPS Customs Brokerage – Expertise in customs clearance, trade consulting and trade management.

UPS Ready® Program – UPS customers get preferred access to a portfolio of software and hardware technology providers who can help companies scale-up their e-commerce, social and mobile capabilities.

UPS Global Logistics and Distribution – Contract warehousing, distribution solutions and fulfillment services that can operate as a seamless extension of a supply chain. UPS contract services can help to support aggressive global growth goals with less capital outlay and risk, and can help to improve response times and competitive advantage by positioning products closer to the point of need.

UPS Global Freight Forwarding – Brokers of air, ocean, rail, ground freight and intermodal shipments.

UPS Supply Chain Consultation – UPS supply chain professionals can facilitate analyses that often lead to quantifiable supply chain improvements in areas such as demand planning, inventory management and network optimization.

On-demand 3D Printing – UPS and Fast Radius offer commercial industrial 3D printing services in a range of materials for prototypes or market-ready parts and products, often with next-day delivery.

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Learn more about the ways UPS can help industrial distributors**.**

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