



EDUCATION &
RESEARCH FOUNDATION

Maximize Your Marketing Efforts

NAED Membership Survey Results



Developed and Published by the NAED Education & Research Foundation

Funded by the Channel Advantage Partnership

Maximize Your Marketing Efforts

This research study has been generously sponsored by the
NAED Education & Research Foundation's Channel Advantage Partnership.

Researched by Susan S. Smith, Professor of Marketing Practice,
Whitman School of Management, Syracuse University

Acknowledgements

We are grateful to the Channel Advantage Partnership for their ongoing support of The NAED Education & Research Foundation's learning and research initiatives. The Foundation wishes to thank the task force for their guidance and insight throughout the project process. We are indebted to all volunteers for their participation, survey responses and interviews on behalf of this research.

Channel Advantage Partnership

Border States Electric

Tammy Miller
CEO

Butler Supply, Inc.

Bill Kuempel
CEO

Colonial Electric Supply Co.

Steven P. Bellwoar
President

Consolidated Electrical Distributors, Inc.

Joe Huffman
VP Supplier Relations

Cooper Industries

Mark Reinders
VP Sales, Cooper Connection

Crescent Electric Supply Company

Richard Schmid
Senior Vice President

Dakota Supply Group

Todd Kumm
CEO

Eaton Corporation

Matthew Cleary
Vice President of Channel

Elliott Electric Supply

William Elliott
President

Fluke Corporation

Mark Carter
Electrical/HVAC Sales Channel Mgr

GE Energy Industrial Solutions

Gary D. Arnott
GM-North America Sales

Gexpro

Jim Hibberd
SVP & GM

Graybar

Kathleen Mazzarella
President & CEO

HD Supply - Electrical

Tim Klei
VP Sales & Operations Electrical

Hubbell Incorporated

W. Robert Murphy
EVP, Marketing & Sales

Independent Electric Supply, Inc.

Jack Phelan
Vice-Chairman

Kendall Electric, Inc.

Martin U. Ranly
President

Kirby Risk Corporation

James K. Risk, III
CEO

Legrand North America

John Selldorff
CEO

Lester & Edward Anixter Family Foundation

Steven Anixter
President, Advance Electrical Supply Co., Inc.

Lithonia Lighting, An Acuity Brands, Inc. Co.

John Kimmel
VP Strategic Accounts

Lutron Electronics Co., Inc.

Rick L. Angel
Senior VP, Sales & Marketing

Maurice Electrical Supply Co., Inc./USESI

Warren Janes
Vice President Sales & Marketing

Mayer Electric Supply Co., Inc.

Charles A. Collat, Jr.
EVP & COO

McNaughton-McKay Electric Company

Jack McNaughton
Executive VP & COO

North Coast Electric Company

Peter Lemman
CEO

OSRAM SYLVANIA

Timothy Lesch
Sr. VP Sales, Service & Logistics
NAFTA

Panduit Corp.

Patrick Schrager
Director, North America Strategic Channels

Philips Lighting Company

William Tortora
VP, Commercial Leader
Distribution Channel

Revere Electric Supply Co.

Paul McCool
CEO

Rexel Holdings USA (Rexel/ Gexpro)

Christopher P. Hartmann
Executive VP & CEO

Siemens Industry, Inc.

Jim Vanden Hoek
VP Channel Development

Sonepar USA

Jay Bricker
Executive Vice President

Springfield Electric Company

Randy Germeraad
Senior Vice President

Square D/Schneider Electric

Bill Snyder
VP Channel Development

State Electric Supply Co.

John Spoor
President

Steiner Family Entities

Charles M. Steiner

The Hite Company

R. Lee Hite, Council Chair
Chairman

Thomas & Betts Corporation

Ned Camuti
VP of Sales

United Electric Supply Co.

Bob Crawford
COO/VP Operations

WESCO Distribution

Gashaw Abebe
Vice President, Supplier Relations and Calvert

Western Extralite Co.

Thomas E. Isenberg
President

Channel Advantage Partnership Associates

B&K Electric Wholesale

Kathleen Ellison
Chairman of the Board

City Electric Company, Inc.

Sandra Rosecrans
President & CEO

Electrical Distributors Co.

Chet Lehman III
Chairman of the Board

Electrical Engineering & Equipment

Jeff Stroud
President & CEO

Electric Supply, Inc.

William J. Morlan, Associates Chair
President

Hunzicker Brothers, Inc.

Mike Lockard
President & CEO

Task Force

Warren Janes, Chair

Vice President Sales & Marketing
Maurice Electrical Supply Co., Inc./ USESI

Mark Carter

Electrical/HVAC Sales Channel Manager
Fluke Corporation

Julie Daniels

Marketing Manager
Western Extralite Co.

Sarah Eastman

Marketing Manager
OSRAM Sylvania

William Elliott

President
Elliott Electric Supply

Barry Nelson

VP, Marketing
Border States Electric

Jack Phelan

Vice-Chairman
Independent Electric Supply

Richard Schmid

Senior Vice President
Crescent Electric Supply Co.

Robert Settle

Vice President of Marketing
Crescent Electric Supply Co.

Paul A. Taylor

VP, Marketing North America, Cooper Bussman
Cooper Industries

Table of Contents

Introduction	5
Distributor Survey Results (CEOs/Presidents)	6
Marketing Practices	8
Marketing Metrics	10
Brand Strategy	12
Collaboration Between Distributors & Manufacturers	13
Online Marketing & Social Media	14
Distributor Survey Results (Marketing Professionals)	15
Marketing Practices	18
Marketing Metrics	21
Brand Strategy	23
Collaboration Between Distributors & Manufacturers	25
Online Marketing & Social Media	28
Manufacturer Survey Results	31
Marketing Practices	33
Marketing Metrics	35
Brand Strategy	36
Collaboration Between Distributors & Manufacturers	37
Online Marketing & Social Media	40
Channel Advantage Partnership	43

Introduction

Three online surveys were conducted to collect data and better understand the perspectives of NAED distributor and manufacturer members for the Maximize Marketing research study:

- 1. Distributor (CEOs/Presidents):** Distributor members who identified themselves as a CEO or President (17% of distributor respondents; 11% of total respondents)
- 2. Distributor (Marketing Professionals):** Distributor members who identified themselves as a Vice-President, Director, Manager, Coordinator/Specialist, or Other (83% of distributor respondents; 53% of total respondents)
- 3. Manufacturer:** All titles (36% of total respondents)

Conducted in April 2012, the surveys were designed by Susan S. Smith and Tom Lyga and approved by the Maximize Marketing Task Force and NAED staff. During that month, a total of 226 distributors and 128 manufacturers completed their respective surveys¹. Each survey consisted of 5 sections that reflected the 5 major themes of the research study:

- Marketing Practices
- Metrics
- Brand Strategy
- Collaboration
- Online and Social Media

A sampling of written responses is included; all were edited for errors and reflect the overall tenor of respondents' opinions and suggestions for that question.

Thank you for your participation in this landmark survey!

¹ Survey data was compiled by Qualtrics and is based on 100% completion rate.

Distributor Survey Results (CEOs/Presidents)²

- 1. What is your position in the company?**
 - » CEO / President –100% (17% of total respondents)

- 2. What is your company's approximate annual revenue?**
 - » Under \$10,000,000—21%
 - » \$10,000,000 to \$25,000,000—5%
 - » \$25,000,001 to \$50,000,000—37%
 - » \$50,000,001 to \$100,000,000—16%
 - » \$100,000,001 to \$400,000,000—16%
 - » Greater than \$400,000,000—5%

- 3. What market segments does your company serve? Indicate approximate percentage of your business in the left column.**
 - » 13.3% - Electrical Contractors - Residential Construction
 - » 44.0% - Electrical Contractors - Commercial / Industrial Construction
 - » 11.8% - Commercial Facilities - Hotels / Hospital / Schools / Malls / Office Complexes / etc
 - » 18.3% - Industrial / Original Equipment Manufacturers
 - » 4.0% - Utilities
 - » 3.8% - Government
 - » 4.7% - Other

- 4. Are you in a marketing group?**
 - » No—0%
 - » Yes, we're in Affiliated Distributors—37%
 - » Yes, we're in IMARK Group—63%
 - » Yes, we're in "other"—0%

- 5. How many people are in your marketing department?**
 - » 0—25%
 - » 1—36%
 - » 2—10%
 - » 3—13%
 - » 4—5%
 - » 5—5%
 - » 6-10—3%
 - » 11-20—3%
 - » 20+—0%

² The survey developed for CEOs/Presidents was condensed from the full survey and focused on directional and strategic issues related to the five themes of the study; all questions that appeared in the CEO/Presidents survey also appeared in the full survey.

6. Including all sources of marketing funding, approximately what percent of annual sales do you spend on marketing? Sources include internal funding, manufacturer coop, manufacturer development funds, marketing group support, etc.

- » Less than .2% of sales—38%
- » .2%-5% of sales—34%
- » .6%-1% of sales—3%
- » 1-3% of sales—15%
- » > 3% of sales—8%

7. Considering all sources of funding for your marketing programs, the percentage breakdown is (must total 100%):

- » 36.2% Funds allocated from our internal resources
- » 25.7% Coop funds from our manufacturers
- » 8.0% Market development funds from manufacturers
- » 5.2% Charging our manufacturers to participate in our marketing programs
- » 5.6% Funds or merchandise from marketing groups
- » 0.1% Other sources
- » 18.2% Don't know

8. The average annual growth rate for an electrical distributor is 4.81%, based on the Performance Analysis Report (PAR) from 2002 to 2010. Comparing your average annual growth rate, we:

- » Grew at about that rate (4-6%)—28%
- » Grew significantly faster—44%
- » Grew significantly slower—15%
- » Don't know—13%

9. The average annual pre-tax profit margin for an electrical distributor is 2.41%, based on the PAR reports from 2002 to 2010. Comparing your average pre-tax margin:

- » Ours is about the same (2-3%)—41%
- » Ours is significantly higher—31%
- » Ours is significantly lower—23%
- » Don't know—5%

10. The title of the senior marketing person in our organization is:

- » CMO / Chief Marketing Officer—5%
- » VP of Marketing—15%
- » Marketing Director—23%
- » Marketing Manager—15%
- » Marketing Specialist / Coordinator—8%
- » Other—34%

11. In our organization:

- » Marketing is a standalone department—31%
- » Marketing and sales are one department—60%
- » Other—9%

■ Marketing Practices

12. Choose the statement that best describes the marketing function in your organization:

- » We view the marketing function as a strategic lever to drive growth and profitability—54%
- » We view the marketing function as primarily focusing on communications and promotional activities—46%

13. Our business has a long range strategic plan (3-5 years) which includes a marketing component.

- » Yes—54%
- » No—46%

14. Each year, we develop an annual marketing plan that identifies the joint marketing initiatives for that year.

- » Yes—70%
- » No—30%

15. Marketing programs are developed to achieve many different objectives. From the list of objectives below, please indicate which are your high, medium, or low priorities (high = 10 / low = 1).

- » 8.4 — Customer Loyalty and Relationship Building
- » 7.2 — Arming our sales force with effective selling tools
- » 7.2 — Brand Awareness
- » 6.6 — New Product Introductions
- » 6.5 — New Customer Acquisition
- » 6.3 — Increasing profitability through up-selling and cross-selling
- » 6.2 — Existing Product Promotions
- » 5.9 — Opening up new markets / initiatives
- » 5.6 — Listen to and monitor changing end-user customer needs

16. Which of the following activities is your marketing department involved with?

	Marketing has full responsibility	Marketing has an advisory role	Marketing is not involved	Our company does not do this
Assessing the needs and satisfactions of customers	18%	56%	18%	8%
Determine product offerings including new products, focus products, and discontinued products	10%	56%	26%	8%
Determine pricing and pricing policy	1%	18%	80%	1%
Develop distribution strategies (including branch locations and coverage, sales coverage, value-added service policies/programs)	1%	31%	50%	18%
Communicate with present and potential customers	28%	59%	13%	0%

17. From the list of marketing promotional activities below, check the ones that you do (check all that apply)

Answers	Responses %
Customer loyalty program - such as a cruise, point program, etc	36%
Printed newsletters	15%
Electronic newsletters	54%
Direct mail	59%
Customer training and seminars	95%
Product events such as counter days and tradeshow	90%
Producing a product catalog	26%
Promotional collateral (brochures, presentations, promotional items, etc)	74%
Customer Events –golf outings, casino nights, other entertainment	77%
Merchandising / Demonstration van	31%
Managing online presence – website and social media	72%
Personal selling presentations	49%
Telemarketing scripts	15%
Merchandising and Point-of-Purchase for counters and showrooms	62%
Other	5%

18. From the promotional activities listed above, select the one you believe yields the highest ROI (return on your investment).

- » Customer training and seminars (33%)

19. From the following list of growth strategies, please indicate how important each one is to your company’s business plan, and whether or not marketing is involved.

	Importance to Growth			Is Marketing Involved?	
	Very Important	Somewhat Important	Not Important	Yes	No
New product lines to pursue new market segments	49%	44%	7%	75%	25%
Inventory Breadth and Depth (stocking more of current products or expanding current lines)	59%	38%	3%	40%	60%
Pricing Strategy (for profits or penetrate markets)	74%	26%	0%	33%	67%
Geographic expansion (new branches or sales coverage)	23%	54%	23%	33%	67%
Acquisitions	21%	41%	38%	15%	85%
Account penetration (more business at current accounts)	85%	12%	3%	75%	25%
New account generation	69%	31%	0%	75%	25%
Adding new services or improving service offering	59%	38%	3%	80%	20%

Marketing Metrics

20. Regularly reviewing marketing performance is very important to managing our business.

- » Strongly Agree—66%
- » Agree—16%
- » Neither Agree nor Disagree—21%
- » Strongly Disagree—0%

21. Approximately how often do you review the following marketing metrics?

	Never	Quarterly	Annually	On an ad hoc basis as needed
Market Share - % of total market your company has compared to your competitors	5%	21%	37%	37%
ROI - return on marketing spend	11%	21%	26%	42%
Customer Satisfaction	11%	21%	11%	57%

- 22. The fact that you are measuring your marketing efforts in at least one area of Market Share, ROI, Satisfaction is a best practice. How do these metrics help you run your business? Responses include:**
- » “How do you know if your winning if you don’t keep score?”
 - » “Allow us to determine “what more” is needed moving forward.”
 - » “Customer Satisfaction to retain customers, Market Share to know how much new business is available, ROI to know whether present customers are getting too much or not enough attention.”
 - » “Measuring market share annually helps us focus on potential growth starting right at the customer level.”
 - » “We regularly measure marketing effectiveness but not in the choices above. We measure change in sales of targeted products and preferred vendors. These measurements guide our planning.”
 - » “Tailor marketing to feedback received.”
 - » “Help us better met the expectations of our customers.”
 - » “Results in competitive advantage -- direct correlations between M/S, ROI and customer satisfaction on profitability and shareholder return”
- 23. Do you have a best practice for measuring market share or using market share data to guide your business that you would care to share? Responses included:**
- » “Customer Satisfaction to retain customers, Market Share to know how much new business is available, and ROI to know whether present customers are getting too much or not enough attention.”
- 24. If you are not measuring market share, why?**
- » Difficult to obtain market data—100%
 - » Inability to analyze internal data—0%
 - » Don’t know how—0%
 - » Not important to my business—0%
 - » Other—0%
- 25. Do you measure return on marketing investment (ROI) based on sales revenue or profit dollars?**
- » Sales Revenue—27%
 - » Gross profit dollars—38%
 - » Net profit dollars—35%
- 26. If you are not measuring marketing ROI, why?**
- » Difficult to correlate marketing spend and marketing results—50%
 - » Inability to identify sales and margin data on promoted products—0%
 - » Don’t know how to—50%
 - » Not important to my business—0%
 - » Other—0%
- 27. If you are not measuring customer satisfaction, why?**
- » Time consuming to get customer input—0%
 - » Expensive to develop formal survey and analytics—0%
 - » We did it in the past and did not see the value—0%
 - » We don’t know how to do it effectively—50%
 - » Other—50%

- 28. There are additional marketing metrics that measure performance within specific major customers. What best describes your companies view on the following customer-based marketing metrics?**

	We don't do it and don't plan to	We don't do it but would like to	We do it for some key customers	We do it for all customers assigned to a sales rep
Share of wallet (percentage of an individual customers electrical purchase)	17%	28%	44%	11%
Customer lifetime value (profitability over the years of service)	22%	33%	39%	6%
Customer profitability (profit value minus the cost to serve)	0%	42%	42%	16%

■ Brand Strategy

- 29. The concept of Brand as our identity and reputation is very important to our leadership team.**

- » Strongly agree—71%
- » Agree—24%
- » Neither Agree nor Disagree—6%
- » Disagree—0%
- » Strongly Disagree—0%

- 30. Of the following elements that might differentiate you from your competition, select (drag) the top 3 elements; then place in order of importance to your brand's identity, with the most important on top.**

Answers	# of Responses
Breadth /depth of inventory	15
Product knowledge of personnel	15
Commitment to support their customer's business	18
Manufacturers/brands they carry	4
Superior delivery service (on time, accurate, complete, etc)	10
Logistics support	2
Convenient locations	3
Low cost supplier	0
Flexibility to meet their customer requests	12
Trusting and responsible	6
Consistency between branches	1
End user training	1
Strong "familial" relationships with their customers	15

31. Regarding brand management, rate on a scale of 1 -5 (1 being poor, and 5 being excellent) how well you achieve these brand practices? If you don't do this activity at all, or it is not part of your business, leave scale at 0.

- » 3.6 There is a clear understanding among all employees of what we stand for
- » 3.4 There is a clear understanding among our customers of what we stand for
- » 2.6 We have a formal, written brand positioning statement
- » 3.1 We use a meaningful tagline with our logo
- » 3.4 There is a consistent look and feel to all of our locations and customer communications
- » 3.8 We have a documented graphics standard for our logo, signage, brochures, and other collateral

32. Regarding brand, which of the following statements best reflects your company belief:

- » The distributor's brand is most important in the customer's buying decision—35%
- » The manufacturer's brand is most important in the customer's buying decision—8%
- » The distributor and manufacturer's brands are equally important in the customer's buying decision—53%
- » Neither the distributor's or manufacturer's brand is important in customer buying decisions. Factors such as price and delivery are all that is important—4%

■ **Collaboration Between Distributors and Manufacturers**

33. The level and quality of collaboration between manufacturers and distributors is a major factor in the effectiveness of distributor's programs.

- » Strongly Agree—47%
- » Agree—47%
- » Neither Agree nor Disagree—6%
- » Disagree—0%
- » Strongly Disagree—0%

34. The following is a list of factors that can impact how well manufacturers and distributors work together. First rate the importance of each factor to your working relationships with manufacturers. Then indicate, in general, how satisfied you are with your manufacturer's performance.

	Importance			Satisfaction	
	Not Important	Important	Very Important	Not Satisfied	Satisfied
Joint market plan	3%	50%	47%	52%	48%
Agreed upon metrics to measure results	6%	50%	34%	63%	37%
Trust, knowledge and skill of local representative	0%	24%	76%	52%	48%
Manufacturers support including product availability, selling tools, and market strategy	0%	56%	34%	58%	42%
Effective communication across all levels of each organization	0%	41%	59%	67%	33%
Timing of manufacturers marketing programs	18%	58%	24%	56%	44%
Joint commitment to focus and resource	0%	41%	59%	37%	33%

35. How do you determine which manufacturers to work with on your annual marketing plan? (Select and rank the top 3 reasons)

Answer	# of Responses
I choose manufacturer's whose business goals are similar to mine	18
I choose manufacturers who offer the most significant growth opportunities	15
I choose only manufacturers who have an outstanding local rep	13
I choose manufacturers in my marketing group	17
I choose manufacturers whose products best meet my customer's needs	27
I choose manufacturers who have limited distribution in my markets	12
Other	0

Online Marketing and Social Media

36. Of the following internet based marketing tools, please describe your level of use.

	Actively Using	We currently have, are not actively using	Don't have, but plan to	No plans to have
A marketing website (company and product information)	76%	12%	9%	3%
eCommerce website (transactional - place orders, check orders, check stock, etc)	39%	12%	48%	0%
Mobile Apps for customer use	12%	18%	38%	32%
Deploying smart phones or tablets for your sales force	53%	15%	24%	8%
Search Engine Optimization	39%	18%	30%	13%
CRM (Customer Relationship Management) Tool	18%	13%	51%	18%
Social Media (Facebook, Twitter, etc.)	41%	12%	24%	23%

37. The fundamental goals of our investments in the internet and online marketing tools are: (Select the top 3 and rank in order of importance)

Answer	# of Responses
Build our brand and promote our company	27
Provide information to our current customers	22
Cost effectiveness vs. traditional marketing media/methods	9
Defend against online marketeers who are not traditional Electrical Distributors (i.e. Amazon)	3
Sell products and provide transactional information online to better serve our customers	15
Prepare for the next generation of customers	21
We don't have a goal, we just know that we need to be "online"	5
Other	0

38. What most concerns you about the growing use of the internet for Business to Business (B2B) sales and marketing? Responses included:

- » "I have no concerns, I like it!"
- » "Price erosion, lack of personal contact, and no ability to sell features and benefits."
- » "Lack of sales tax and tendency of manufacturers to consider them a different market an offer a lower price."
- » "The additional time required to keep our social media up to date."

39. What opportunities do you see by the use of the internet and mobile technology (especially smart phones/tablets used by our customers)? Responses included:

- » "The ability to be more responsive to customer's needs and provide needed information on an "as needed" basis."
- » "Provide another convenient way to do business with us."
- » "Instant information on order status and stock availability, location of stores, contact with our people, apps that take them to our site."

40. Would you care to share any additional comments or best practices regarding the 5 themes of the research study (Marketing Best Practice, Marketing Metrics, Brand Strategy, Collaboration between Manufacturers and Distributors, and Online Marketing)? Responses included:

- » "I think that the traditional manufacturer's rep business model needs to be revisited or moved into extinction!"
- » "Our most effective value is outside sales and local promotions. We see a lot of opportunities with real-time communications without customers and sales force. We need more and better information on how our customers do business and want to do business. IT solutions are big for us."

Distributor Survey Results (Marketing Professionals)

1. What is your position in the company?

- » CEO / President—0%
- » Vice President or Director—40%
- » Manager—48%
- » Coordinator or Specialist—5%
- » Other—4%

2. What is your primary area of responsibility?

- » General Management—36%
- » Sales and Marketing—28%
- » Sales only—8%
- » Marketing only—20%
- » Other—8%

3. What is your company's approximate annual revenue?

- » Under \$10,000,000—7%
- » \$10,000,000 to \$25,000,000—8%
- » \$25,000,001 to \$50,000,000—13%
- » \$50,000,001 to \$100,000,000—13%
- » \$100,000,001 to \$400,000,000—30%
- » Greater than \$400,000,000—29%

4. Number of branches in your organization:

- » 1-5—26%
- » 6-15—25%
- » 16-50—26%
- » >51—23%

5. What market segments does your company serve? Indicate approximate percentage of your business in the left column.

- » 15.1%—Electrical Contractors - Residential Construction
- » 39.5%—Electrical Contractors - Commercial / Industrial Construction
- » 9.6%—Commercial Facilities - Hotels / Hospital / Schools / Malls / Office Complexes / etc
- » 24.3%—Industrial / Original Equipment Manufacturers
- » 5.3%—Utilities
- » 4.3%—Government
- » 1.5%—Other

6. Are you in a marketing group?

- » No—25%
- » Yes, we're in Affiliated Distributors—40%
- » Yes, we're in IMARK Group—33%
- » Yes, we're in "other"—2%

7. How many people are in your marketing department?

- » 0—10%
- » 1—15%
- » 2—19%
- » 3—20%
- » 4—10%
- » 5—5%
- » 6-10—11%
- » 11-20—5%
- » 20+—5%

8. Which of the following outside marketing resources do you use on a regular basis (check all that apply)?

- » We do everything “in house”—48%
- » Advertising Agency / Freelance Consultant—13%
- » Public Relations Agency / Freelance Consultant—5%
- » Printer—44%
- » Graphic Artist (outside/freelance)—19%
- » Website developer / consultant—32%
- » Social Media Consultant / Freelance—4%
- » Other—3%

9. Including all sources of marketing funding, approximately what percent of annual sales do you spend on marketing? Sources include internal funding, manufacturer coop, manufacturer development funds, marketing group support, etc.

- » Less than .2% of sales—32%
- » .2%-.5% of sales—31%
- » .6%-1% of sales—17%
- » 1-3% of sales—14%
- » > 3% of sales—7%

10. Considering all sources of funding for your marketing programs, the percentage breakdown is (must total 100%):

- » 21.3—Funds allocated from our internal resources
- » 27.7—Coop funds from our manufacturers
- » 10.3—Market development funds from manufacturers
- » 6.4—Charging our manufacturers to participate in our marketing programs
- » 3.2—Funds or merchandise from marketing groups
- » 0.3—Other sources

11. The average annual growth rate for an electrical distributor is 4.81%, based on the PAR from 2002 to 2010. Comparing your average annual growth rate, we:

- » Grew at about that rate (4-6%)—36%
- » Grew significantly faster—50%
- » Grew significantly slower—7%
- » Don't know—7%

12. The average annual pre-tax profit margin for an electrical distributor is 2.41%, based on the PAR from 2002 to 2010. Comparing your average pre-tax margin:

- » Ours is about the same (2-3%)—41%
- » Ours is significantly higher—33%
- » Ours is significantly lower—3%
- » Don't know—24%

13. The title of the senior marketing person in our organization is:

- » CMO / Chief Marketing Officer—1%
- » VP of Marketing—33%
- » Marketing Director—27%
- » Marketing Manager—13%
- » Marketing Specialist / Coordinator—5%
- » Other—22%

14. In our organization:

- » Marketing is a standalone department—59%
- » Marketing and sales are one department—32%
- » Other—9%

■ Marketing Practices

15. Choose the statement that best describes the marketing function in your organization:

- » We view the marketing function as a strategic lever to drive growth and profitability—62%
- » We view the marketing function as primarily focusing on communications and promotional activities—38%

16. Our business has a long-range strategic plan (3-5 years), which includes a marketing component.

- » Yes—68%
- » No—32%

17. Each year, we develop an annual marketing plan that identifies the joint marketing initiatives for that year.

- » Yes—79%
- » No—21%

18. Marketing programs are developed to achieve many different objectives. From the list of objectives below, please indicate which are your high, medium, or low priorities (high = 10 / low = 1).

- » 6.7—Brand Awareness
- » 6.8—New Customer Acquisition
- » 8.2—Customer Loyalty and Relationship Building
- » 6.9—New Product Introductions
- » 6.2—Existing Product Promotions
- » 6.7—Opening up new markets / initiatives
- » 6.7—Listen to and monitor changing end-user customer needs
- » 7.3—Increasing profitability through up-selling and cross-selling
- » 8.0—Arming our distributors with effective selling tools

19. Which of the following activities is your marketing department involved with?

	Marketing has full responsibility	Marketing has an advisory role	Marketing is not involved	Our company does not do this
Assessing the needs and satisfactions of customers	14%	58%	21%	7%
Determine product offerings including new products, focus products, and discontinued products	19%	53%	24%	3%
Determine pricing and pricing policy	8%	25%	62%	5%
Develop distribution strategies (including branch locations and coverage, sales coverage, value-added service policies/programs)	8%	46%	39%	7%
Communicate with present and potential customers	21%	59%	18%	2%

20. What percentage of your promotional efforts is spent reaching the following audiences (total must equal 100):

- » Current Customers—71%
- » Potential Customers / Prospects—23%
- » Community (general public and business community)—6%

21. From the list of marketing promotional activities below, check the ones that you do (check all that apply):

Answers	Responses %
Customer loyalty program - such as a cruise, point program, etc	47%
Printed Newsletters	41%
Electronic Newsletters	57%
Direct mail	61%
Customer Training and seminars	91%
Product events such as counter days and tradeshow	94%
Producing a Product Catalog	32%
Promotional collateral (brochures, presentations, promotional items, etc)	80%
Customer Events –Golf outings, casino nights, other entertainment	82%
Merchandising / Demonstration Van	52%
Managing online presence – website and social media	74%
Personal Selling Presentations	58%
Telemarketing scripts	19%
Merchandising and Point-of-Purchase for counters and showrooms	77%
Other	2%

22. From the promotional activities listed above, select the one you believe yields the highest ROI.

- » Customer training and seminars (25%)

23. Considering any of the activities above, is there a marketing best practice that you would like to share? Responses included:

- » “We believe partnering several marketing activities together achieves the best results. (Internal spiffs, Customer promotions, and education)
- » “The event needs to be focused on the decision makers as opposed to multiple levels within a customer.”
- » “Have at least one person at each location highly trained on merchandising techniques and strategies.”

24. From the following list of growth strategies, please indicate how important each one is to your company’s business plan, and whether or not marketing is involved.

	Importance to Growth			Is Marketing Involved?	
	Very Important	Somewhat Important	Not Important	Yes	No
New product lines to pursue new market segments	67%	29%	3%	73%	27%
Inventory Breadth and Depth (stocking more of current products or expanding current lines)	75%	24%	1%	39%	61%
Pricing Strategy (for profits or penetrate markets)	69%	31%	0%	32%	68%
Geographic expansion (new branches or sales coverage)	46%	45%	9%	50%	50%
Acquisitions	37%	38%	25%	26%	74%
Account penetration (more business at current accounts)	87%	13%	0%	71%	29%
New account generation	75%	23%	3%	62%	38%
Adding new services or improving service offering	67%	32%	1%	69%	31%

25. Do you vary your marketing plans, programs, or activities for different groups of customers (i.e. customer segments)?

- » Yes—86%
- » No—14

26. Regarding varying your marketing programs for different customer segments, do you have a best practice to share? Responses included:

- » “We create a tier system for targeting our top customers with varying amounts of investment in marketing. We also use a profile system to determine “what” we want to market to that profile.”
- » “Research the market segment; get to know it’s “hot buttons” talk to prospective customers in that segment, then listen.”
- » “Depending what type of customers we provide them with different activities of marketing with products, support and trainings.”

■ **Marketing Metrics**

27. Regularly reviewing marketing performance is very important to managing our business.

- » Strongly Agree—51%
- » Agree—43%
- » Neither Agree nor Disagree—6%
- » Strongly Disagree—0%

28. Approximately how often do you review the following marketing metrics?

	Never	Quarterly	Annually	On an ad hoc basis as needed
Market Share - % of total market your company has compared to your competitors	11%	33%	33%	23%
ROI - return on marketing spend	15%	34%	31%	20%
Customer Satisfaction	9%	28%	26%	36%

29. What primary data source do you use to measure the total available market of your trading areas?

- » DISC—32%
- » Vista—2%
- » Electrical Wholesaling Magazine’s annual market planning data—28%
- » Estimate based on US census / MSA Trade area / Trade employees, etc.—13%
- » Other—24%

30. What process do you use to measure market share?

- » We have developed our own process in-house—36%
- » We purchase reports from 3rd parties (DISC, Vista, other)—24%
- » We rely on our manufacturers information for their lines—22%
- » We rely on our local rep agencies—11%
- » Other—7%

31. Do you have a best practice to measure market share, or use market share data to guide your business that you would care to share? Responses included:

- » “Looking for trends in data over time, rather than exacting precision of data at a given point in time.”

32. If you are not measuring market share, why?

- » Difficult to obtain market data—65%
- » Inability to analyze internal data—10%
- » Don't know how—5%
- » Not important to my business—5%
- » Other—15%

33. Do you measure ROI on total marketing spend, or specific campaigns or promotions?

- » Total Marketing Spend—36%
- » Specific campaigns or promotions—55%
- » Both in total and specific campaigns or promotions—41%

34. Do you measure return on marketing investment (ROI) based on sales revenue or profit dollars?

- » Sales Revenue—36%
- » Gross profit dollars—45%
- » Net profit dollars—19%

35. If you are not measuring market ROI, why?

- » Difficult to correlate marketing spend and marketing results—52%
- » Inability to identify sales and margin data on promoted products—14%
- » Don't know how to—7%
- » Not important to my business—10%
- » Other—27%

36. Do you care to share a best practice regarding how you tie marketing results (Returns) to marketing efforts (Investment)? For example, what methods do you use to measure promotional lift?**Responses included:**

- » "Specific promotional time periods and corresponding results and compare them to previous or similar activities."

37. How do you measure customer satisfaction (check all that apply)?

- » We conduct a formal customer satisfaction / voice of the customer survey—51%
- » We have a customer council—14%
- » We monitor, measure and analyze customer complaints—51%
- » Our top management team regularly interfaces, communicates, and/or poses performance inquiries with our key customers—70%
- » Other—5%

38. If you are not measuring customer satisfaction, why?

- » Time consuming to get customer input—0%
- » Expensive to develop formal survey and analytics—39%
- » We did it in the past and did not see the value—17%
- » We don't know how to do it effectively—28%
- » Other—17%

39. Would you care to share a best practice regarding how you monitor and measure customer satisfaction / voice of the customer? Responses included:

- » “Our senior management must be engaged with the top customer base. We conduct quarterly direct calls to monitor service and satisfaction.”
- » “Most of our customers send us report cards and score us accordingly on different measurements they have put in place.”
- » “We try to annual survey the customers and use different questions each time to try to get the most descriptive response as possible.”

40. There are additional marketing metrics that measure performance within specific major customers. What best describes your company’s view on the following customer-based marketing metrics?

	We don’t do it and don’t plan to	We don’t do it but would like to	We do it for some key customers	We do it for all customers assigned to a sales rep
Share of wallet (percentage of an individual customers electrical purchase)	13%	18%	46%	23%
Customer lifetime value (profitability over the years of service)	23%	29%	37%	11%
Customer profitability (profit value minus the cost to serve)	8%	24%	39%	29%

Brand Strategy

41. The concept of Brand as our identity and reputation is very important to our leadership team.

- » Strongly agree—59%
- » Agree—32%
- » Neither Agree nor Disagree—7%
- » Disagree—1%
- » Strongly Disagree—1%

42. Of the following elements that might differentiate you from your competition, select (drag) the top 3 elements then place in order of importance to your brand's identity, with the most important on top.

Answers	# of Responses
Breadth /depth of inventory	84
Product knowledge of personnel	90
Commitment to support their customer's business	93
Manufacturers/brands they carry	32
Superior delivery service (on time, accurate, complete, etc)	67
Logistics support	8
Convenient locations	18
Low cost supplier	3
Flexibility to meet their customer requests	55
Trusting and responsible	29
Consistency between branches	5
End user training	7
Strong "familial" relationships with their customers	70

43. Regarding brand management, rate on a scale of 1-5 (1 being poor, and 5 being excellent) how well you achieve these brand practices? If you don't do this activity at all, or it is not part of your business, leave scale at 0.

- » 3.9 There is a clear understanding among all employees of what we stand for
- » 3.5 There is a clear understanding among our customers of what we stand for
- » 2.9 We have a formal, written brand positioning statement
- » 3.2 We use a meaningful tagline with our logo
- » 3.7 There is a consistent look and feel to all of our locations and customer communications
- » 4.0 We have a documented graphics standard for our logo, signage, brochures, and other collateral

44. Would you care to share a best practice regarding brand strategy or brand development?

Responses included:

- » "Making our people aware and understanding what "brand" is. We developed an internal brand presentation and have added it to our new employee orientation process."
- » "Drive a consistent message, strive for intrinsic value and never forget that the customer's needs come first."

45. Please describe briefly the key reasons why your customers choose to do business with you?

Responses included:

- » "Service Excellence-we strive for no mistakes and empower our people to drive customer satisfaction."
- » "Our employees are extremely knowledgeable and helpful. We also strive to help our customers do business better by offering a lot of pertinent industry training."
- » "Proven service and loyalty over the years."

46. Regarding brand, which of the following statements best reflects your company belief:

- » The distributor’s brand is most important in the customer’s buying decision—25%
- » The manufacturer’s brand is most important in the customer’s buying decision—5%
- » The distributor and manufacturer’s brands are equally important in the customer’s buying decision—63%
- » Neither the distributor’s or manufacturer’s brand is important in customer buying decisions. Factors such as price and delivery are all that is important—7%

■ Collaboration Between Distributors and Manufacturers

47. The level and quality of collaboration between manufacturers and distributors is a major factor in the effectiveness of distributors’ programs.

- » Strongly Agree—59%
- » Agree—35%
- » Neither Agree nor Disagree—6%
- » Disagree—0%
- » Strongly Disagree—0%

48. The following is a list of factors that can impact how well manufacturers and distributors work together. First rate the importance of each factor to your working relationships with manufacturers. Then indicate, in general, how satisfied you are with your manufacturer’s performance.

	Importance			Satisfaction	
	Not Important	Important	Very Important	Not Satisfied	Satisfied
Joint market plan	6%	49%	45%	37%	63%
Agreed upon metrics to measure results	11%	59%	30%	53%	47%
Trust, knowledge and skill of local representative	4%	23%	73%	43%	57%
Manufacturers support including product availability, selling tools, and market strategy	3%	37%	60%	50%	50%
Effective communication across all levels of each organization	4%	31%	65%	66%	34%
Timing of manufacturers marketing programs	15%	58%	27%	53%	47%
Joint commitment to focus and resource	8%	43%	49%	52%	48%

49. Some manufacturers are easier and more efficient in supporting your marketing efforts. From the list below, select the 3 factors that are most important to your marketing efficiency.

Choose the three that you are least satisfied with in terms of how these items are provided by your manufacturers	# of Responses
Manufacturer's programs ready for Q1	63
Ease of use regarding coop programs	132
Customizable manufacturer collateral	64
Availability of complete price and product data	88
Flexible promotional timing	71
Availability of product marketing information (images, bullets, promotional copy, etc.)	118

50. Considering the same list, select the 3 factors where you are least satisfied with your manufacturer's performance.

Choose the three that you are least satisfied with in terms of how these items are provided by your manufacturers	# of Responses
Manufacturer's programs ready for Q1	105
Ease of use regarding coop programs	106
Customizable manufacturer collateral	82
Availability of complete price and product data	65
Flexible promotional timing	87
Availability of product marketing information (images, bullets, promotional copy, etc.)	83

51. Would you like to share any additional comments in reference to collaborating with manufacturers?

Responses included:

- » "We choose marketing partners that have a vertical market focus, technically adept representation and are willing to put skin in the game and invest resources, time and energy."
- » "Having standardization on the required forms and required documentation would save us time and would increase our productivity."

52. How do you determine which manufacturers to work with on your annual marketing plan? (Select and rank the top 3 reasons)

Drag the top 3 and rank in order of importance.	# of Responses
I choose manufacturer's whose business goals are similar to mine	92
I choose manufacturers who offer the most significant growth opportunities	123
I choose only manufacturers who have an outstanding local rep	60
I choose manufacturers in my marketing group	68
I choose manufacturers whose products best meet my customer's needs	129
I choose manufacturers who have limited distribution in my markets	54
Other	8

53. Regarding the market planning process, do you have a best practice to share? Responses included:

- » “1) Manufacturers who are aligned strategically with our company. 2)Availability of co-op funds.”
- » “I choose manufacturers with which I have the largest annual spend.”

54. Regarding a distributor’s marketing and sales teams working together, what are key factors in executing a successful marketing plan? (Choose 3)

Drag the top 3 and rank in order of importance.	# of Responses
Asking for input from the sales force as plans are developed	112
Delivering the programs that are on target meeting their customers’ needs	99
Providing sufficient training to effectively deploy the marketing program	98
Providing an incentive (monetary or otherwise) for the sales force to use the program	53
A clear measurement of success	65
Provide an incentive to the customer to buy	38
Ease of use (brief and clear)	75

55. Would you care to share some best practices that you have used to get your sales force to use your marketing programs effectively (generate results). Responses included:

- » “The best way to get the sales team to use the marketing programs effectively is to involve them in the process of development. Ask them for input early in the planning, periodically ask if the program seems to meet their needs, give them a reason to claim ownership of the program.”
- » “On-going spiff programs, no more than 3 at a time, that are easy to remember, track, and has immediate reward.”

56. What percent of your marketing efforts are spent developing tools to help your sales force generate results?

- » Sales Tools—52%
- » Other Marketing—48%

■ Online Marketing and Social Media

57. Of the following internet based marketing tools, please describe your level of use.

	Actively Using	We currently have, are not actively using	Don't have, but plan to	No plans to have
A marketing website (company and product information)	67%	17%	8%	8%
eCommerce website (transactional - place orders, check orders, check stock, etc)	59%	12%	23%	6%
Mobile Apps	16%	7%	49%	26%
Search Engine Optimization	41%	15%	24%	20%
Landing Pages / sitelets for the purpose of direct	26%	13%	33%	28%
A company blog (industry and product information)	20%	8%	37%	36%
CRM (Customer Relationship Management) Tool	31%	12%	34%	23%
Direct email campaigns	61%	13%	14%	12%
FaceBook account (company page)	34%	14%	22%	29%
Twitter account (company)	28%	11%	23%	38%
YouTube or Vimeo Channel	15%	14%	27%	44%
LinkedIn account (company)	25%	18%	23%	34%
QR (Quick Response) Codes	19%	8%	25%	48%

58. The fundamental goal of our website is:

- » Build our brand and promote our company—45%
- » Provide information to our current customers—27%
- » Used as a prospecting tool for new customers—3%
- » As a central source of information on products and manufacturers –17%
- » We don't have a goal, we just know that we need one—5%
- » Other—3%

59. Regarding our website, we measure: (check all that apply)

- » Google Page Rank / Google Analytics—45%
- » Unique Visitors—39%
- » Returning Visitors—41%
- » Time on page—30%
- » Bounce Rate—27%
- » Referring Sites—23%
- » Website grade / usability index—16%
- » Other—6%
- » We don't measure our website performance—25%

60. Would you care to share a best practice regarding your website? Responses included:

- » “Find out how customers use your site and focus your efforts on that type of information. Content trumps flash and flair.”

61. We’re using Search Engine Optimization for the following primary reason:

- » New Customer generation - prospects and leads—61%
- » To reach customers out of our trade area—13%
- » Defensively against local competitors (Wholesale Channel)—20%
- » Defensively against local competitors (Retail Channel)—6%

62. We use a company blog to: (check all that apply)

- » Bring company and industry news and insight to our customers—59%
- » Reinforce our commitment to service—38%
- » Interact with our customers—62%
- » As an integral part of our social media strategy—35%
- » Other—12%

63. We use our ecommerce site to (check all that apply):

- » Receive orders and RFQs from customers not connected to our ERP/Inventory Program. For instance, using a web form to transmit information, then manually entered into the order system.—44%
- » Receive orders and RFQs from our customers integrated with our ERP System/Inventory Program—68%
- » Allow customers to check price (based on their customer account and pricing structure)—79%
- » Allow customers to check availability—81%
- » Allow customers to inquire on the status of existing orders—64%
- » Review invoices and account status—64%
- » Quotation history—32%
- » Other—5%

64. What percentage of your customers are conducting transactions through your ecommerce site?

- » 14.9%

65. What percentage of your sales revenue is generated through your ecommerce site?

- » 9.5%

66. Would you care to share a best practice regarding how you are using Landing Pages and Sitelets? Responses included:

- » “Most of our online users are using it for price, availability, product info and account info...”

67. Regarding your CRM (check all that apply):

- » It is tied to our ERP / Inventory Management System—53%
- » We track customer purchases—75%
- » We track categories of products that customers purchase—71%
- » We analyze customer purchases, and data mine for cross-sell / up-sell opportunities—71%
- » We track segments of customers—69%
- » We use it for direct marketing communication—58%
- » Other—5%

68. Regarding email marketing campaigns, we transmit a bulk email:

- » Daily—2%
- » Once a Week—4%
- » 2-3 Times a Month—19%
- » Once a Month—32%
- » Ad Hoc as needed—43%

69. Are you using link tracking with your email campaigns to measure your customers' response (open rates, click throughs)?

- » Yes—63%
- » No—37%

70. Would you care to share a best practice regarding bulk email campaigns? Responses included:

- » "Know your audience and make sure your message resonates with them..."
- » "Always have a great subject line and "offer" and keep it simple."

71. We have deployed mobile devices to our sales force.

- » Yes, Smartphones—51%
- » Yes, tablets—4%
- » Yes, both smart phones and tablets—25%
- » We have not deployed mobile devices and have no plans to—11%
- » We have not deployed mobile devices, but plan to do so within the next year—8%

72. What are you doing with the mobile devices that have been beneficial to your sales force in conducting business with your customers?

- » No responses were given.

73. With regard to Mobile Apps, please identify what you or your customers have found most useful? Responses included:

- » "Information and response time."

74. With regard to Facebook, please identify what you or your customers have found most useful in your business page? Responses included:

- » "Social Media is a fun way to communicate and reinforce our marketing objectives."
- » "Updates and promotions."

75. With regard to Twitter, please identify what you or your customers have found most useful in your business account? Responses included:

- » "We have found it's a quicker way to quickly engage with our vendor partners."
- » "It gets our name out and we have fun with it. It develops Brand Loyalty."

76. With regard to YouTube or Vimeo, please identify what you or your customers have found most useful in your business applications? Responses included:

- » "We have used YouTube to introduce a new product and/or service."
- » "Another medium to communicate with."

77. With regard to your company use of LinkedIn, please identify what you or your customers have found most useful in your presence on LinkedIn? Responses included:

- » "Industry contacts and discussions."
- » "Using the site to attract talent and talk about our company's current status."

78. With regard to your company use of QR Codes, please identify what you or your customers have found most useful in your use of the codes? Responses included:

- » "On our business cards as a way to quickly enter in our contact information into customers' smart phones."
- » "Getting additional information to customers about a product or service right on their mobile device."

Manufacturer Survey Results

1. What is your position in the company?

- » CEO / President—3%
- » Vice President or Director—48%
- » Manager—42%
- » Coordinator or Specialist—3%
- » Other—4%

2. What is your primary area of responsibility?

- » General Management—18%
- » Sales and Marketing—42%
- » Sales only—23%
- » Marketing only—22%
- » Other—5%

3. What is your company's approximate annual revenue?

- » Under \$100 Million—20%
- » \$100 Million to \$500 Million—40%
- » Above \$500 Million—40%

4. What market segments does your company serve? Indicate approximate percentage of your business in the right column.

- » 19.3%—Electrical Contractors - Residential Construction
- » 31.9%— Electrical Contractors - Commercial / Industrial Construction
- » 15.9%—Commercial Facilities - Hotels / Hospital / Schools / Malls / Office Complexes / etc
- » 19.2%—Industrial / Original Equipment Manufacturers
- » 6.5%—Utilities
- » 4.7%—Government
- » 3.9%—Other

5. Our products are available through (check all that apply):

- » Electrical Wholesalers—97%
- » “Big Box” retailers - Electrical Department –60%
- » Hardware Coop - Electrical Department –40%
- » Direct (online or catalog)—23%
- » MRO Catalogs / Distribution—58%
- » Other –13%

6. Please identify the marketing groups you are in (check all that apply):

- » Affiliated Distributors –58%
- » IMARK Group—62%
- » None—30%
- » Other—9%

7. What roles or functions are in your marketing department (check all that apply; please note that these functions may be carried out by the same individuals)?

- » Product Marketing –87%
- » Channel Marketing –84%
- » Marketing Communications (Advertising and PR)—92%
- » Digital Marketing—74%
- » Forecasting—49%
- » Marketing Analysis—72%
- » Other—5%

8. How does your company fund and support distributor marketing efforts? (check all that apply)

- » We have a formal coop program—72%
- » We provide distributors with market development funds—62%
- » We provide marketing collateral and premiums (golf balls, hats, t-shirts)—65%
- » We provide training programs for distributor sales personnel—83%
- » We provide merchandising and signage for distributor’s counter area—80%
- » Other—10%

9. Approximately what percent of annual sales do you spend on marketing?

- » Less than 1% of sales—17%
- » 2-4% of sales—36%
- » 4-6% of sales—16%
- » 6-8% of sales—4%
- » > 8% of sales—5%
- » I don’t know—23%

10. What percentage of your marketing spend is allocated to the following: (Must total 100%)

- » 27% Brand Marketing
- » 49% Product Marketing
- » 21% Channel Marketing
- » 3% Other

■ Marketing Practices

- 11. Choose the statement that best describes the marketing function in your organization:**
- » We view the marketing function as a strategic lever to drive growth and profitability—80%
 - » We view the marketing function as primarily focusing on communications and promotional activities—20%
- 12. Our organization has a long range strategic plan for our business, which includes a marketing component.**
- » Yes—92%
 - » No—8%
- 13. We develop an annual marketing plan specifically for the electrical distributor channel.**
- » Yes—80%
 - » No—20%
- 14. Would you care to share a best practice? Responses included:**
- » “We have created a dynamic extranet / portal that gives distributors a single sign on to everything they need to plan throughout the year and see the impact through performance reporting.”
 - » “Have a planning session with the distributor. Be knowledgeable about the market segments they are in and those areas where they are looking to grow...”
 - » “We listen to our Distributor’s interests, present our own, and together build a shared goal for shared stakeholder success.”
- 15. We communicate our marketing programs and initiatives for a given year to our field sales force and distributors in:**
- » October of previous year—12%
 - » November of previous year—21%
 - » December of previous year—15%
 - » January—31%
 - » February—6%
 - » March—1%
 - » Other— 15%
- 16. Marketing programs are developed to achieve many different objectives. From the list of objectives below, please indicate which are your high, medium, or low priorities (high = 10 / low = 1).**
- » 7.2—Brand Awareness
 - » 6.8—New End-User / Customer Acquisition
 - » 4.7—New Distributor Acquisition
 - » 7.0—End-User / Customer Loyalty and Relationship Building
 - » 7.5—Distributor Loyalty and Relationship Building
 - » 8.1—New Product Introductions
 - » 5.5—Existing Product Promotions
 - » 6.3—Opening up new markets / initiatives
 - » 6.6—Listen to and monitor changing end-user customer needs
 - » 6.9—Increasing profitability through up-selling and cross-selling
 - » 7.3—Arming our distributors with effective selling tools

17. Which of the following essential activities is your marketing department involved with?

	Marketing has full responsibility	Marketing has an advisory role	Marketing is not involved	Our company does not do this
Assessing the needs and satisfactions of customers	39%	49%	8%	4%
Determine product offerings including new products, focus products, and discontinued products	51%	35%	14%	0%
Determine pricing and pricing policy	33%	32%	34%	1%
Develop distribution strategies (including branch locations and coverage, sales coverage, value-added service policies/programs)	36%	52%	10%	2%
Communicate with present and potential customers	48%	43%	9%	0%

18. From the list of a distributor's promotional activities below, check the ones that you support financially with coop / market development funds.

Answers	Responses %
Customer loyalty program - such as a cruise, point program, etc	6%
Newsletters	0%
Direct mail	1%
Customer Training and seminars	52%
Product events such as counter days and tradeshow	9%
Producing a Product Catalog	7%
Promotional collateral (brochures, presentations, promotional items, etc)	5%
Customer Events -Golf outings, casino nights, other entertainment	3%
Personal Selling Presentations	6%
Telemarketing scripts	0%
Merchandising and Point-of-Purchase for counters and showrooms	9%
Other	2%

19. From the list of distributor promotional activities that you support financially, select the one you believe yields the highest ROI (return on your investment).

- » Customer Training and seminars (52%)

20. Choose the statement that best describes how you allocate your marketing funds to distributors.

- » We allocate by total sales volume—51%
- » We allocate by projected growth—9%
- » We allocate by commitment to strategic market plans—27%
- » We allocate based on distributor marketing performance—4%
- » Other—9%

21. Would you care to share a best practice on how you have made the approval and distribution of marketing funds more efficient? Responses included:

- » “Unless the marketing fund being requested is exorbitant (+3% of sales) we approve on the spot.”
- » “The coop with a distributor is a planned and targeted activity designed with the distributor’s marketing team after parameters are set by upper management of both companies.”

22. What do those distributors who receive a higher proportion of your marketing funds do differently than the rest? Responses included:

- » “Execute well and have good metrics.”
- » “They invest in activities that specifically generate incremental sales for both the distributor and our company.”

■ Marketing Metrics

23. Regularly reviewing a distributor’s marketing performance is very important to managing our business.

- » Strongly Agree—26%
- » Agree—48%
- » Neither Agree nor Disagree—25%
- » Disagree—1%
- » Strongly Disagree—0%

24. Which of the following distributor marketing metrics are most important to you? Please move the slider to indicate relative importance (high = 10 / low = 1).

- » 6.7—Overall Market Share - % of total market the distributor has compared to their competitors
- » 7.9—Market Share in my product category
- » 8.2—Year over year sales growth of our line
- » 6.8—ROI - return on our joint marketing spend
- » 7.8—New Product Sales/Performance
- » 7.7—Satisfaction with major joint customers

25. Regarding a distributor’s ability to measure their market share and relative market position in a given trade area (Example: ABC Electric Supply is the #2 distributor in Any City, USA with 18% Market Share), choose the statement that best applies:

- » We get this data and consider it very important in our planning of our market coverage and focus—29%
- » We don’t get this data but would see a great value in it in planning our market coverage and focus—60%
- » We get this data but do not use it—3%
- » We see no use for this data—7%

- 26. How important is it for a distributor to be able to document joint marketing activities such as joint sales calls, customer training programs, sales promotions, etc.?**
- » Very important—63%
 - » Important—31%
 - » Not important—6%
- 27. In your view, what do the distributors who are best at generating measurable results for your line, do differently from the rest? Responses included:**
- » “They work closely with our sales personnel to develop joint programs and identify the metrics for evaluating results as part of the overall program development.”
 - » “Communicate the results directly with us in a timely manner.”
 - » “They add value to the sale through programs aimed at educating the end-users on how our product can help make their job easier.”

■ Brand Strategy

- 28. Would you care to share a best practice regarding how your distributors measure marketing performance (return on investment, joint market share, and joint customer satisfaction)? Responses included:**
- » Incremental growth directly related to planned sales activities. The overall profitability of your product line and inventory turns.”
 - » Brand Strategy
- 29. The strength of a Distributor’s Brand is important to our relationship with them.**
- » Strongly agree—27%
 - » Agree—57%
 - » Neither Agree nor Disagree—16%
 - » Disagree—0%
 - » Strongly Disagree—0%

30. Of the following elements that define a distributor's brand, select the top 3 elements that makes them the right marketing partner with your company. The number of respondents per element is:

Answers	# of Responses
Breadth /depth of inventory	52
Product knowledge of personnel	66
Commitment to support their customer's business	62
Manufacturers/brands they carry	24
Superior delivery service (on time, accurate, complete, etc)	35
Logistics support	4
Convenient locations	5
Low cost supplier	2
Flexibility to meet their customer requests	25
Trusting and responsible	31
Consistency between branches	2
End user training	19
Strong "familial" relationships with their customers	51

31. Regarding brand, which of the following statements best reflect your view:

- » The distributor's brand is most important in the customer's buying decision—5%
- » The manufacturer's brand is most important in the customer's buying decision—28%
- » The distributor and manufacturer's brands are equally important in the customer's buying decision—62%
- » Neither the distributor's or manufacturer's brand is important in customer buying decisions. Factors such as price and delivery are all that is important—5%

■ Collaboration Between Distributors and Manufacturers

32. Collaboration between manufacturers and distributors is essential to executing effective channel marketing programs.

- » Strongly Agree—66%
- » Agree—32%
- » Neither Agree nor Disagree—2%
- » Disagree—0%
- » Strongly Disagree—0%

33. The following is a list of factors that can impact how well manufacturers and distributors work together. First, rate the importance of each factor to your working relationships with distributors. Then indicate, in general, how satisfied you are with your distributor's performance.

	Importance			Satisfaction	
	Not Important	Important	Very Important	Not Satisfied	Satisfied
Joint market plan	2.3%	48.4%	49.2%	54.7%	45.3%
Agreed upon metrics to measure results	5.6%	50%	44.4%	62.5%	37.5%
Trust, knowledge and skill of distributor sales personnel	.08%	34.9%	64.3%	42.7%	57.3%
Commitment from the distributor to use manufacture's training and selling tools	3.1%	45.7%	51.2%	50.4%	49.6%
Effective Communication across all levels of each organization	1.6%	43.3%	55.1%	51.3%	48.7%
Allocation of time on the distributor's marketing calendar	5.5%	59.1%	35.4%	56.6%	43.4%
Joint commitment to focus and assign resources needed to execute plan	.08%	47.2%	52%	59.8%	40.2%

34. Of the factors above that you indicated you are satisfied with, would you care to cite a distributor best practice? Responses included:

- » "Some distributor partners have annual planning meetings with their focus suppliers and this is something I would like to see duplicated on how we are going to mutually grow together on a yearly basis."
- » "There is a trust between the manufacturer and the distributor - very key."

35. Regarding the way that distributors and manufacturers work together, are there any practices which lead to inefficiencies, such as duplication of efforts or working across purposes? Responses included:

- » "Commitment to promotions, then lack of sales execution by both parties has led to inefficiencies and wasted resources."
- » "Lack of communication."

**36. How do you determine which distributors to invest in with your marketing initiatives?
(Choose top 3 reasons)**

Answers	# of Responses
I choose distributors whose business goals are similar to mine	70
I choose distributors whose product are sold into the vertical markets we are targeting	61
I choose distributors who have great programs and collateral	11
I choose distributors who offers the most significant growth opportunities	72
I choose only distributors who have an outstanding sales team	18
Distributors are chosen at a corporate level	9
I choose distributors that my customers are asking for	20
I choose distributors who have limited manufacturers in my category	36
I choose distributors who have a leading position and market share in their trade area	75

37. Would you care to share information about distributors who excel in working with manufacturers in the market planning process? Responses included:

- » "Support for programs starts with a commitment from the top."
- » "The best ones have their own formal process for joint planning and they take ownership of the follow up."

38. From your experience, what are some of the best practices you have used to facilitate your distributors running your marketing programs efficiently and effectively (generating results). Responses included:

- » "Programs designed with Inventory, Training AND Promotional elements to reinforce each other."
- » "Reporting has been key for us. Making sure our sales team has easy access to where customers are at meeting milestones throughout the year seems to be key for us to ensure we hold each other accountable and to avoid the year-end scrambles we can often face."

■ Online Marketing and Social Media

39. Of the following internet based marketing tools, please indicate how important it is for your distributors to use or deploy:

	Not at all important	Important	Very Important
A marketing website (company and product information)	4%	51.6%	44.4%
eCommerce website (transactional - place order, check order, check stock ,etc)	15%	48%	37%
Mobile Apps	43.8%	46.9%	9.4%
Search Engine Optimization	18.9%	56.7%	24.4%
Landing Pages / sitelets for the purpose of direct campaigns	27.8%	57.1%	15.1%
A company blog (industry and product information)	60.2%	35.9%	3.9%
CRM (Customer Relationship Management) Tool	23.4%	53.9%	22.7%
Direct email campaigns	23.6%	61%	15%
Social Media (including Facebook, Twitter, YouTube/Vimeo, LinkedIn, etc)	50%	44.5%	5.5%
QR (Quick Response) Codes	42.1%	49.2%	8.7%
YouTube or Vimeo Channel	15%	14%	27%
LinkedIn account (company)	25%	18%	23%
QR (Quick Response) Codes	19%	8%	25%

40. Regarding the last question's chart (above), in what way might you answer this differently in 5 years? Briefly describe and explain why. Responses included:

- » "All of these will become even more important than they are today. Some of these technologies may get outdated and replaced rather quickly by newer technologies (such as QR tags), but they will still gain in importance. The pace of change will continue to increase and distributors and manufacturers will need to be ready to feed the end-users' demand for content, information, and speed of access."
- » "The Internet will definitely play a much larger role in the sales process as the older generations phase out and the younger leaders rise up from within organizations. Younger generations are most apt to utilize the Internet, social media, YouTube in their daily business."

41. Choose the statement that best describes how you provide digital information for use by our distributors' sales force:

- » They can view our general website on a tablet or smart phone—40%
- » Our website is or soon will be mobile optimized for use on a tablet or smartphone—33%
- » We have or are developing a specific app that generates our digital information on a tablet or smart-phone—26%
- » We see no reason to make the information available on a mobile device—2%

42. Would you care to comment on the impact to the efficiency and effectiveness of your marketing efforts as distributor sales teams and end user customers increasingly carry smart phones? Responses included:

- » “Research shows that contractors/installers are more mobile - so we have responded with landing pages that are mobile-ready... and we are migrating the corporate website to be mobile-ready.”
- » “We as humans are very visual, having all of our product info at our fingertips saves time and allows us to get to our customer and their needs quicker.”

43. The digital marketing support we provide a distributor, including product images, marketing copy/bullets, case studies and specifications are provided (check all that apply):

- » Directly through our website—95%
- » Through an industry database (IDEA, Trade Service, etc)—56%
- » Through a product information aggregator (Electric Smarts)—29%
- » We don't provide our information digitally—1%

44. With regard to distributors using our website to maximize their marketing effectiveness, our website (check all that apply):

- » Easily provides product information—89%
- » Provides marketing collateral, images, taglines, scripts—72%
- » Provides sales and product training for distributor sales force—73%
- » Helps distributors prospect and target new customers—18%
- » Provides new product launch information - SKU, pricing, sales presentations, spec sheets, etc.—66%
- » Is end-customer facing, it doesn't support channel marketing—17%
- » Has a separate end-user portal, in addition to supporting electrical distributor selling efforts—24%
- » Other—2%

45. 45. Regarding our website, we measure (check all that apply):

- » Google Page Rank / Google Analytics—71%
- » Unique Visitors—68%
- » Returning Visitors—72%
- » Time on page—72%
- » Bounce Rate—51%
- » Referring Sites—40%
- » Website grade / usability index—38%
- » Other—1%
- » We don't measure our website performance—7%

46. We have deployed mobile devices to our sales force.

- » Yes, Smartphones—48%
- » Yes, tablets—2%
- » Yes, both smart phones and tablets—28%
- » We have not deployed mobile devices and have no plans to—8%
- » We have not deployed mobile devices, but plan to do so within the next year—14%

- 47. If yes, what are you doing with the mobile devices that has been beneficial to your sales force in conducting business with your customers? Responses included:**
- » "Training and sales presentations, as well as installation videos."
 - » "E-mail retrieval and response time dramatically improved - camera's for use in fast response."
 - » "Organizing information, videos, promotions, literature etc."
- 48. With regard to Social Media, please identify what you or your distributors have found most useful to your marketing efforts. Responses included:**
- » "YouTube is the most useful because we can do video "shorts" that visually promotes new products, installation know-how and events."
 - » "Customer feedback and an eye on competition."
 - » "Twitter and Facebook."
- 49. With regard to the use of QR Codes, please identify what you or your distributors have found most useful to your customers. Responses included:**
- » "QR codes provide the ability to give the consumer more detailed information, not only about the product or service, but also the organization. Most importantly, with an instant link for email or phone, it encourages immediate interaction between consumer and supplier rather than delays that allow the consumer to reconsider or even forget. It maintains momentum in the customer interaction."
 - » "Installation instruction links, new product videos."
- 50. In general, would you care to share an example of how electronic media has maximized marketing efforts through electrical distributors? Responses included:**
- » "We can put products, services and promotions in the hands of distributor sales people making it easy to sell our products."
 - » "Cut down tremendously on collateral costs for wasted materials. Collateral can be viewed electronically, and printed on demand to fulfill demand."

Channel Advantage Partnership

Copyright (c) 2012 NAED Education & Research Foundation, Inc. All rights reserved.

“Maximize Your Marketing Efforts” has been made possible through the generosity of the electrical distributor and manufacturer members of the NAED Education and Research Foundation’s Channel Advantage Partnership (CAP). No part of this report may be reproduced or copied in any form or by any means – graphics, electronic or mechanical, including photocopying, taping, or information and retrieval systems – without written permission from the NAED Education & Research Foundation, Inc. For a list of the companies that have joined the Channel Advantage Partnership, please visit www.naed.org.

The findings, opinions, conclusions and recommendations provided herein are based on independent research, commissioned and funded by the NAED Education & Research Foundation, Inc. Information in this report should not be regarded as an endorsement or opinion of the Foundation or its parent organization, National Association of Electrical Distributors, Inc.

Survey and interviews conducted by Tom Lyga and Susan S. Smith, Professor of Marketing Practice, Whitman School of Management, Syracuse University. Publications are written and presented by Susan S. Smith.



**NATIONAL ASSOCIATION OF
ELECTRICAL DISTRIBUTORS**

1181 Corporate Lake Drive, St. Louis, MO 63132

888.791.2512 | www.naed.org