



DIRECT

Research in Action

What new services would customers like to see?

NAED research report gets the goods on customers' preferences.

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Value-added services represent a way for distributors to distinguish themselves to customers and develop new sources of revenue. A good service will strengthen the bond between distributor and customer while generating added profits.

When considering whether to launch a new service, distributors should stick to the basics, according to the findings of the NAED research study *Value-Added: Assessing Service Offerings of Electrical Distributors*. The study was conducted by Benfield Consulting.

The report suggests that customers strongly prefer new services that expedite product delivery or provide faster credit on returns. According to the report, the services that were ranked high, for the most part, involved ways to make the existing distributor-customer relationship work better.

In contrast, the services ranked the lowest involved challenging the line that exists between the distributor and the customer and/or attempting to steer customers into single-supplier commitments.

What are customers looking for?

Customers were asked what their preferred services were from a compiled list of 20 potential new services. Four services stood out as the most desirable:

1. Same-day delivery—86% interested or highly interested
2. Emergency delivery in two hours—73% interested or highly interested
3. Immediate credit on warranties and returns—71% interested or highly interested
4. Early-morning delivery—70% interested or highly interested

Other concepts that attracted interest ratings from 39% to 51% included:

- ✓ Offering boom trucks for delivering heavy items
- ✓ Providing business management education services
- ✓ Providing consulting services
- ✓ Providing a way for customers to bypass the order counter
- ✓ Having an e-commerce site with pictorial content

Services rejected by customers in the survey included:

- ✓ Kitting or subassembly
- ✓ Electric motor repair or rewinding
- ✓ Inventory management assistance
- ✓ Streamlined reordering via handheld technology and automatic reordering

Overall, customers appear reluctant to give up their traditional roles. The implicit line of demarcation between the distributor and the customer needs to be respected, the report noted.

Focus on customer needs

The research summed up its findings by stating that distributors need to exercise great care in thinking about new service development and implementation. The emphasis should be on helping customers to do their jobs more efficiently. There should not be any suggestion of encroachment, whatsoever, onto the turf of the customer.

The report also suggests that distributors survey customers before launching new services. (A survey instrument is included in the report.)

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“Value-Added: Assessing Service Offerings of Electrical Distributors,” which is part of the NAED Education & Research Foundation’s expanded effort to fund industry research, was developed from responses from more than 400 customers representing a full range of distribution markets.

tributing companies and has raised more than \$7 million since its inception in 2003. To review other articles on this and other research initiatives, go to the Current Research page on www.naed.org.

Value-Added: Assessing Service Offerings of Electrical Distributors is available in an electronic format at no charge to employees of NAED-member companies. The cost is \$20 for a printed version of the study. To access a copy of the report, contact NAED Customer Service at 888-791-2512 or customerservice@naed.org. ■■■

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