

Merchant + Manufacturer

Building Excellence through turbulent times

INSIGHTS FROM LEADERS



in
partnership
with



A CMDi research publication in partnership with the BMF

Following a series of reports commissioned by the BMF, CMDi are providing a summary of key insights gained during the C19 crisis, focusing on how the building materials sector can accelerate change and growth by working differently and better together.

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CMDi have been working at the heart of the building materials sector throughout the crisis and have compiled this report based on marketing, brand and communications insights from leaders across the supply chain.

Several key themes, including proactive partnerships and a shared vision of data connectivity have emerged, all pointing to a supply chain working closely together, adapting fast and preparing for a strong recovery.



“It’s clear from our work with the CLC this year that there is much to be gained by the BMF and our members working closely together to strengthen our position in the sector and help to re-build the economy as a whole.”

John Newcomb, CEO, BMF





Partnership and collaboration are driving change as much as the digital shift

C19 has rocketed building and construction into the 21st century and the changes we're seeing will accelerate the sector into a new era of opportunity. Underpinning this successful transition will be the relationship between the merchant and the product manufacturer.

Boardroom priorities are focused on digital transformation, collaboration and the desire to use data and insights more effectively.

“The last twelve months have brought about a completely new set of challenges, both merchant and supplier need to engage to fully understand the challenges and ascertain what both need to bring to the table to not only survive but to prosper.”

Dennis O'Connor, Managing Director,
Home Projects Centre Ltd



PARTNERSHIP &
COLLABORATION





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Merchants are adapting to change whilst ensuring **customer service** is still at the heart of their offer

C19 has done many things to improve the building materials sector and provided the opportunity to reflect on what's important, what needs to change and what can be improved. However, in the end, as Steve Robinson Managing Director, JT Dove Ltd says, 'Successful merchanting will always be about providing great prices, great products, great service.'

“ *We must work as a team to identify what we can do differently and better, particularly when it comes to branch staff training.* **”**

Kevin Moore, Sales Director, Stuart Turner Ltd

Ecommerce. C19 has forced merchants to jump onto the ecommerce train fast. Rightly, they are seeing this as the addition of a new channel, not a replacement of their core differentiator: face to face service and unrivalled product knowledge, delivered through branch staff at counters or over the phone. As most merchant leaders will tell you 'this is a people business' where high service levels, a personalised customer experience and seriously good product knowledge will always be at the heart of a successful merchant's brand.

Their customers, both the new and old-school builder, are traditionally poor planners, so helping them out with the right product, for the right job, at the right price, with the right credit facility, at very short notice, provides the added value customers appreciate.

Merchants are now ensuring they combine the most convenient personal customer experience with digital tools to help make customers' lives easier – across all their channels, online and instore. However, there is still much room for improvement and a big role for manufacturers to play to support the merchants with their more advanced digital experience.

“ *Online sales during lockdown went through the roof. More than 40% of transactions were outside of branch opening times.* **”**

Andy Scothern, CEO, eCommonSense

**CUSTOMER
SERVICE**



Partnerships. Merchant loyalty to suppliers who supported them during the crisis has ensured continuity, cash flow and built deeper long-term relationships that will be the bedrock for future growth. Merchants are actively seeking to develop those relationships, but may need help identifying how.

There is a much greater appetite to work more collaboratively and an understanding that it's time to rethink the partnership approach to get ready for a new era.

“ *Loyalty, communication and proactivity will keep the supply chain moving, with deeper partnerships and collaboration driving growth.* ”

Kevin Morgan, Group Commercial Director, Crystal

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Strategic customer focus. Merchants and manufacturers are now working even more closely together to increase customer closeness, build and share data, innovate faster and improve in-branch delivery of product knowledge. This will become even more important with the introduction of new systems, standards and processes, like the Code for Construction Products Information. Both are agreed that developing ways to get closer to customers than possible disrupters, is a key priority.

“ *We're seeing new disrupters enter the market all the time, such as a 'Deliveroo' style service delivering building materials on demand, direct to a site or builder.* ”

Claire Miller, Marketing Director, ADEY





Building better partnerships starts by **sharing the same vision** of what success looks like

Customer expectations, experiences, and relationships are changing dramatically for businesses right across the construction industry supply chain. Traditional go-to-market capabilities that once guaranteed success are now just entry level passport features in a rapidly evolving competitive environment. What success will look like has changed, for good.

Product manufacturers need to rethink what they can do to support their merchant customers in this new environment and understand what merchants want from their 'ideal' supplier partner. Merchants need to be more open to listening and prepared to transform faster. What's clear is the pressure on margins isn't going away and the need to invest in change is adding pressure to the bottom line for both. That's why it's more important than ever to get initiatives right, reduce wastage and put budget where it counts the most.

Top priorities, as revealed by our research, point to some key areas of focus:

- ▶ **Digital connectivity has replaced physical contact in many areas** – Contactless interaction, to a certain level, is here to stay. This will require an updating of the traditional f2f sales model, as well as the provision of training. Suppliers should encourage dialogue around how merchants want to be supported now and build a contact strategy based on responsiveness and service, but without losing the personal touch where possible. Senior merchant leaders are traditional, social and value personal contact, so it's vital to still create opportunities for human interaction, but there has to be real value in a 'real' meeting.

“ There will be less face-to-face interaction with customers. Video conferencing will increase engagement with reduced need for an outbound sales team. Clients will increasingly use phone and online ordering. Travel costs will be reduced. Online business will continue to rapidly increase. But we will still need to engage on a personal level to keep motivation and morale high. ”

Paul Bence, Managing Director, George Bence Group

SHARING THE
SAME VISION



► **Loyalty really is valued above price** – Merchants have made it clear that loyalty has and will keep the supply chain moving and growing. Not surprisingly, merchants are favouring those suppliers who dug them out of a hole in tough times. The suppliers that will emerge stronger over the next few months will take this opportunity to build an even deeper relationship with their channel partners. But the real winners will be those who do this in a planned and strategic way – and recognise it's time for a new era 'Partner Manifesto'. Some of the larger merchants like Wolesley operate a 'category champions' model which helps leaders in each category share best practice and drive innovation. Smaller independents may want to consider how they can embed this into their supplier relationships in a way that helps them learn from leaders and change more cost effectively.

“ *Merchants offer long-term strategic partnerships to customers and suppliers, continually improving that 'stickiness' to ensure all brands achieve sustainable mutual growth, as opposed to just a short-term sales uplift. A great opportunity now exists to capitalise on this special relationship by aligning strategic plans. This will deliver a quantum leap in to the future, enabling us all to take advantage of the vast market opportunity. Let's make it happen!* ”

Mark Bradley, Managing Director, Frontline Bathrooms Ltd

► **Strategic collaboration needs to be the new norm** – Both merchants and suppliers need to define what 'partnership' means and build a strategy based on dialogue, not a one-sided wish list. Building a true partnership strategy needs to unpack exactly what both parties define as an 'ideal' partner. Whilst time is tight for everyone right now, dealing with the evolving crisis, it will pay dividends to set-up a partnership strategy meeting and work to develop a joint strategy team to build this together. Avoid clichés and old norms and get down to talking about how the partnership will ensure both parties adapt and thrive not only in the new environment, but what the sector may look like in five years' time.

“ *Merchant staff at branch level are so busy managing customers and getting to grips with the new C19 restrictions that it's harder than ever for them to find time for training and product updates. That's why we're sharing the responsibility of selling our products with them by sending our sales people out to proactively drive designers and contractors to the merchant, ensuring they are asking for products that are in stock. Our sales team have extensive product knowledge that would take years to train, so it makes sense and ensures both sides benefit from increased sales, of the right stock and don't miss out on cross selling opportunities.* ”

Krystal Williams, Managing Director, Pavestone Ltd



- ▶ **Align brand strategies to own a bigger share of the future** – Work together to build a linked brand strategy that embodies mutual success drivers like speed, convenience, transparency, trust, sustainability. Share your brand strategy, align where possible and put the end customer at the heart of a shared vision of the future.

“ *Treat the online platform as an extension of counter sales.* ”

Steve Robinson, Managing Director, JT Dove Ltd

- ▶ **Communicating product knowledge needs to be a ‘joint responsibility’** – Merchant staff are now so time poor at branch level that they simply don’t have time to keep up with product training, especially for complex technological products and those requiring solution selling. And even those who do invest in staff training are finding that virtual classrooms are not as effective for getting to grips with some product knowledge. Real gains are to be found when the manufacturer’s sales team can step in and support branch staff either in-branch or out selling to installers, contractors, designers, etc. Some manufacturers are now playing an active role in merchant sales support, especially where their teams have extensive technical knowledge and experience that is difficult for branch staff to learn. It’s a win-win as merchants get sales driven to their branch relating to what’s in stock and manufacturers’ sales people ensure that they are out proactively selling, cross-selling and upselling with confidence.

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- ▶ **Joint success is about improving the customer experience – everywhere** – Manufacturers need to work with merchants to deliver a superior and personal customer journey for end users, both online and instore. This will include digital tools as well as supporting branch staff better instore. Manufacturers need to work with merchants to discover what is most useful and prioritise support, don’t just expect merchants to adopt everything you throw at them without gaining buy-in first.

“ *Coronavirus has given business a different additional focus now. Continuing to serve customers with minimum hassle, while keeping them safe will still be critical, but we also need to understand how customer needs might change. This will affect how those in our industry move forward. Digitalisation won’t substitute the need for branches and business relationships. They will need to work in harmony.* ”

Mike Newnham, Chief Executive, Saint-Gobain Building Distribution UK & Ireland and Managing Director, Jewson



► **‘Build back better’ by being responsible for sustainability –**

Needs to become a ‘shared goal’ that drives long term business success and profitability, but needs to be joined up in a much more proactive way. Government places a great deal of the burden of responsibility for the successful adoption of sustainable construction, in the hands of merchants and manufacturers. Lord Deben has urged all BMF members to ‘lead, don’t wait to be led’. It’s clear that there is a greater opportunity to build stronger partnerships based on a shared ‘sustainability’ goal, a purpose beyond profit, that links sustainable products, practices and their supply, more closely. Merchants are actively seeking ways their suppliers can help to improve their environmental credentials, so this has to be the starting point.

“ *Merchants and manufacturers play a vital role in driving sustainability because they are responsible for helping people make the right decisions about their choice of products.* ”

Lord Deben, House of Lords, Chairman of UK Committee on Climate Change





► **Branch staff need to be the heroes, not the technology they use** – Merchants are working hard to ensure their staff are not feeling threatened by the arrival of a new ecommerce platform. This is all about ensuring they are not just motivated, but equipped with new tools for a new era. Discuss how as a product manufacturer you can help support them with tech that equips branch staff with fast access to the right info for the right audience. Build a branch staff engagement strategy that helps them deliver product knowledge and personal service at the same time. People add value, technology adds convenience. Product manufacturers also need to work harder to help branch staff sell benefits, not products and build in key messaging to aid sustainable product choices. And finally when it comes to branch support, POS and direct mail is not dead, in fact it's very much alive and kicking. The trick with merchant marketing support for branch staff is remembering that one size doesn't fit all – tailored support will be more likely to be adopted – and more effective.

“*Communication and human bonds are the most important things. Customers want us to bear with them as they encounter problems and to keep them informed. They expect us to be approachable like a local family business.*”

Martyn Rees, Managing Director, County Building Supplies Ltd

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► **Simple, clear, short information is king** – With buying groups, back-office systems and ecommerce platforms now all integrating seamlessly, it's now possible to create real advantage through superior product information, visual content, pricing and comparison tools. The onus is on product manufacturers to provide this, but the investment will be worth it. Across all forms of content however, from product information to training, if it's not clear and concise, it simply won't work. This is the age of the visual 'cheat sheet', the one-page infographic and the 1-minute sales pitch or training video. For aesthetic products, beautiful styling and/or room visualization apps, some going as far as VR, is a trend that will help drive traffic into the store. Merchants need to adopt the tools their suppliers provide them with at a faster rate and ensure staff are fully trained to use the wealth of tools available to them.

“*We need to improve our ability to 'own' the customer together by closing the gap between head office and branch communications, delivering a clearer marketing message to the trade end-user through merchant frontline staff.*”

Claire Miller, Marketing Director, ADEY



- ▶ **Content marketing that cuts through the clutter** – Suppliers need to ensure their content, social and awareness campaigns are 100% aligned to support the content requirements of merchants. Work to support the gaps in your merchant customers' content resource and suggest ways you can help them improve their campaigns, with quality content. Merchant marketing teams are often thin on the ground and welcome help with quality content – but again quality, not quantity and provide advice about how best to deploy it.
- ▶ **Only 'bite-sized, relevant knowledge' is power** – Equip branch staff with sound bites, not product manuals. Develop clear value propositions for each product or service and then work hard to condense key messaging down to easy to remember benefits, or simple one line descriptors. Back this up with easy to find 'next level' detail, available online or as part of branch staff intranets – again visuals to replace words where possible.

“ *We have to look beyond operational and supply improvements and fight harder to defend and grow share together, not expect customers to just walk in the door anymore.* **”**

Mark Bungay, Commercial Director, ROCKWOOL UK

- ▶ **Installer campaigns need to be better integrated and targeted, across all channels** – and messaging now needs to be stripped back so it can include new and different proof points such as multi-channel availability and sustainability benefits. End-user campaigns that integrate all the way through from branch staff training and their in-store message delivery, to installer benefits and the messaging they need for their customers, are the new marketing norm.
- ▶ **Buying behavior amongst trade end users is changing faster than expected** – The age gap and divide between non digital users and active digital adopters is closing fast thanks to C19. But it's vital to not get caught up in the digital game at the expense of what is still working [or not] instore. Joint research initiatives between merchants and suppliers are proving invaluable to understand the evolving needs of customers, especially what they want from products and the retail experience in a more joined-up way. Suggest a joint research programme, develop personas, dig deeper into online trading data, do everything possible to understand buying behaviours better. Budget deployment into research and data needs to dramatically increase across the sector, so maybe it's time for merchants to put manufacturer marketing budgets to real use, rather than as a short-termist profit boost.



- ▶ **Build it and they will come isn't true** – Merchants are realising that their new ecommerce platform needs promoting to be found – and adopted, by their customers. Consider how you can support SEO and PPC activities with content and resources that help your merchants' sites rise above the rest. Where multiple channel partners have a similar region or sales objective, think about how to tailor content that doesn't cannibalise the other's territory. The most successful sites will be based on a digital marketing strategy that integrates manufacturer and retailer objectives and activities.
- ▶ **The rise of the consumer** – More consumers are using merchant ecommerce sites than expected, in many cases more than the trade. Merchants need help with a consumer approach and one that doesn't confuse the specialist trade message. If your product mix supports a consumer sales opportunity, look at how to differentiate the online and instore experience between the two audiences – and help branch staff with this too.

“*Stick to the eternal truths of marketing.*

- 1) *Make sure campaign outputs are aligned with updated business goals.*
- 2) *Set new budgets and output expectations before starting each campaign.*
- 3) *Test don't guess.*
- 4) *Learn from mistakes. Rather fail fast, fail cheap than fail spectacularly.*
- 5) *Always have a call to action.*
- 6) *Segment customers and focus totally on their needs.*”

Ray Stafford, Managing Director, Williams & Co





▶ **When it comes to marketing communications, one size does not fit all** – Merchants are developing more sophisticated tools and CRM systems to help them segment and profile their users' groups – including homeowners. Product manufacturers and merchants that work to share their research, and even develop joint research projects, will find that they will lead and innovate together.

“*Technology will become an even more important enabler for future growth. Our website is already used more by trade customers to manage their accounts and book collections or deliveries 24/7. In a very traditional industry, there is plenty of opportunity, but we need to think differently to unlock the potential for growth.*”

David Young, Chief Executive Officer, Bradfords

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▶ **The biggest challenge is the same as always – ‘time’** – For real partnerships to flourish, merchants need to be prepared to engage more with their suppliers who are keener than ever to get closer to them. If merchants want to hold on to their central role in the supply chain, they need to be prepared to listen to their suppliers and develop a relationship that is more about partnering than negotiating.

“*It's still a challenge to forecast what the economic recovery will turn out to be. Whatever happens, merchants and suppliers are well positioned to bounce back strongly as the RMI market shows great resilience and the latent demand for new housing is at a historic high. There's everything to be positive about, let's grab those market opportunities, together.*”

Mark Bradley, Managing Director, Frontline Bathrooms Ltd

What's next? Whether the sector will continue to see a strong V shaped recovery or not, John Newcomb, CEO, BMF is urging all BMF members “to innovate, to deepen collaboration and work together to come back stronger for what will undoubtedly be a very different era ahead.”



The BMF: Building Excellence through turbulent times



“Extraordinary times call for extraordinary relationships. The work we’re doing at the BMF is focused on helping all our members, across the supply chain, progress to excellence. We believe that it’s time for our merchant and manufacturing members to lead together through collaboration and innovation.”

John Newcomb, CEO, BMF

The Builders Merchants Federation Ltd (BMF) is the only trade association that represents and protects the interests of builders’ merchants and suppliers to the building materials industry in the UK and Ireland. Total membership from 1 September 2020 will stand at 751 merchant and supplier companies who together have combined sales of £38bn and employ almost 180,000 people in the building materials industry. BMF’s 397 merchant members operate from over 5,709 branches across the UK and Ireland.



“It’s clear from the work we’re doing that there is a much greater realisation that working collectively and collaboratively, across the supply chain, will help to transform the sector. And without transformation the door is wide open for potential disrupters. Digital transformation might be the hot topic, but partnerships will forge the future.”

Dianne Lucas, Managing Director, CMDi

CMDi is a strategic and creative marketing consultancy that helps built environment brands sharpen-up their marketing performance. As built environment sector specialists, we exist to help our clients construct new strategies to accelerate growth. Our unique set of services combining research, strategy and creative are helping merchants and manufacturers adapt and thrive by turning strategy into effective action – with speed and certainty. The agency has over 20 years of building and construction sector experience: sharpening strategy, lifting marketing ROI and guiding transformation.

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**Find out how CMDi
can help you build
bolder strategies to
accelerate growth.**

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