

TRENDS 2025



Customer Expectations in 2025



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Things are changing fast. **Virtual online channels are moving the bar for efficiency in distribution ever higher.** Customers are demanding fast fulfillment, real-time inventory visibility, and highly personalized service. Legacy distributor systems cannot meet these demands. If the independent distributor is not collecting real-time data with up-to-date technology, the gap between his business and alternative channels may soon become insurmountable.

The Tools

Here are the tools you need to meet customer expectations in 2025.

- **State of the art ERP – Enterprise resource planning (ERP) is the foundation upon which you build your digital business.** ERP software streamlines and automates functions such as finance, human resources, manufacturing, supply chain, and procurement. This tool is designed to help you keep up with growing customer demand for fast, reliable service. It is important to note that the number of features these systems offer is growing at a fast clip. Stay current!

- **Real time price** – In the past, business economics taught us the best way to improve profit was to grow your sales. Technology, however, has opened up other avenues to improve your margins. **With today's software you can increase profits with real time pricing.** You can ensure opportunistic buying decisions, raise prices in a systematic manner, control sales force pricing, and capitalize on supplier price increases. The challenge in 2025 is to provide tailored, competitive pricing with better profit margins while keeping customer loyalty.

- **VMI initiative** – Fastenal (fastenal.com), a large US distributor of industrial and construction supplies, has led the way in supplying vendor managed inventory (VMI) at customer locations. VMI systems utilize advanced technologies to simplify inventory replenishment and track necessary products. These systems improve supply chain efficiency, foster collaboration, and drive predictability for both supplier and customer. With omnichannel capabilities, the customer receives the best product at a competitive price. **The traditional independent distributor should be working with a**



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VMI equipment manufacture now to remain competitive.

- **Warehouse Inventory automation** – While VMI is improving inventory management for customers at distributor sites, inventory control costs at the warehouse are also improving with automation. In a recent article in Gasworld (gasworld.com), Anthony Wrighton writes, “Drones, robots, and virtual reality might have sounded like science fiction a few years ago, but in industrial operations, they’re becoming everyday tools. With drones reducing inspection risks, robots taking over dangerous manual tasks, and VR transforming training... one thing is clear, digital transformation isn’t just coming, it’s already here.” (How drones, robotics and VR are changing industrial gases, Gasworld, Jan 29, 2025).

By deploying warehouse automation, distributors are able to reduce storage capacity by up to 35% and accelerate order fulfillment. Customer satisfaction is enhanced by accurate and timely deliveries.

- **Predictive forecasting analytics** – Today’s AI forecasting software is capable of mining data through predictive modeling and machine learning. AI can analyze historical facts to make predictions about future events. **Business**

predictive forecasting models are available for sales, cost, and profits, using various tools and techniques. Generative AI predictive business software such as Microsoft Copilot, IBM Project Ripasso, and Oracle Analytics, are just a few of the products available for distributors.

Meet Expectations Now

Bring your technology up-to-date today. I know it’s complicated. Use resources like industry associations, cooperatives, and consultants to help you select the right tools for your needs. **With the latest technology you can streamline operations, improve customer service, and stay competitive in today’s market.** And remember, as Kim Phelan writes in the “MDM Guide: Tailor Your Tech Strategy to Win in Any Market” (mdm.com) “Customer experience is still the name of the game, whether distributors are contending with ERPs, self-serve e Commerce tools or AI implementation” (Stay in the Ring!, Kim Phelan, MDM Research Tailor Your Tech Strategy to Win in Any Market).

5 KEY TAKEAWAYS

1. To meet customer expectations in 2025 you need to utilize technology.
2. ERP is the foundation upon which you build your digital business.
3. With today’s software you can increase profits with real time pricing.
4. Distributors should utilize VMI equipment and warehouse automation.
5. Business predictive forecasting (AI) is critical to success in today’s market.