Bridging the Loyalty Divide: How Modern Distributors Turn Relationships and Digital Tools into Growth

An Executive Framework for Aligning Sales, Service, and Digital Engagement through Loyalty in the Building Supply Industry

Exchange Solutions™

Executive Summary

The building supply distribution industry is at a critical turning point. Contractor loyalty has historically been built through the strength of local branch relationships; expert reps who know the jobsite, anticipate needs, and solve problems fast. That human trust remains the backbone of the business.

But customer expectations have changed. Contractors now expect frictionless digital experiences, real-time visibility, fast reorders, and 24/7 access without sacrificing the personal expertise of their local branch. This hybrid expectation has created internal misalignment across many distributors: sales teams fear digital erosion of relationships, while digital teams push for automation and scale.

Leading distributors are resolving this tension not by choosing one side, but by connecting human relationships with digital intelligence. Loyalty is the framework that makes this possible.

When loyalty is treated as an enterprise discipline, not a marketing program, it links every channel, every rep, and every contractor touchpoint. It gives sales teams visibility into digital behaviors, gives digital teams the ability to reinforce human relationships at scale, and aligns everyone around one metric: contractor success.

TL;DR (for Executives)

- Contractor expectations have shifted to *both* digital convenience *and* personal expertise
- Internal channels (sales vs. digital) often operate in conflict: loyalty unifies them
- Loyalty gives reps visibility into online behaviors and gives digital teams a way to reinforce branch value
- When applied as enterprise infrastructure, loyalty boosts digital adoption, retention, margins, and category breadth
- Distributors that align loyalty across branch, sales, and digital outperform those who treat it as a standalone program

1. Digital Commerce 360; "Beacon Roofing grows eCommerce Sales in Q2"
2. Delancey Street Partners; "Building Products, Materials & Distribution 2023 Year in Review"
3. Builder FirstSource Investor Reports, "Builders FirstSource Reports Second Quarter 2023 Results"

Distributors applying this framework are already seeing measurable outcomes:

+25%
share-of-wallet growth through broader category engagement[1]

+30%
digital adoption when incentives reinforce online behaviors[2]

10 to 15%
higher retention after year one of program maturity[3]

This eBook presents the path forward: a unified loyalty model that bridges branch relationships and digital tools to drive profitable growth.

Industry Context: A Sector in Digital Transition

The building supply sector is experiencing a rapid shift toward digital ordering and account management. Beacon Roofing Supply, for example, has stated ambitions to push **50% of total sales online**, while many distributors already report **20–25% digital order penetration**[4].

Builders FirstSource has processed hundreds of millions through upgraded contractor portals and expects its digital platform to exceed **$1B in sales by 2026**[5], driven by repeat ordering and transparent account management.

Yet despite this momentum, digital adoption remains uneven, especially because building supply categories are more complex than typical eCommerce:

Unit variability
linear feet, sheets, bundles, pallets, fasteners

Delivery constraints
mixed loads, broken packs, staging, will-call

High-urgency jobs
storm repairs, insurance jobs, hot-shots

Regional variance
temperature, seasonality, material codes

Complex credit & returns workflows

Contractors still rely heavily on branch reps for expert advice and that will never change. But they use digital tools for visibility, repeat ordering, and control on active job sites.

This hybrid reality makes loyalty the ideal bridge.

Loyalty is not a channel; it is the framework that connects every channel

4. Stock Titan, "Beacon Releases Annual Corporate Social Responsibility Report"
5. ConstructConnect, "Why Is There a Labor Shortage in Construction?"

The Traditional Loyalty Model: Branches as the Original Loyalty Engine

For decades, loyalty in building supply was only built face-to-face. Branch managers and outside sales reps served as trusted advisors, anticipating jobsite needs, providing credit flexibility, and solving problems on the spot. Loyalty was personal, not programmatic.

This model thrived on expertise and relationships. However, it was inherently local and limited in scale. Each branch operated its own micro-ecosystem shaped by relationships rather than data. What was missing was the ability to measure, replicate, and amplify these connections across an enterprise.

Traditional loyalty built strong trust. Today's opportunity lies in connecting that human trust with digital insights to scale personalized service across every channel.

Branch relationships remain powerful, but loyalty today must expand beyond the counter. The goal is not to replace human trust with digital efficiency, but to extend that trust through digital tools that make it easier to serve and recognize customers consistently. When branch reps have consistent access to customer data, they can see what their customers are buying online and recommend the next best action when face-to-face. That creates a continuous, holistic experience.

The Relationship Rift: When Relationships and eCommerce Growth Collide

The rise of eCommerce has created genuine cultural tension

Sales teams fear:
- Losing influence or visibility
- Being bypassed for reorders
- Reduced relationship equity
- Lower control over account growth

Digital teams push for:
- Self-service ordering
- Process efficiency
- Automation
- Data-driven account management

Contractors expect:
- Digital convenience
- Real-time availability
- Transparent pricing
- Expert rep support
- Reliable fulfillment
- Digital reordering on the jobsite

Research from the Distribution Strategy Group found that Building Materials & Construction has the lowest eCommerce maturity of all wholesale industries, with fewer than one in five distributors having fully adopted eCommerce[6]. This creates a perfect environment for channel conflict.

Why this conflict persists:

Many jobs require mixed-unit or complex orders that contractors feel safer placing with a rep

Reps often interpret online behavior as a threat, not a signal

Digital portals rarely accommodate complex quotes, deliveries, or bundles

Contractors often place "panic orders" from job sites, convenience matters

Loyalty resolves this by making engagement measurable, shared, and aligned.

6. Distribution Strategy Group, "The 2022 State of eCommerce in Distribution, Part 1: Distributors' Digital Revolution"

Loyalty as the Bridge: How Loyalty Accelerates eCommerce Adoption

Loyalty unites people, processes, and technology around a single growth goal: helping customers succeed while driving profitable digital sales. By linking eCommerce and loyalty data, distributors can see not just who is buying but how they are buying and can motivate more profitable behaviors, continuous connection and strengthened trust.

Three Levers for eCommerce Growth Through Loyalty

24/7

01 | Visibility

Combine transaction and loyalty data to map adoption patterns. Identify customer segments that still rely heavily on branch orders and target them with digital adoption incentives. Branch reps can use this same visibility to coach customers on how to use online tools effectively, ensuring consistency across channels.

02 | Value

Reinforce the tangible benefits of both channels, such as faster ordering, real-time availability, and 24/7 access online, plus the personalized service and trust that come from in-person support. Loyalty unites these advantages by rewarding engagement in both environments.

03 | Velocity

Use loyalty mechanics like tier progression, limited-time digital bonuses, or milestone rewards to sustain engagement and repeat ordering, whether that order happens online or at the branch. Every interaction contributes to the same customer relationship.

> **Loyalty makes eCommerce participation measurable, repeatable, and rewarding, turning every channel into a relationship engine.**

When branch and digital experiences are connected through loyalty, every team has visibility into customer behavior and opportunity. The result is a cycle where branch service drives digital engagement and digital engagement strengthens in-person relationships.

Loyalty is the unifying strategy that connects the human and digital sides of the business, making the customer experience seamless and scalable

Loyalty Maturity Model for Building Supply Distributors

The Distributor Loyalty Maturity Curve

Stage 1 – Relationship-Only Loyalty (Legacy Model)

- Loyalty = strength of rep relationships
- No enterprise visibility
- Branch-by-branch tribal knowledge
- Digital ignored or viewed as cannibalizing

Stage 2 – Channel-Fragmented Loyalty

- Basic marketing programs exist (rebates, punch cards, perks)
- Digital ordering adoption is inconsistent
- Reps can't see online behavior; digital can't see branch behavior
- Incentives limited or not tied to business value

Stage 3 – Data-Connected Loyalty

- Transactional data integrated across POS, sales, and digital
- Reps can see which contractors browse or buy online
- Digital teams use loyalty to encourage repeat ordering and category expansion
- Early-tier structure introduced

Stage 4 – Unified Loyalty Framework

- Branch, sales, and digital share a common contractor view
- Loyalty drives digital adoption, category breadth, and share of wallet
- Personalized offers and role-based incentives are standard
- Vendor-funded offers support growth and margins

Stage 5 – Predictive, Proactive Loyalty (Next-Gen)

- AI predicts reorder cycles by category and contractor
- Branch reps receive next-best-action prompts
- Loyalty automatically adapts incentives based on contractor behavior
- Digital + branch + rep engagement forms a closed-loop feedback engine

Modern leaders aim for Stage 4 and build toward Stage 5

Loyalty in Action: Driving Measurable eCommerce Growth

WHITE CAP

Case 1: Converting Offline Buyers to Online Reorderers

White Cap successfully migrated a nationwide loyalty program into a fully integrated experience. Now, the tier-based structure automatically issues quarterly electronic reward vouchers, reinforcing engagement across both branch and digital channels. A member dashboard displays tier status, voucher earnings, and recent transactions, creating transparency for customers and reps alike. Personalized Offer Galleries encourage cross-category exploration and higher-value ordering.

The result of the implementation of these new engagement tools is a scalable loyalty experience that unites branch and online interactions, driving measurable eCommerce adoption and retention without sacrificing personal service.

Case 2: Expanding Online Share of Wallet

White Cap also used its loyalty data to connect offline and online buyer behavior. Vendor-funded offers and continuity incentives encourage contractors to explore new categories digitally, while branch reps can use program insights to guide conversations about product expansion. The combination helps lead to higher share of wallet and increased digital revenue contribution.

KENT

25%
lift in average basket size

6X
return on investment

21%
margin improvement

Case 3: Deepening Digital Category Engagement

Kent Building Supplies implemented a loyalty program that directly linked in-store and digital activity for their pro customers. A personalized member dashboard displayed cash-back balance, tier progress, and transaction history, while targeted offers promoted online engagement. Reps are also able to reference these insights in-store, helping customers maximize rewards and efficiency.

Results to date include a 25% lift in average basket size, a 6X return on investment, and a 21% margin improvement, all achieved while reinforcing both digital and in-person purchasing.

When branch teams and digital platforms operate through the same loyalty lens, contractors receive a seamless experience that rewards every interaction and strengthens long-term relationships

What Leading Distributors Do Differently with Loyalty

Top-performing building supply distributors consistently follow five practices:

01 | Give branch & sales reps access to digital behavior insights

Reps can see:

- What contractors browse online
- What they reorder digitally
- Which categories they haven't explored
- Where they drop off or stop engaging

★ **This transforms sales conversations**

02 | Incentivize profitable behaviors across both channels

Examples:

- Digital reorder bonuses
- Multi-category growth offers
- Tier progression tied to total engagement
- Credit reliability rewards
- Pick-up and delivery behavior incentives

03 | Use loyalty tiers to signal value, not just spend

Tiers can reflect:

- Category breadth
- Digital adoption rate
- Reliability
- Lifetime value
- Partner-funded milestones

★ **This creates predictable, visible customer progression**

04 | Leverage vendor-funded offers strategically

Suppliers co-fund:

- Category trials
- Limited-time bonuses
- Multi-category bundles
- Seasonal promotions
- Training or certification-based rewards

★ **This boosts category adoption without margin erosion**

05 | Use loyalty data to support forecasting & branch operations

Insights support:

- Seasonal stocking
- Delivery optimization
- Cross-sell plays
- Credit risk assessment
- Sales coaching
- Margin protection strategies

★ **This moves loyalty from marketing to enterprise strategy**

Conclusion

Loyalty as the Framework for Sustainable Growth Across Channels

The building supply industry is evolving fast. Distributors that align their sales, marketing, and digital teams through a unified loyalty strategy are best positioned to thrive. Loyalty connects the dots not just between data and technology, but also between people and channels.

Branch visits remain the heartbeat of the customer relationship. They are where trust is built, problems are solved, and expertise is shared. Digital tools extend that experience by adding speed, convenience, and continuous visibility. Loyalty can integrate them, ensuring that both the rep and the portal reinforce the same promise: reliable partnership wherever the customer chooses to engage.

When designed as an enterprise framework, loyalty delivers measurable impact:

+25%
share-of-wallet growth through expanded product category engagement[7].

+30%
increase in digital adoption when loyalty reinforces online behaviors[8].

10 to 15%
higher retention after one year of program maturity[9].

The future of loyalty is not one channel over another. It is how every channel works together. When branch and digital teams share the same data and purpose, distributors move beyond transactions to create relationships that are both personal and scalable.

> " **Digital is not the enemy of loyal relationships; it's the new foundation that strengthens them.** "

7. Digital Commerce 360; "Beacon Roofing grows eCommerce Sales in Q2"
8. Delancey Street Partners; "Building Products, Materials & Distribution 2023 Year in Review"
9. Builder FirstSource Investor Reports, "Builders FirstSource Reports Second Quarter 2023 Results"

About Exchange Solutions

Exchange Solutions offers a SaaS loyalty and personalized offers platform designed for multi-location, high-volume businesses that depend on strong customer relationships. With deep experience in fuel & convenience, specialty retail, and building supply, we help distributors connect branch expertise with digital intelligence to drive profitable behavior change.

Unified contractor loyalty across branch + digital

Vendor-funded programs that drive category growth

Intelligent offer and promotion orchestration

Role-based dashboards that give reps visibility and control

Tiering and incentives that reflect real contractor value

Proven improvements in digital adoption, retention, and margin

We help building supply distributors transform loyalty into a strategic growth engine.

To learn more:
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