PULSE **Absolunet**.

Can The Building Materials Industry Survive the Next Tidal Wave?

The global pandemic uprooted our daily lives and unsettled our economies. As business shifted online, companies and industries that had foregone eCommerce adoption were disproportionately impacted. The building materials industry is definitely part of this trend.

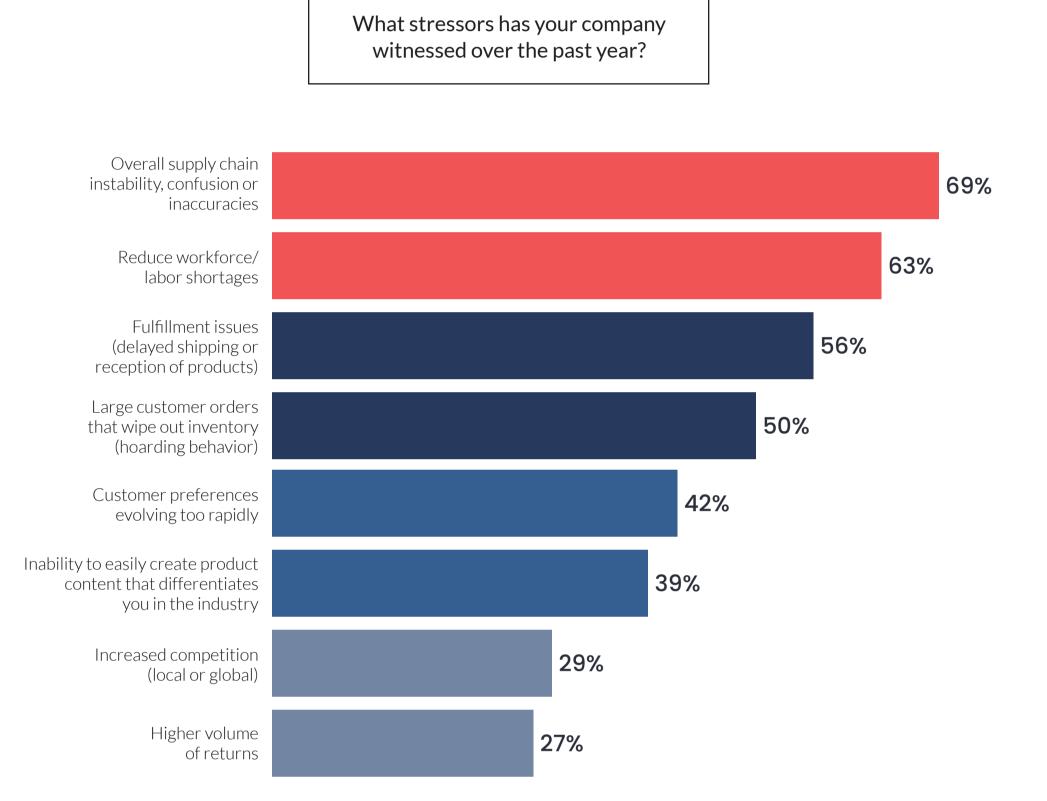
90% of distributors, wholesalers, manufacturers, and OEMs understand that eCommerce is the way to go but only 14% use it. There is a significant "first mover advantage" for anyone that invests in their digital transformation to collect or gain market share.

Pulse surveyed 100 marketing and IT figureheads in the building materials industry, including distributors, materials manufacturers and wholesalers, to understand if the pandemic or other factors are catalyzing their need to move online.

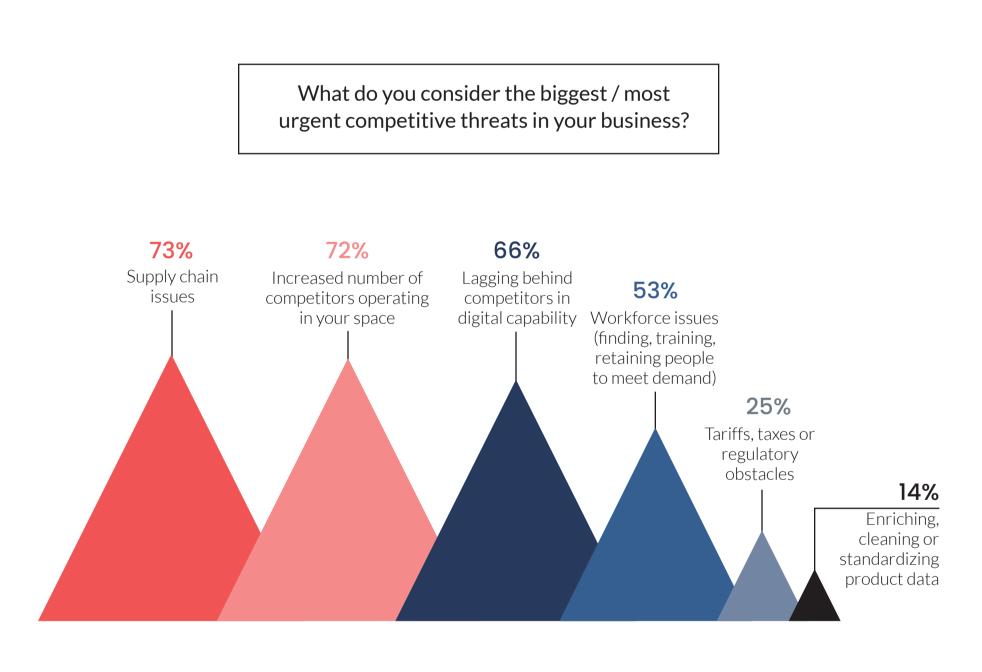
Data collected from July 1 - August 5, 2021 Respondents: 100 IT and Marketing decision-makers in the building materials industry

BUILDING MATERIALS INDUSTRY SUPPLY CHAINS WERE UNDERPREPARED FOR PANIC BUYING.

The pandemic wreaked havoc for the building materials industry in many ways; in the past year, 69% of the respondents were stressed by the unstable supply chain. One out of every two respondents witnessed a buying frenzy that offset their inventory. As a result, survey respondents were unable to fulfill orders (56%) or unable to easily create product content to differentiate themselves in the industry (39%).

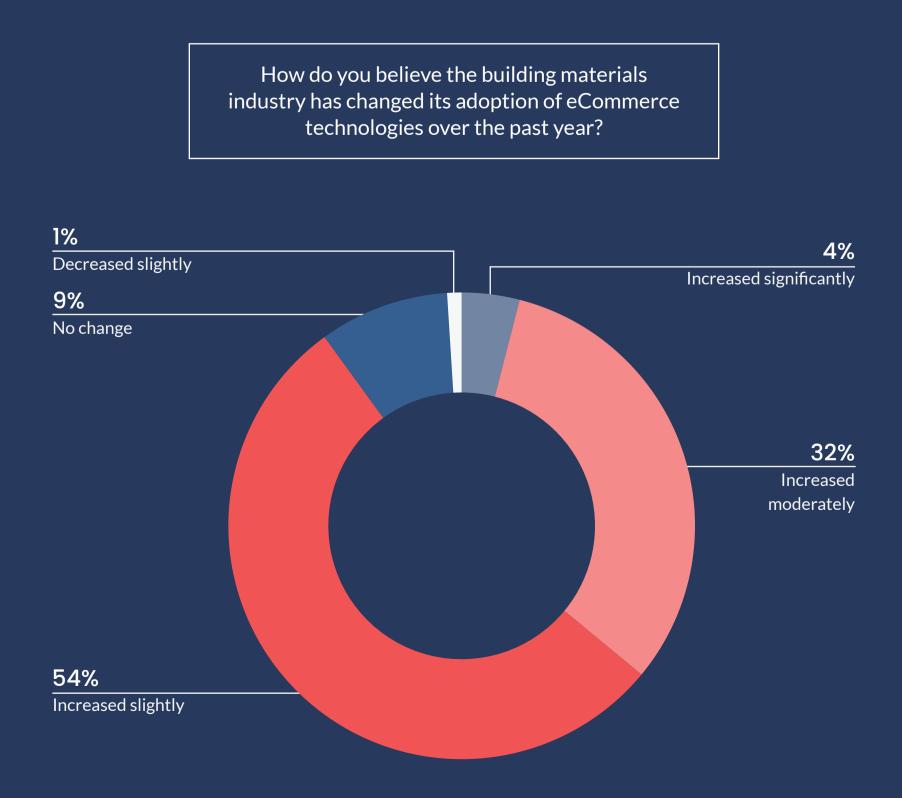


In light of the pandemic, 72% of the survey respondents believe that one of the most prescient threats in their business is the market entry of more competitors. Another top threat for 66% of the respondents is their competitors' more advanced online capabilities.



90% BELIEVE INDUSTRY-WIDE ECOMMERCE ADOPTION IS UNDERWAY.

Reacting to both the imminent threat of competitors and their online capabilities, 90% of building materials industry members believe that eCommerce adoption in the building materials industry has increased.



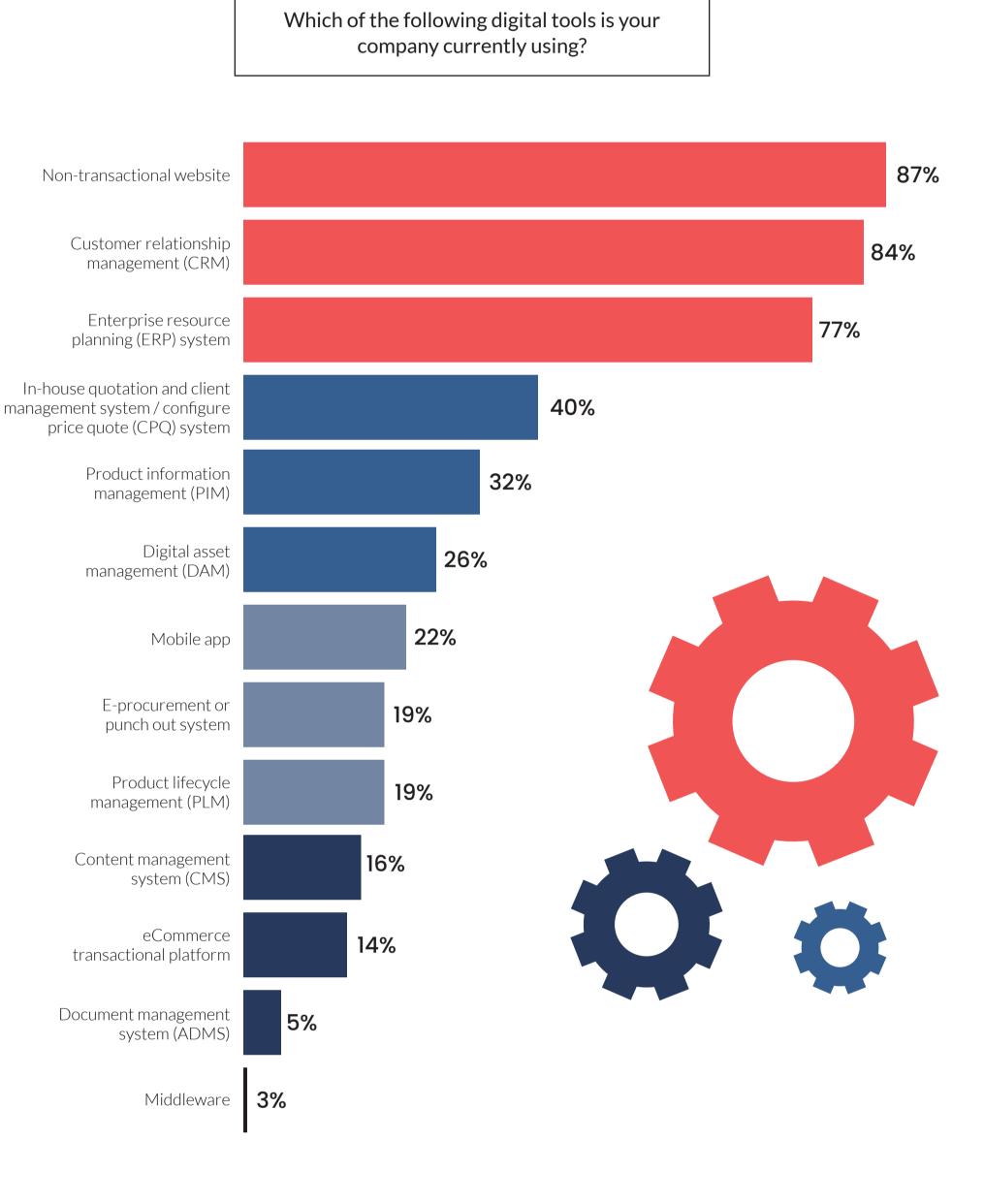
Distributors are placing a comparatively higher emphasis on growing their online channels; 72% admitted that online sales are a priority for them.

Meanwhile, industry stakeholders that rely on business-to-business relationships are not placing that same emphasis on their online sales as 33% of respondents at wholesale firms are unsure about their digital strategy. 24% of respondents that work at OEMs are not currently prioritizing an increase in online sales.

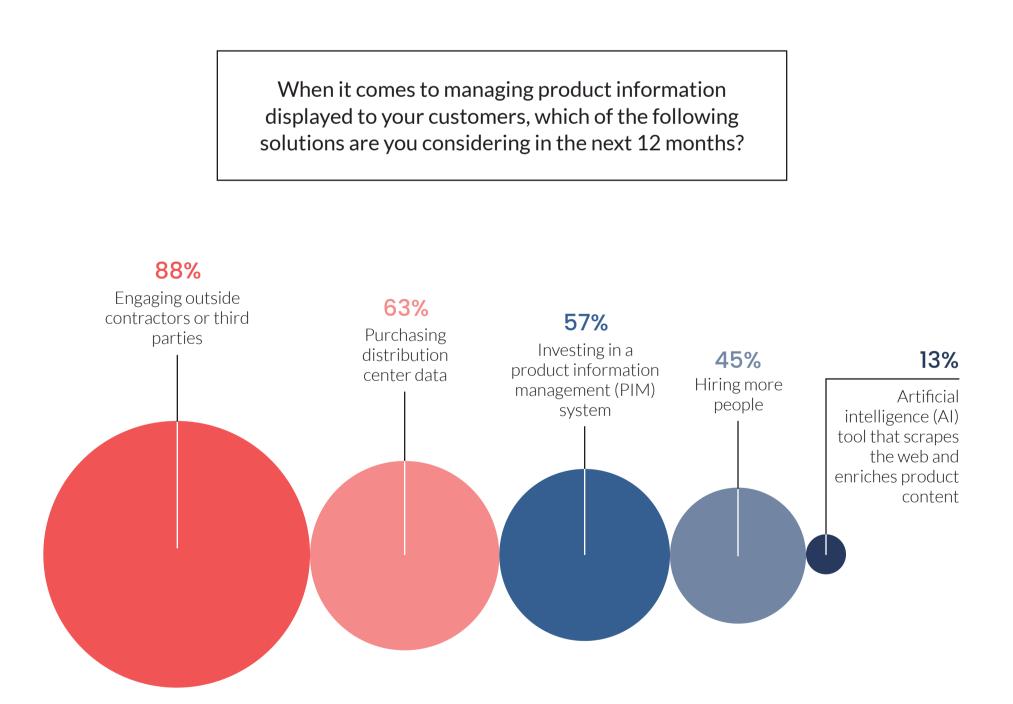


ONLY 14% OF RESPONDENTS ARE USING A TRANSACTIONAL ECOMMERCE PLATFORM.

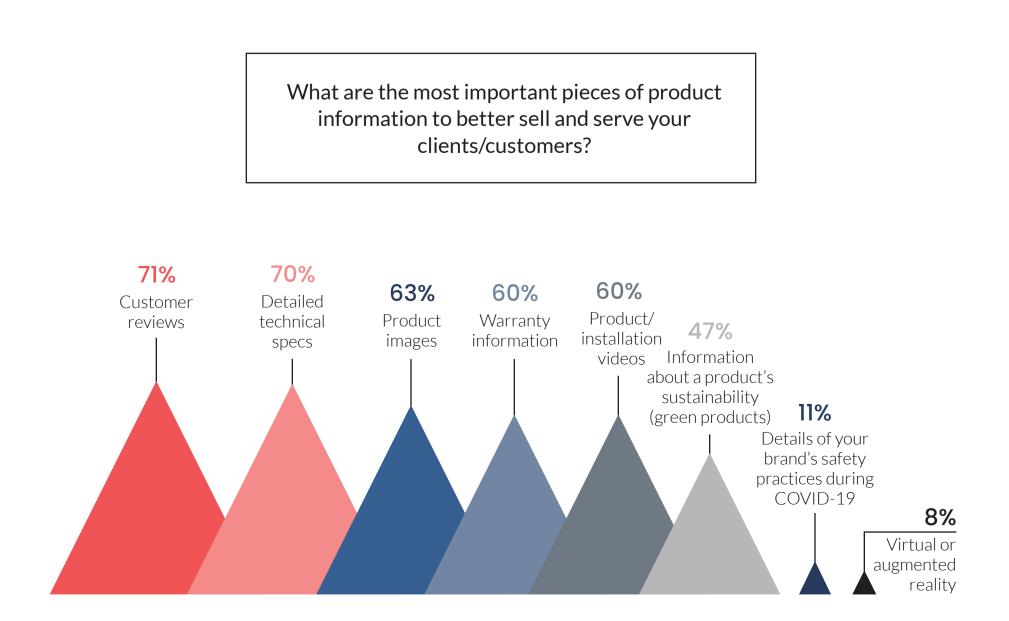
Although growing online sales is top of mind across the industry, 87% of respondents admitted to using a non-transactional website; with 84% of respondents using a CRM, most respondents' websites might be disconnected from their CRMs. Only 22% of respondents operate a mobile app and an even slimmer percentage (14%) use an eCommerce platform capable of supporting online shopping.



In the near-term, survey respondents are more inclined to invest in manual solutions such as contractors (88%) and more employees (45%) to manage product information displayed to customers. 63% of respondents are considering purchasing distribution center data, a common practice in the industry.



Since most respondents' near-term goals are focused on simply gathering readily available data such as distribution center data, unsurprisingly, 71% believe that undifferentiated and informational data such as technical specs could secure more online sales. Rich and engaging content such as product videos or augmented reality are lower on the priority list.

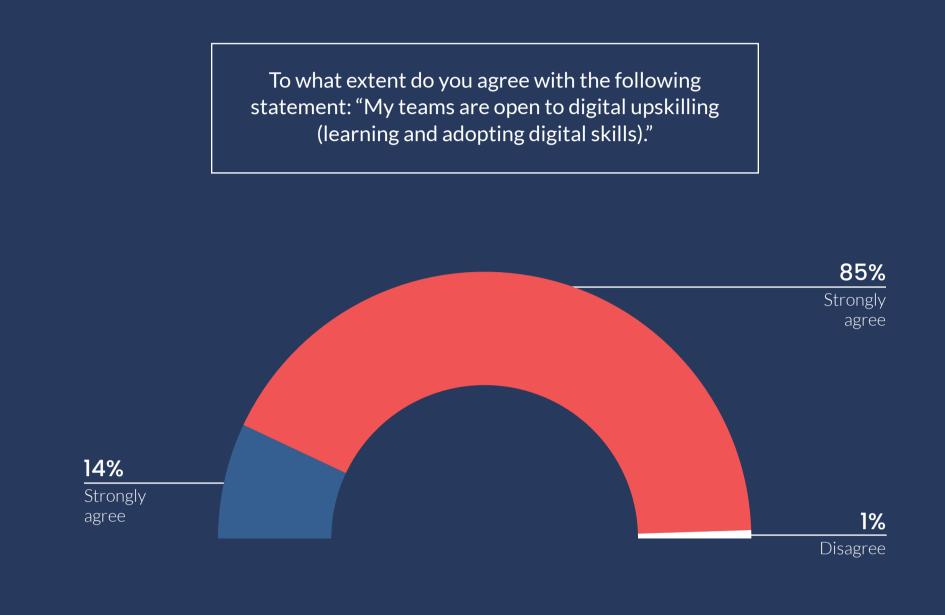


BEING DIGITALLY MATURE IN IT ISN'T ENOUGH, MARKETING AND SALES ARE ALSO PART OF THE SOLUTION .

61% of the survey respondents' IT teams are solely responsible for their companies' digital infrastructure. Only 35% share these digital responsibilities with their marketing team, sales team, or both.

	Who from your team is responsible for your eCommerce and related digital infrastructure?	
96% IT		34% Marketing
		8% Sales

99% of the survey respondents did admit that their existing teams are open to digital upskilling—a welcome sign if the digital infrastructure responsibilities were shared cross-functionally.



Lastly, survey respondents were asked to rank their company's digital adoption maturity level. 65% of the respondents across the industry believe that they have a foundational understanding of digital tools wherein they are analyzing CRM data and have a well-populated website.

67% of respondents from wholesale firms admit that they are at a more nascent digital adoption stage; their websites have basic eCommerce features and they have uncoordinated online marketing initiatives.

