

# W.W. Grainger: Where Should Digital Self-Service End?

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## Student case | Information cutoff: May 15, 2026 (ET)

Grainger had built a business in which digital ordering and specialist support were both part of the offer. Its March 2026 investor presentation reported that 75% of High-Touch Solutions U.S. (HTS U.S.) orders flowed through digital channels, while describing a sales team of more than 4,000, technical product support, inventory management and onsite services. For a hypothetical strategy team advising Grainger, the question is how to coordinate these capabilities as customers' procurement needs vary.

The assignment below is a classroom construct. Grainger has not publicly described a pending decision about sales coverage, channel rules, or incentives. The evidence reviewed does not establish a service-quality problem or show that digital ordering has displaced specialist consultation.

## The assignment

Assume you advise a hypothetical Grainger leadership team. Recommend how it should organize digital self-service and specialist sales or onsite service for HTS customers whose purchasing needs range from routine replenishment to complex product and inventory decisions. Address how digital orders should interact with salesperson credit and how the company should monitor customer outcomes and cost-to-serve.

Choose and defend a policy direction:

1. **Digital-first, with specialists focused on exceptions:** make routine orders as self-directed as possible and direct scarce specialist attention to complex or unusual needs.
2. **Defined human touchpoints:** preserve or prompt consultation in selected customer/product workflows while making routine reorder digital-first.
3. **A staged hybrid:** pilot differentiated pathways and incentives, then expand only if evidence supports the change.

You may propose another approach. For the option you recommend, specify what customer or product conditions should trigger a service touchpoint, what evidence would govern expansion, and what would make you change your mind. Treat any thresholds, pilot duration, or policy as hypothetical. Do not assume that Grainger has disclosed account-level channel economics, returns, customer satisfaction, or a consultation-quality problem.

## One customer proposition, several ways to order

Grainger describes two businesses aligned to different go-to-market approaches. High-Touch Solutions North America (HTS N.A.) focuses on product knowledge and customer expertise for complex buying; Endless Assortment offers a streamlined online platform for millions of products and simpler purchasing needs. The company also notes exceptions to a clean split: some MonotaRO enterprise customers have more complex requirements. HTS customers often use e-procurement systems and receive relationship support from sales and service representatives. KeepStock provides inventory expertise onsite. These are Grainger's descriptions of its model, not evidence that every customer can be assigned to a single channel. [1]

In its March 2026 investor presentation, Grainger described an HTS U.S. offer spanning about 2.0 million available SKUs, more than 4,000 sales-team members, technical product support, inventory management and onsite services. It reported that 75% of HTS U.S. **orders** were placed through digital channels, defined to include Grainger.com, EDI/eProcurement and KeepStock. That measure counts orders; it is not a share of sales dollars, customers, or margin. EDI and KeepStock orders may coexist with human support. The figure therefore describes ordering routes, not whether customers did or did not receive specialist assistance. [2]

Grainger's broader operating system combines online search and ordering with stocked products, distribution centers, branches, technical support and onsite inventory services. The company reported more than 5,000 primary suppliers and over 1.5 million products stocked globally. It describes next-day shipment from distribution centers and same-day pickup and technical help at branches. The public disclosures do not isolate how each element affects service levels, retention, total procurement cost, or segment profitability. [1]

## Scale and performance do not answer the channel question

In 2025, HTS N.A. generated \$13.993 billion in net sales, up 2% as reported and 3% on a daily constant-currency basis. Reported operating earnings were \$2.354 billion, down 1% from 2024. Endless Assortment reported \$3.625 billion in sales, up 15.7%, and \$345 million in operating earnings, up 32.7%. Its reported operating earnings divided by sales imply a 9.5% margin, compared with 8.3% in 2024; these are simple calculations from reported amounts, not company-adjusted margin figures. The segments differ in customers, geography and operating model. Their contrasting growth does not establish that HTS should move to online-only service or that digital ordering caused either segment's results. [1]

The first quarter of 2026 offered a more recent but short-window update. Grainger reported total company sales of \$4.742 billion, up 10.1% as reported. Daily organic constant-currency growth was 12.2%. HTS N.A. sales were \$3.752 billion, up 10.5% as reported and 10% on a daily constant-currency basis; price and volume each contributed 5%. HTS N.A. operating earnings were \$688 million, up 14.7%. Those figures do not disclose channel-level economics or show that digital ordering drove the quarter's performance. Management's May guidance for total-company daily organic constant-currency sales growth was 9.5%-12.0%; its adjusted operating-margin guidance was 15.6%-16.0% for the company, 17.0%-17.4% for HTS N.A. and 10.2%-10.6% for Endless Assortment. Guidance is a forecast, and the margin figures are adjusted measures. [3]

## **A competitor offers a useful, imperfect comparison**

Fastenal's 2025 filing describes eBusiness alongside onsite inventory programs, vending and customer-site services. It reported about 124,000 FASTVend devices at year-end. This shows that another industrial distributor combines digital tools with inventory-at-site services; it does not demonstrate which service configuration performs better. Fastenal's customer mix, footprint and site-count definitions differ, so its measures are not direct benchmarks for Grainger. [4]

## **Two mechanisms, neither settled for Grainger**

Research on business-to-business selling offers competing explanations. One possibility is complementarity: online search and purchase can surface customer needs and make salesperson interactions more informed. Lawrence and coauthors' abstract reports complementarity in a large industrial seller and two post hoc experiments, but the full methods and results were not accessible for this case research. It provides a directional counterpoint, not a quantified or Grainger-specific effect. [5]

Another possibility is that e-commerce helps cover more transactions while some purchases lose consultation when customer needs call for advice. Kassemeyer, Alavi and Habel studied a European industrial distributor's e-commerce rollout. Their one-year, nonrandom field design did not find a statistically significant change in the number of revenue-generating customers. It did find more average invoices per customer and a lower share of revenue not returned. The latter is a proxy, not a direct measure of advice quality, safety, satisfaction or relationship strength. The authors note limits including rollout selection, an already-treated comparison market, short follow-up and generalizability. Their estimates are not forecasts for Grainger. [6]

The study's mixed results sharpen the question: transaction reach and service quality may require different measures. It does not show that Grainger faces the same trade-off. Its own digital-order definition includes EDI/eProcurement and KeepStock, where human coordination may already be involved. The public record does not disclose returns, order corrections, customer satisfaction, costs-to-serve, consultation rates, account retention, or margin by channel and procurement complexity. It also does not disclose how Grainger credits salespeople for digital orders.

## **What would a sound policy measure?**

A channel design might distinguish purchases by complexity, criticality, customer preference, prior correction or return patterns, or the need to coordinate onsite inventory. Those are possible decision variables, not disclosed Grainger rules. Digital adoption alone would be an incomplete success measure. A test could pair order-channel measures with customer outcomes and fully allocated service costs: product returns or corrections, quote conversion, stock substitutions, on-time/in-full delivery, category breadth, service resolution, customer-reported procurement effort, gross margin/net price and salesperson or onsite-service time.

Any test would need to account for customers selecting channels for reasons that also affect their outcomes. A comparison by account or workflow should define the eligible population and measure both benefits and service costs over a period long enough to observe repeat purchasing. The evidence needed to implement such a test-account-level complexity, service contacts, outcomes and labor costs-is not provided in the public filings. Leaders would need access to internal data before setting targets or estimating returns.

## Discussion questions

1. What is the strategic decision, and what does Grainger's 75% digital-order measure establish? What does it leave unknown?
2. Which of the three policy directions would you recommend? How should routine, complex and onsite-inventory workflows differ?
3. What measures would reveal whether digital and specialist service complement one another or substitute for one another? How would you design a test that accounts for customer self-selection?
4. How should digital orders affect salesperson incentives and credit? What unintended behavior could each rule create?
5. What can the academic studies and Fastenal comparison contribute? Which findings or measures should not be transferred to Grainger?
6. What evidence would cause you to revise your recommendation?

## Exhibits

### Exhibit 1. HTS U.S. service and order-channel measures

| Measure                    | Reported description                                                | Scope and interpretation                                                                                                                 |
|----------------------------|---------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Available assortment       | About 2.0 million SKUs                                              | HTS U.S. presentation measure; availability is not a disclosed fill rate or customer-level assortment                                    |
| Sales team                 | More than 4,000 members                                             | HTS U.S. presentation measure; not a measure of salesperson utilization or service cost                                                  |
| Digital orders             | 75% of HTS U.S. orders                                              | Includes Grainger.com, EDI/eProcurement and KeepStock; not revenue share, account share, margin, or proof that no human contact occurred |
| Technical and onsite offer | Technical product support, inventory management and onsite services | Company-described capabilities; channel-level outcomes and usage rates are not disclosed                                                 |

All presentation statistics above refer to 2025 unless otherwise indicated. Source: March 2026 investor presentation, slide 13 and footnote (1). [2]

### Exhibit 2. Reported segment performance

*USD millions. Reported amounts; growth bases are shown as stated by the company.*

| Segment / period           | Net sales | Sales growth                                            | Operating earnings | Earnings growth | Important boundary                                                            |
|----------------------------|-----------|---------------------------------------------------------|--------------------|-----------------|-------------------------------------------------------------------------------|
| HTS N.A., FY2025           | \$13,993  | +2% reported; +3% daily constant currency               | \$2,354            | -1%             | Includes North America scope defined by the filing; no channel attribution    |
| Endless Assortment, FY2025 | \$3,625   | +15.7%                                                  | \$345              | +32.7%          | Distinct segment and customer/geographic mix; not a direct channel experiment |
| Grainger, Q1 2026          | \$4,742   | +10.1% reported; +12.2% daily organic constant currency | -                  | -               | Total-company sales, not digital sales                                        |
| Segment / period           | Net sales | Sales growth                                            | Operating earnings | Earnings growth | Important boundary                                                            |
| HTS N.A., Q1 2026          | \$3,752   | +10.5% reported;                                        | \$688              | +14.7%          | Quarterly results do not                                                      |

| Segment / period | Net sales | Sales growth                 | Operating earnings | Earnings growth | Important boundary                       |
|------------------|-----------|------------------------------|--------------------|-----------------|------------------------------------------|
|                  |           | +10% daily constant currency |                    |                 | disclose channel-level causes or returns |

Source: 2025 Form 10-K, Item 7, pp. 30-31; Q1 2026 Form 10-Q, MD&A pp. 15, 17-18; earnings release. The 9.5% FY2025 Endless Assortment margin is calculated as \$345m / \$3,625m; the 8.3% FY2024 figure is \$260m / \$3,134m. They are unadjusted ratios from reported values. [1, 3]

### Exhibit 3. Fastenal model comparator

| Disclosed element | Fastenal 2025 description                         | Limit                                                                            |
|-------------------|---------------------------------------------------|----------------------------------------------------------------------------------|
| Digital           | eBusiness                                         | No comparable digital-order-share definition is used here                        |
| Onsite service    | FMI, vending/bin stock and customer-site programs | Program definitions and customer mix differ from Grainger                        |
| FASTVend          | About 124,000 devices at year-end 2025            | Device count is not comparable to Grainger's orders, branches or customer counts |

Source: Fastenal 2025 Form 10-K, "Channels to Market," "Customer Sites and Sales Segmentation," and "Our Business Tools-Fastenal Managed Inventory." [4]

## Sources

1. W.W. Grainger, Inc., [2025 Form 10-K](#), filed February 19, 2026, Item 1, pp. 4-7; Item 7, pp. 29-31; Note 13, p. 64.
2. Grainger, [March 2026 Investor Presentation](#), slides 6-8, 12-14, 15-16 and relevant appendix. The 75% footnote on slide 13 defines HTS U.S. orders through Grainger.com, EDI/ePro and KeepStock.
3. Grainger, [Q1 2026 Form 10-Q](#), filed May 7, 2026, Item 1 statements/Note 2, pp. 5-10; MD&A pp. 15-19; and [Q1 2026 earnings release](#), May 7, 2026.
4. Fastenal Company, [2025 Form 10-K](#), filed February 5, 2026, Part I Item 1, “Channels to Market,” “Customer Sites and Sales Segmentation,” and “Our Business Tools-Fastenal Managed Inventory.”
5. Justin M. Lawrence, Andrew T. Crecelius, Lisa K. Scheer, and Ashutosh Patil, “Multichannel Strategies for Managing the Profitability of Business-to-Business Customers,” *Journal of Marketing Research* 56(3) (2019): 479-497, [publisher abstract](#). Abstract and bibliographic record only; detailed methods and results were not accessible.
6. Roland Kassemeyer, Sascha Alavi, and Johannes Habel, “Implementing E-commerce Channels in Business-to-Business Selling,” *International Journal of Research in Marketing* (2025), corrected proof, [DOI](#), [author manuscript](#). Full manuscript; study design/results and limitations are summarized above and in the research dossier.

**Case boundary:** The hypothetical advisory role and policy choices are teaching constructs. Management’s descriptions of the offer are attributed company statements. No post-cutoff evidence, internal deliberation, customer complaint, quality trend, channel return, or causal Grainger-specific effect is asserted.