

Digital Transformation: Helping Wholesale Distributors Emerge Stronger



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Turbulent times

It was a turbulent 2020 for wholesale distribution. Massive shifts in product category demands meant rapid changes in tactics. Supply chain issues created continued uncertainty. Lockdowns and social distancing caused lasting changes to consumer buying habits.

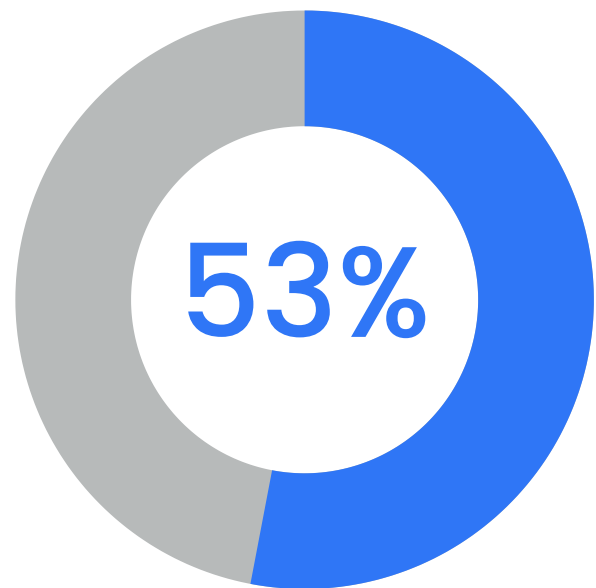
For wholesale distributors, increasing competition is yet another challenge thrown into the mix. During 2020 in Australia, each month saw an average of 1 million additional households buying online compared to 2019. In addition, 1.9 million Aussie households made an online purchase for the first time in 2020. Shoppers also became used to buying internationally and from a wider variety of channels.

Aussies became a lot more comfortable with shopping around last year. 53% of regular shoppers bought from more than 9 sources in 2020, compared with 36% in 2019. 22% of shoppers also purchased from a store that was new to them. These figures are a stark reminder that competition is fierce. Online outlets, marketplaces, and social media are just a few channels that are expanding buyer choice.

Wholesale distributors now need to be more competitive than ever, offer better customer experiences, and examine where they can gain a competitive advantage.

Distributors have been transforming operations over past years to improve planning, logistics, and more. Clever distributors, however, are now focused on how to increase their lead over the competition.

Many trends last year were out of wholesalers' control – but digital transformation is one trend over which wholesalers have complete control.



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Read on to learn how digital transformation can help you to emerge even stronger this year.

Survey source: Australia Post – Inside Australian Online Shopping – [eCommerce Industry Report 2021](#)

Do more with less

Wholesalers and distributors are constantly juggling between efficiency and customer experience. However, when you target the right efficiencies, it can improve the customer experience – killing two birds with one stone.

The turmoil of 2020 highlighted the need for efficiency. With social distancing restrictions, companies everywhere were forced to work remotely or perform the same tasks with limited physical staff in each area.

Those who invested in digital transformation early minimised the business impact of changed working conditions. They focused on how to increase output by removing inefficiencies. The outcomes were impressive. Distributors saw shorter time from order to delivery, better stock control, and time and cost savings that allowed them to be more competitive and improve customer service.

Some of the areas to improve by refining processes include:

Mis-picks and missing shipments

Picking errors inevitably happen when relying on manual processes. It's a process prone to human error and can result in customer frustration when products are delayed or don't arrive. Real-time barcode scanning and sensor technologies can eliminate errors and frustrations, though.

More efficient picking

The time it takes staff to locate and manually pick products adds up to a significant expense. Modern software can tell picking staff the exact stock location, identify optimal routes when picking multiple products, and even help work out the best stock locations to speed everything up.

Not only does this save distributors time and cost, but it also increases stock turn, allows for more orders to be picked, and enables faster order turnaround.

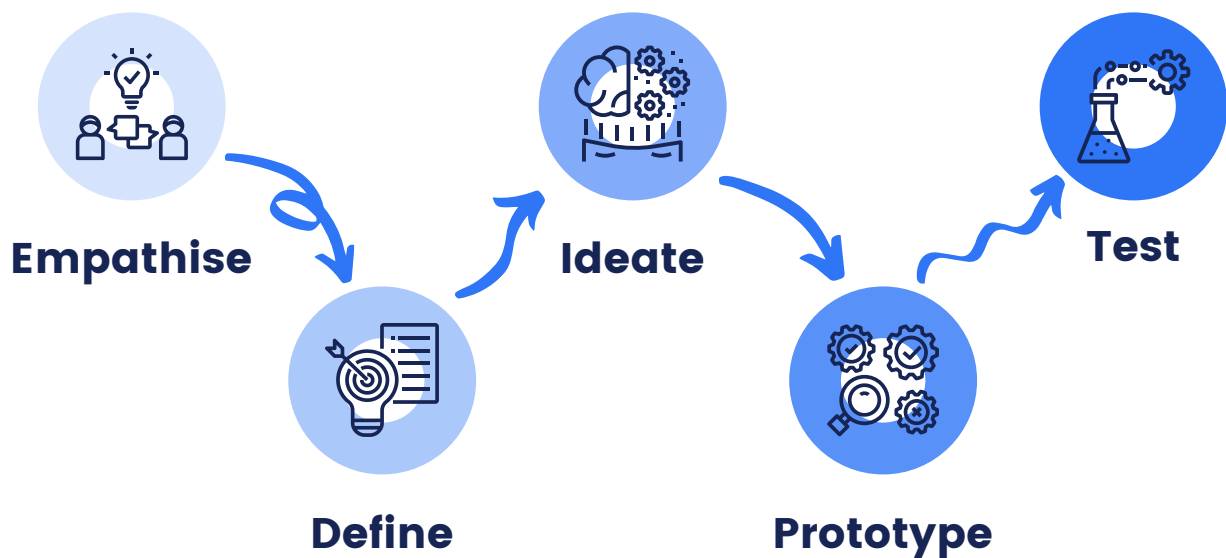
Optimising stock levels

Too much stock results in capital tied up and often price reductions or wastage of products going unsold. Too little stock leaves you unable to fulfil orders and miss sales opportunities. Inventory management systems, especially when part of a broader ERP system, can help optimise supply without needing additional resources to do the number crunching. Some cloud-based systems allow for min and max stock levels to trigger re-ordering. Demand planning and forecasting functionality also support "what if" scenario planning to quickly adapt to changes and keep stock at the right levels year-round.

Think differently

Digital transformation begins by taking a fresh approach to operations. Design thinking is one approach that changes perspectives. It aims to uncover solutions to questions you may not have previously considered. And, it's all based on the customer. While it's a discipline commonly used in creative and design industries, any industry can tap into the results it creates.

Design thinking works in 5 stages: empathise, define, ideate, prototype, test. First, research and empathise with problems from your customer's perspective, then analyse and document them in the define phase. Ideation challenges assumptions and brings out-of-the-box thinking. Prototyping looks at the best possible solutions and creates scaled-down versions. Lastly, the test phase lets you experiment and use the results to confirm or redefine your customer's problems and needs.



While design thinking is the know-how that empowers a customer-centric approach, project management software is a vital tool in handling the process. Approach and software should, therefore, be a part of any distributor's digital transformation strategy.

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Create memorable customer experiences

Sales reps were once the keepers of information. Pricing, new product, and even service information were distributed by reps visiting customer sites. Availability of data has evolved, however. So too, have customer expectations.

Customers expect an online portal to view live product, pricing, and stock information as the baseline in a data-on-demand age. To deliver a memorable experience, however, takes a more personal approach.

The pandemic made many of us miss our daily interactions with co-workers, customers, and suppliers. So a simple but effective tactic for wholesalers is now to keep in regular contact with customers. Scheduling reminders for general check-ins with customers ensures relationships are constantly nurtured. It's also an opportunity to add some personalised value.

Informed, valuable conversations can be had by checking customer purchases, interactions, and account history. For example, are there product lines regularly bought for which reps can offer customised quantity break prices? Are there issues or follow-ups from customer service teams pending which need discussion? Are there promotions applicable to specific verticals or territories?

If you have a consolidated view of your customers and relevant information throughout your business, you're already a step ahead. This is where the right CRM system becomes an invaluable part of your digital transformation strategy. Paired with sales and inventory management systems or as part of a complete ERP package, it becomes much easier to manage customers, their needs, and deliver memorable customer experiences.



Automate the heavy lifting

Almost every company that hasn't rolled out a digital transformation strategy will have countless manual processes in place. Some may be minor annoyances, while others can lead to bigger problems with data accuracy, creating bottlenecks, and more.

Business process automation (BPA) lets systems do the heavy lifting of low-value tasks. Automation leaves staff free to focus on growth strategies and revenue-generating activities. It also works to reduce overall costs and boost productivity consistently.



Supply chain automation includes filling purchase orders and sending to pre-approved vendors when levels slip below thresholds.

Salesforce automation works across customer follow-up notifications, messaging updates, sales and commission management, and even lead logging and tracking.

Financial reporting can be scheduled and sent via email to trigger reviews and reminders with invoice processes integrated with supply chain and shipment receipt data, and so on.

These are just a few examples of why automation should be a priority during digital transformation.

Industry-specific technology solutions are empowering wholesalers to make short work of time-consuming, repetitive processes. Automation and time savings can be pushed even further by bringing everything into a central system that works across the entire business.

The next step to leap ahead

The turmoil of 2020 was challenging for wholesale distributors. However, it also forced them to rethink operations and examine new opportunities. Wholesalers who invested in digital transformation strategies have already gained a competitive advantage.

Modern, cloud-based systems have helped forward-thinking companies do more with less, optimise stock, and become more efficient. They're now managing projects that redefine customer problems and needs with greater ease. They're providing memorable customer experiences and automating low-value tasks so they can concentrate on growth strategies.

Dealing with manual processes and outdated systems doesn't have to be a problem for next year; by that time, the gap between competitors will have broadened. So the best time to invest in digital transformation is right now.

Whether you're looking for a place to start or already investigating systems, an ERP platform will help you drive digital transformation further and faster. ERP brings all core business functions together into one central system. This consolidation allows you to leverage even more improvements by reducing manual processes, creating accurate real-time visibility, and automating right across the business.

To learn more about amplifying business success through digital transformation, talk to an [ERP expert](#) now.

Take the next step
to leap ahead.

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