

WHITE PAPER

# Add to Cart: Bringing Wholesale Distribution Online

Taking Wholesale Distribution to New Heights in the Online Era





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## Taking Wholesale Distribution to New Heights in the Online Era

For many wholesale distributors and manufacturers, relying on the same traditional channels is no longer a viable option. Recent physical distancing limits and lockdown measures changed the way they could do business, compounding ongoing changes in industry trends. Many traditional wholesale channels—like trade shows or even showrooms—are less viable.

While some have made the jump into ecommerce and the world of online sales, poor online experiences can often mean these businesses lag behind their consumer-focused counterparts. Those that are able to manage distribution online can see a huge advantage in not just sales, but business continuity.

For businesses in Asia Pacific and Japan, there is significant potential in ecommerce. Asia Pacific is the [largest region in the global retail and wholesale market](#), accounting for 39% of the market in 2018. [Buyers now increasingly use ecommerce for direct-from-manufacturer \(DFM\) sales](#) and for purchases from online marketplaces, meaning manufacturers and wholesalers must adapt accordingly.

This has only been heightened during the response to lockdown measures, with almost [90% of B2B sales](#) moving to a remote sales model since the start of the pandemic. Many changes made to business models during this period will be adopted as the new status quo; [93% of businesses in APAC are likely](#) to sustain shifts to sales models for more than a year after COVID-19.

Wholesale distributors and manufacturers have not only the potential to support business continuity during restrictions but stay on the front foot of B2B trends well into the future. Businesses in Asia Pacific and Japan can now manage their businesses online, connect with customers and improve operations. Whether you're looking to transition to ecommerce or improve your online presence, there are three key areas NetSuite has identified for the new world of business.

So how can wholesale distributors and manufacturers manage their businesses better online?

## Crafting the Customer Experience

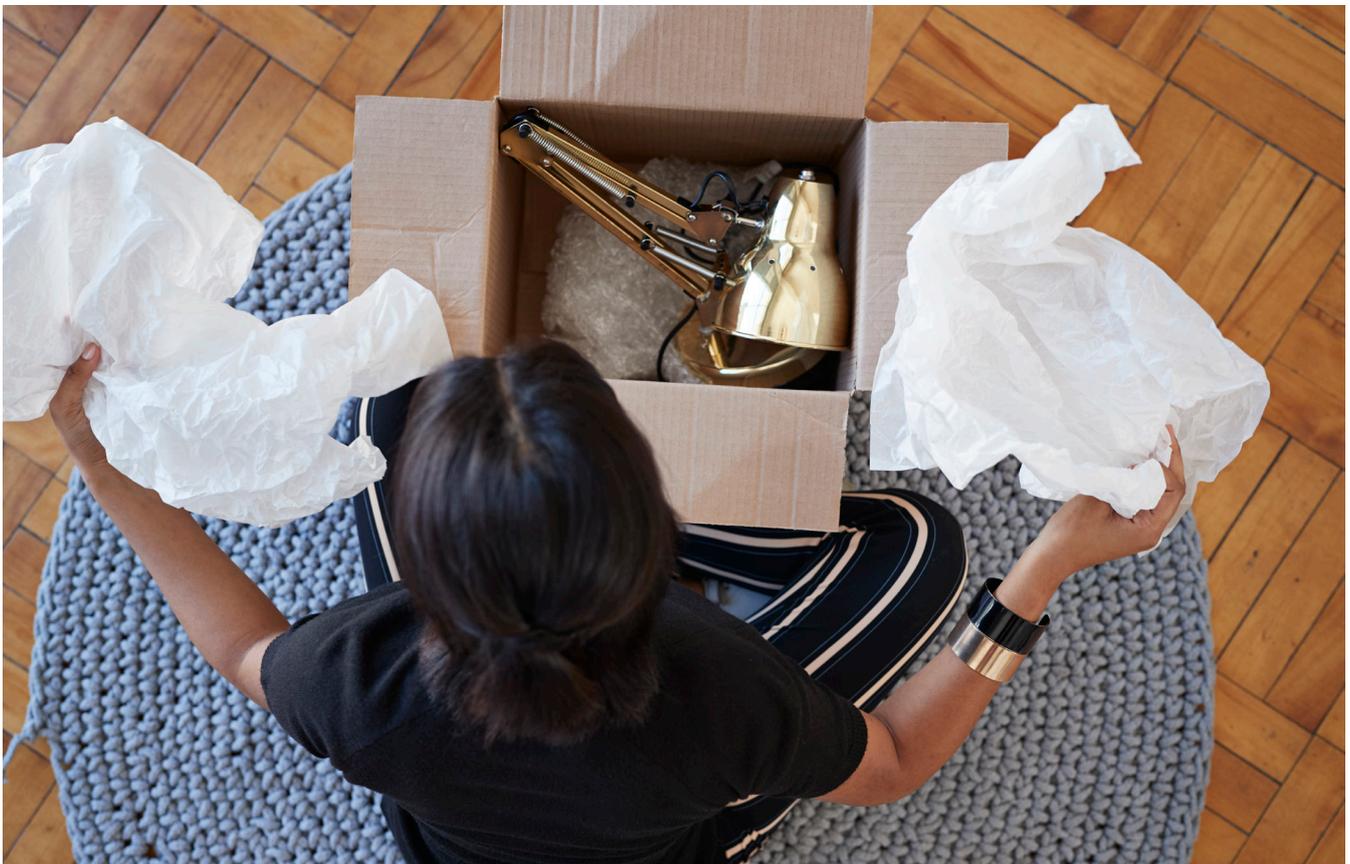
For most business customers these days, an outdated, glitchy website won't cut it. Business customers expect the same purchase experience as they get when hailing a ride share or buying a pair of sneakers online. The purchase experience can be make-or-break for some; with the majority of customer interactions now moving online, the quality of the digital experience can have a significant impact on a distributor's bottom line.

Almost three-quarters (72%) of buyers said they would move their purchases to a different distributor with a more user-friendly website, and that goes up to 85% among buyers aged 21-30. This reiterates the importance of experiences, rather than the typical relationship approach. More recently, self-service via apps and live chat options have seen an increase in importance; [one-third \(33%\) of buyers surveyed in JAPAC](#) rated the option of live chat during the research stage of their buying journey as one of the top-three requirements for a best-in-class supplier.

When discussing the [top-three most frustrating issues with B2B supplier's websites](#), 36% of customers said the length of the ordering process, 34% the difficulty of finding products, and 33% technical glitches with ordering. Some other common concerns were around a lack of delivery information and technical support and confusing websites—all issues that could impact a customers' likelihood of purchasing again.

Respondents also cited confusing websites, a lack of information on delivery and technical support and difficulty setting up payments. Wholesale distributors can first look to make sure they are addressing these concerns. Once they have the basics of the customer experience down, they can start looking to other additional features to improve the ecommerce process.

Adopting a centralised customer relationship management (CRM) means all details can be tracked accurately regardless of where an order is made, and data can be used to improve future



transactions. Businesses can also implement customised buying portals online that capture a customer's information and preferences in one place. This could be their logo, regular orders and payment processing, in a process that offers independence along with the personalised experience they would get from an actual sales consultant. These portals allow distributors to integrate directly with cloud-based enterprise resource planning (ERP) and CRM platforms for a complete view of customer data. This means all information relating to a customer and their order is consolidated in one place.

Whether through personalised customer portals or intuitive web design, distributors should look to deliver a customer-centric online experience. One business that embeds the B2B customer in its online approach is [Sanicare](#), the Philippines' bathroom tissue brand, along with a range of other hygienic paper products. Using centralised business management and an online B2B customer portal, Sanicare is able to collect valuable customer data and ensure it is meeting its customers' needs while also providing a seamless experience.

During heightened demand during the peak of COVID-19 restrictions and panic buying, orders spiked by 70%—but with only 20% of the team able to travel to the factory, the company was unable to meet those manufacturing requirements. By restricting the amount of products available to only core SKUs and adding order limits, Sanicare was able to still provide an essential product to its customers online. This was managed via its online shopping portal, using customer data to better understand traffic and purchase habits and ensure customers could still access much-needed items. All of this was enabled by Sanicare's centralised ERP to effectively scale and have a clear picture of what was happening in the business at all times.

### Improve Online Operations

Moving sales operations online can quickly bring operational issues to the surface. Disconnects between systems or lengthy, manual processes can end up slowing down orders or leading to frustrations for both customers and employees. During the recent restrictions, many businesses

have also had a reduced workforce to manage orders or have been addressing broader issues in supply chain and freight.

The good news is that with the right systems and processes, businesses can be better prepared for their online future. Automation is increasingly being used as a mechanism to reduce manual workloads and improve efficiency. With the right technology, online orders can go through an automated process that guarantees consistency for customers and frees up employees for other tasks.

[BioPak](#), an Australian sustainable food packaging manufacturer with a presence in Singapore and New Zealand, has established strong processes among staff and a high level of automation to meet rapidly increasing demand for its products. The business, which previously operated using a traditional B2B sales model, experienced a surge in order volumes as it expanded over the past decade.

To simplify the order process and provide a superior customer experience, BioPak even offers ordering portals for many of its customers. All orders are managed using an automated sales process that integrates directly to freight bookings and calculates the best freight cost for each consignment. As soon as a purchase order is finalised, the freight is automatically booked and the order is integrated with the warehouses for full visibility. The process has no human interface, except the product getting scanned at the warehouse, and results in significantly less overhead.

To improve warehouse and distribution processes, many APAC companies are planning to adopt smart watches, smart glasses and hip-mounted wearables in their warehouse facilities; [73% of these APAC decision makers](#) reported they are planning to make the investment in the next three years.

Despite more than three-quarters (81%) of respondents agreeing that augmenting workers with technology is the best way to introduce automation in the warehouse, only 34% said they have a clear understanding of where to start automating. When looking to automate processes, wholesale distributors should start by

identifying the tasks that are the most manual and repetitive, and which benefit most from having human involvement.

Businesses should take a look at existing internal practices and ask themselves:

- Where are employees spending the majority of their time?
- What tasks are rules-based and have clear, consistent instructions?
- How much money can be saved by either automating or improving this process? This should factor in major costs like implementation, wages, maintenance and/or upgrades.
- Does this process have a high volume and is it run continuously?
- Is there a high rate of human error typically associated with this?

From there, it will become clear which areas can offer the most value from automation and begin experimenting and deploying tests. For businesses not yet at this stage, this process can uncover where better procedures should be put into place. This could be creating a unified view of stock online and in the warehouse, a centralised customer system or even internal checklists. Older ways of doing business can be redefined and refined to save on costs and better use employees' time.

### **Balancing Business and Consumer**

Following the economic changes COVID-19 created, many traditionally B2B businesses looked to a direct-to-consumer approach to fill the gap in their distribution networks. Now that restrictions are easing, some may be wondering how to juggle this newfound channel and make it part of a long-term strategy. Doing so requires a careful balance and increased systems management due to greater complexity, like increased volumes, marketing or customer service, or looking to marketplaces as an intermediary.

For [Single O](#), an Australian coffee roastery with a wholesale business, cafés and a presence in Japan, having a direct-to-consumer channel was critical in the response to fluctuating wholesale orders due to café and restaurant closures. While Single O already had the online channels established, this provided a scalable way to maintain orders and fast. To support this, the business doubled down on its consumer products and even set up a partnership programme with existing café customers that were closed during restrictions to drive online sales of coffee beans, benefiting both the café and providing greater marketing for Single O.

But while the vast majority of businesses have adapted their sales strategy to manage disruptions this year, when it comes to taking this B2C approach beyond just a band-aid solution into a long-term strategy, there's a lot to consider.

Wholesale distributors already face challenges integrating online procurement with back-end systems; what happens when they also have to introduce customer service, returns and digital marketing into the mix? Consumers order in far different quantities and frequencies to B2B buyers, meaning any back-end ERP must be able to simultaneously tackle large numbers of small orders and small numbers of large orders. And while B2B buyers prioritise reliability and speed when it comes to front-end user experience, consumers expect all that in a visually attractive and interactive package—something few wholesale distributors have much experience in.

Almost all businesses ([96% in APAC](#)) have shifted to a go-to-market (GTM) model in response to COVID-19, and the vast majority believe this is just as effective—if not more so—than their previous approach. If they are to focus on ecommerce for both B2B buyers and direct-to-consumer sales, wholesale distributors must focus on three main things: flexibility, compatibility and visibility.



Ecommerce front-end systems and ERP systems must be flexible enough to scale up and down not just in terms of raw volume, but also size and frequency of orders. Distributors must only adopt ecommerce and business management platforms that are highly compatible, not just with one another but with systems used by B2B buyers and suppliers. This allows a flow of both products and supply chain information from suppliers to distributors to retailers and consumers. It avoids the risk of information getting lost in disjointed systems that could impact the customer experience. This approach also supports long-term continuity as distributors add buyers, suppliers and channels (such as mobile apps or websites) to their operational networks.

Finally, distributors need to draw accurate, real-time data from these platforms, along every stage. Without visibility into end-to-end operational data, distributors will struggle to make sense of how efficient or profitable their supplier and buyer networks are, with no means to further optimise or automate these processes. Data visibility is also crucial to tracking order performance; businesses can quickly uncover if there are delays anywhere along the order

fulfilment or shipment process, using this data to improve bottlenecks or issues. This is particularly important for distributors going direct-to-consumer, who need to provide far higher-touch customer service and support than for B2B buyers.

### **Worldwide... Wholesale Webshop?**

Like most businesses, distributors are facing a world that has changed rapidly and will continue to do so. But from this has come learnings that, for many, will help to significantly improve the way they do business. Whether they've already made the shift online or are exploring its potential, there are essential steps to take to set this up for long-term success. Many distributors will not fully transition online due to the nature of their business, product or customers—and they don't have to. But a strong online presence can ensure a swift delivery of products, cost effectively and at-scale, for customers who increasingly look to purchase through online avenues. While it can be easy to get caught up in hype around an app or adding chat-bots from the get-go, distributors should focus on the basics—getting the right technology systems and processes in place—before moving onto greater heights.



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