



2015 Wholesale Technology & Sales Survey Report

A look at the wholesale distribution industry's latest trends, benchmarks, and technology investments.



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About This Report

Welcome to the 2015 Wholesale Technology & Sales Survey Report. This survey was sent to wholesalers, distributors, and manufacturers around the world to gain a deeper understanding of their sales and fulfillment processes, technology investments, and operational challenges.

The 410 responses we received--from companies self-designated as wholesale distributors across more than a dozen industries--offered key insights into the current state of the wholesale industry and the direction it's headed in the coming years. Among the respondents, 41% identified themselves as leaders within their respective organizations (with C-level leaders at 17%, VP-level leaders at 9%, and Director-level leaders at 15%). The remaining respondents included managers and individual contributors in Sales, Operations, Marketing, Finance and IT.

This report includes an executive summary outlining the survey's key findings, a more detailed look at the most significant trends in wholesale sales and technology this year, and a list of recommendations for wholesalers to take action on over the next 12 months.

Executive Summary

Wholesale distribution companies today are operating in a more competitive environment than ever before. The advent of wholesale e-marketplaces like Amazon Business and Alibaba threaten to erode margins and place outdated paper order writing processes in stark contrast with the convenience and omnipresence of online ordering. Businesses are operating on a global scale, with industry leaders able to supply their goods faster and cheaper than ever before, and buyers demanding more consultative customer experiences from suppliers.

In an industry known historically for its resistance to change, these developments are fueling a transformation that's quickly changing the face of wholesale distribution. With rapid-fire advancements in consumer technology seeping into the business world, brands selling wholesale are making key investments in efficiency, sales enablement, and customer experiences.

Completed in July 2015, this study explores how wholesale distribution companies are changing the way they sell and deliver products to their customers. Respondents spanning over a dozen industries, including Industrial Manufacturing, Gift & Homewares, Food & Beverage, Accessories, Apparel, Beauty & Cosmetics, Medical Instruments, Sporting Goods, and more shared information about their current processes and plans for the future.

Key Findings

Today's wholesale technology investments are focused on the front-end sales process:

While the vast majority of wholesalers surveyed have already invested in technology to run their back office operations, key technology investments today--and over the next 12 months--will focus on efficiency gains and improvements to the sales process on the front lines. Companies looking to arm their reps with more information to take into customer meetings and allow customers to place orders online 24/7 are making key investments in sales order management software, B2B eCommerce, and mobile technology.

The wholesale technology landscape is moving from one-size-fits-all to best-of-breed:

With the wide range of cloud and on-premise software solutions available to wholesale distributors, the wholesale technology landscape is not as clear as it was years ago. Companies are now faced with critical decisions, balancing long-term strategy with an immediate need to meet demand for increased speed and effectiveness. With some traditional Customer Relationship Management (CRM) and Enterprise Resource Planning (ERP) systems falling short of key sales functions and a host of new wholesale commerce technologies on the rise, wholesalers are increasingly taking advantage of 3rd party best-of-breed software solutions to supplement existing legacy systems.

Adoption challenges are preventing full realization of potential efficiency gains:

While many wholesalers are investing in technology to eliminate order fulfillment inefficiencies and solve other operational challenges related to manual processes, many are still in the midst of a transition period common among new technology adopters. Although wholesalers are already seeing measurable efficiency gains from new systems, a convoluted mixture of old and new processes (digital catalogs with paper catalogs, mobile order writing software and manual order submission via fax, email, and phone, etc.) is in many cases preventing these companies from realizing the full potential of their technology investments.

30% of wholesalers surveyed get orders from the field to the back office in under an hour.

24-hour Order Fulfillment a Clear Benchmark

Thanks to offers of free and expedited shipping from services like Google Express and Amazon Prime, consumer demand for speed has grown exponentially over the last decade, and retailers are transferring these expectations on to their suppliers. Indeed, in today's on-demand economy, wholesale distributors are laser-focused on providing "Amazon-like" experiences to their customers.

In other words, wholesale brands are prioritizing the speed of their fulfillment processes—including faster submission of orders from the field to the back office and expedited picking, packing, and shipping—to speed up cash flow, increase inventory turn, and provide a stand-out customer experience.

68% of survey respondents reported that the average time lapse between when an order was written in the field and received by the back office team was less than 24 hours. 30% reported a lapse of less than one hour.

When it came to shipping, 47% of respondents reported that once an order was received by their back office, it was shipped within 1 day—a clear benchmark for the rest of the industry.

The bar is getting higher, however, as a growing segment of companies seeks to outdo competitors with an even faster turnaround time. Of the companies able to ship orders in less than 1 day, a quarter of them are able to ship orders out in less than 12 hours.

Figure A1. When an order is received by your back office team, how long does it take to ship?

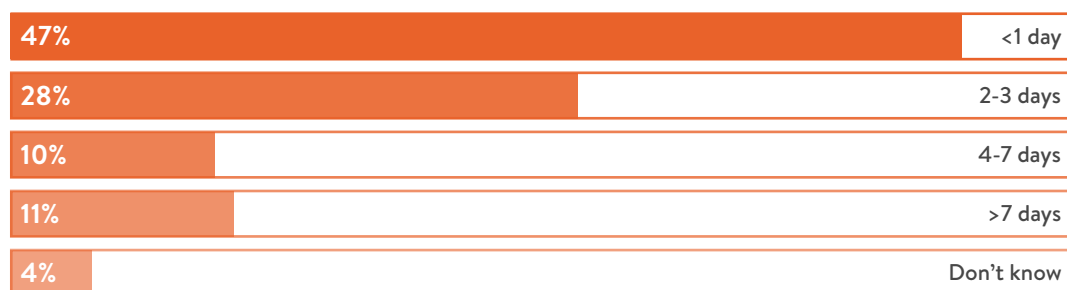
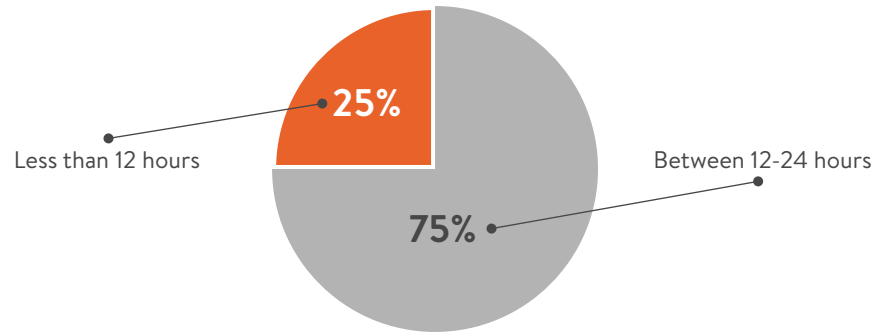


Figure A2. Breakdown of ship times among wholesalers shipping in <1 day:



Digital Order Writing An Industry Standard

While a number of wholesalers will need to think of ways to improve shipping speeds, many are also struggling with efficiency gaps in their front-end sales processes. When asked to rank their biggest order management challenges, the wholesalers surveyed cited order writing inefficiencies as their biggest pain point.

These inefficiencies commonly stem from manual processes like paper order writing. When orders are taken by hand, illegibility, human error, and delayed order submission from the field to the back office can be extremely common.

Figure B. Rank your biggest challenges in the order management process



Order Writing Software The Most Common Method

As it turns out, many wholesalers have already sought to eliminate these inefficiencies. Of those surveyed, order writing software was the primary method of writing orders (39% of respondents), 10 percentage points above the next most common order writing method. Of the wholesalers not using technology to write sales orders, paper order writing was the most common at 29%, with PDF order forms (14%) and ordering using Excel (12%) trailing behind.

Figure C1. What is the primary method your sales representatives use to write orders in the field?

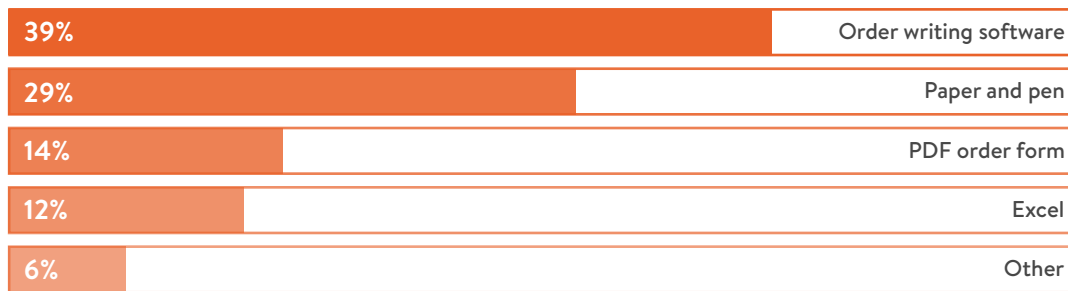
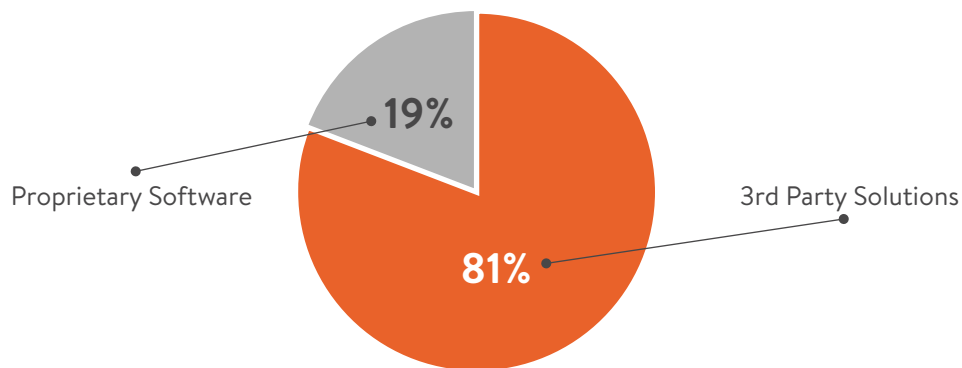


Figure C2. Breakdown of order writing software users:



Among the respondents currently using order writing software, the vast majority--81%--are taking advantage of third party solutions, with just 19% of respondents using proprietary solutions. Indeed, given the prohibitive up-front cost of proprietary solutions, the extensive investment required for ongoing maintenance, and the challenges of making feature updates, more and more businesses across all industries--including those outside wholesale distribution--are turning to off-the-shelf SaaS solutions for their technology needs.

The cloud subscription model, in which maintenance and upgrades are all taken care of by the vendor rather than internal IT staff, is providing the rapid time-to-value that agile companies need to make key process changes.

Interestingly, order writing software adoption rates in several industries exceeded the survey-wide rate by a significant margin. Industries like Eyewear & Optical and Toys, Baby & Kids stand out as leaders in the transition to digital order writing, with 64% and 62% adoption, respectively. Other industries, such as Apparel (33%) and Beauty & Cosmetics (29%) have been slower to make this change.

83% of respondents using order writing software can get orders from the field to the back office in under 24 hours. **49%** can do it in less than 1 hour.

While brands in industries that have seen a higher than average adoption of order writing technology must make these investments to catch up to companies that have already, those in industries with lower adoption rates have an opportunity to forge ahead and gain a competitive advantage.

Figure D. Order Writing Software Adoption: The Top 5 Industries

Industry	Respondents with Order Writing Software*
Eyewear & Optical	64%
Toys, Baby & Kids	62%
Furniture & Lighting	50%
Sporting Goods / Outdoor	44%
Gift & Homewares	43%

*Survey-wide adoption rate: 39%

Order Submission Faster Among Order Writing Software Users

Bogged down by manual order submission and data entry, companies that are not using order writing software are at a major disadvantage when it comes to order submission. While 32% of survey respondents have orders coming in via order writing software sync, which involves a simultaneous transfer of order information from a mobile device in the field to a centralized web order management platform and/or ERP system, the other 68% are still utilizing methods like email, fax, phone, Excel spreadsheets, and hand delivery.

Significantly, 83% of wholesalers using order writing software are able to get their orders to the back office in less than 24 hours, compared with just 67% of respondents using manual methods. 49% of wholesalers using order writing software can get their orders into their back office in less than 1 hour, compared with just 17% using manual methods.

Figure E. How Fast is An Order Submitted to Your Back Office?



Technology Investment in Independent Sales Teams

Investments in order writing software are not only occurring among companies with internal sales teams. They are also making an impact on wholesale brands that work either in part or exclusively with independent sales representatives and independent sales agencies.

Use of Independent Sales Teams Widespread

65% of wholesale distributors surveyed reported that they work with independent sales representatives (also called manufacturer’s representatives). The Top 10 industries with the most respondents employing independent sales representatives or agencies include Toy, Baby & Kids, Electronics, Beauty & Cosmetics, and Gift & Homewares.

Figure F. Top 10 Industries with Independent Sales Representatives

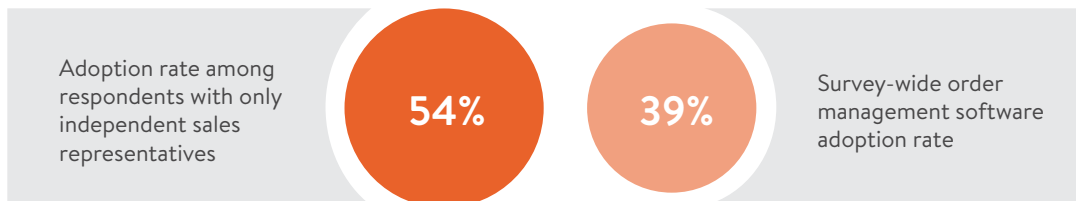
Industry	Respondents with Independent Reps
Toys, Baby & Kids	79%
Electronics	78%
Beauty & Cosmetics	76%
Gift & Homewares	74%
Medical Instruments	73%
Eyewear & Optical	64%
Outdoor & Sporting Goods	61%
Apparel	58%
Books	56%
Food & Beverage	52%

Brands Still Investing in Technology for Independent Sales Representatives

Given that independent sales representatives often work with a suite of multiple brands, businesses face tough questions about whether or not to invest in technology for these external sales teams. However, in the midst of heavy competition, businesses that employ independent sales representatives are realizing that the ROI impact of more streamlined order management processes make technology worth the investment. Of those surveyed who work with at least some independent sales representatives, 37% are investing in order writing software.

Notably, of those surveyed who work exclusively with independent sales representatives, the majority (54%) have invested in order writing technology, 15 percentage points higher than the survey-wide adoption rate of 39%. In comparison, only 13% of wholesale distributors with no independent sales representatives are investing in order management software. It's clear that companies using independent sales forces are realizing the competitive advantages of order management technology more readily than their counterparts with only salaried sales teams.

Figure G. Order Writing Software Adoption Rates Compared



This may stem from the fact that brands with independent sales representatives often employ a combination of individual independent sales representatives, rep groups and agencies, and their own internal field sales teams. With orders coming in from such fragmented sources, order writing inefficiencies and disjointed order submission processes quickly create a sense of urgency to streamline order writing, submission, and information access into one common workflow.

“Companies using independent sales forces are realizing the competitive advantages of order management technology more readily than their counterparts with only salaried sales teams.”

The Maturing B2B eCommerce Trend

Traditionally, wholesale sales has been dominated by in-person field sales. 37% of wholesalers surveyed reported that they still have two thirds or more of their revenue coming in through field sales. However, only 18% reported that 80-100% of their sales come through this channel. Today, orders and reorders are also coming in through other means, including EDI, direct sales via Email, Phone, and Fax, and--most notably--B2B eCommerce.

Spurred by B2B buyers' desire for the on-demand convenience reflected in their personal shopping habits, wholesale purchases are happening not just in person, but also online, and B2B eCommerce has quickly become a priority for many brands and distributors.

B2B eCommerce Is Becoming Table Stakes

B2B eCommerce is poised to change the procurement of wholesale products on a massive scale, raising the bar for all wholesalers to provide the customer experiences that retailers want.

Of the wholesalers surveyed, 44% already have a B2B eCommerce portal in place, with 45% of those implementations occurring two or more years ago. These results suggest that B2B eCommerce adoption is moving to the mainstream, and wholesalers that have not yet implemented their own B2B eCommerce platforms are now playing catch-up. Indeed, of those who do not currently have a B2B eCommerce portal, 42% are looking to implement a B2B eCommerce platform in the next 12 months.

Figure H1. Do you currently have a B2B eCommerce solution in place?

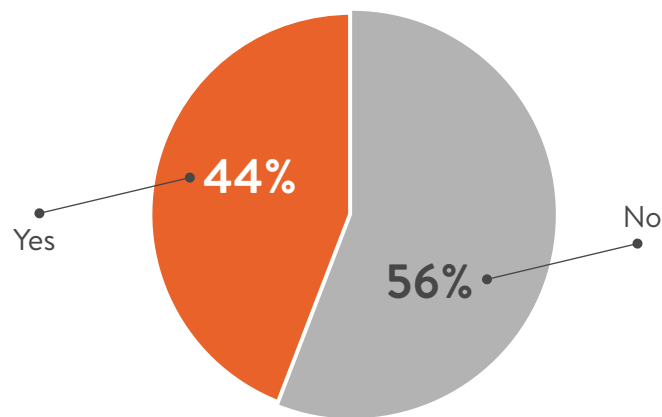
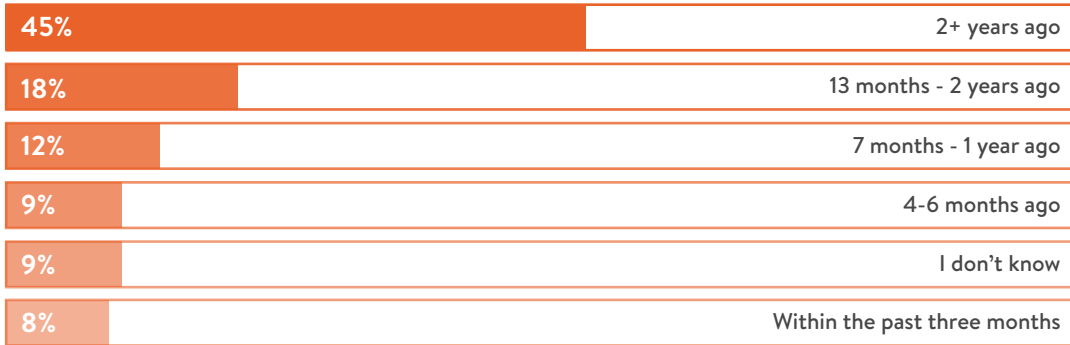


Figure H2. When did you first implement your B2B eCommerce solution?



As is the case with order writing software, B2B eCommerce adoption is happening more quickly in some industries than others, with Furniture & Lighting, Medical Instruments, and Eyewear & Optical the clear leaders.

Figure I. B2B eCommerce Adoption: Top 5 Industries

Industry	Respondents with B2B eCommerce*
Furniture & Lighting	75%
Medical Instruments	73%
Eyewear & Optical	73%
Gift & Homewares	53%
Toys, Baby & Kids	45%

*Survey-wide adoption rate: 44%

B2B eCommerce Results

Nearly a quarter (22%) of wholesalers surveyed with a B2B eCommerce platform have 40% or more of their B2B customer base placing orders online. 22% of respondents also reported having more than a third of their revenue coming from their B2B eCommerce channel.

55% have seen significant growth (more than 10%) in their B2B eCommerce channel over the last 12 months. Of course, the impact of this growth takes time. For instance, only 16% of respondents who adopted B2B eCommerce in the last 12 months have a third or more of their revenue coming from that channel. For companies who adopted B2B eCommerce 2 or more years ago, however, that number jumps to 37%.

The expectation of 24/7 online ordering will only become more common among buyers as more wholesalers provide the option. Those who aren't planning on making these investments in the next 12 months (25% of survey respondents) must consider it now or risk falling behind competitors. For those who currently have a solution in place, prioritizing retailer adoption of this technology is key to reducing order processing costs, driving revenue, and increasing profitability.

60% of wholesalers surveyed have digital catalogs.

A More Information-Driven Sales Process

According to survey findings, sales leaders are looking to better prepare sales representatives for customer meetings with key insights like best sellers, customer-specific pricing, and sales reporting.

With more and more of the administrative work traditionally associated with the sales process disappearing amidst adoption of digital order writing technology, sales reps are able to concentrate on the sales process itself. The majority of this year's survey respondents (53%) have already reported spending less than a quarter of an in-person sales appointment writing the actual order.

Today, sales reps are also coming armed with more detailed information to create a personalized experience for their retailers. Currently, 60% of respondents already use digital catalogs to showcase their products. 55% of survey respondents say sales reps have customer contact information already on hand in their meetings. 53% of respondents' sales reps know the company's best sellers, 48% have customer notes, and 44% have customer specific pricing.

Notably, however, 71% of wholesalers' sales reps are still carrying paper catalogs, indicative of a transitional period. When asked what information they would like their sales reps to bring into meetings, digital catalogs were ranked first, with 74% of respondents indicating that they'd like their sales reps to have this asset. Last on the list? Paper catalogs.

Figure J1. What kinds of information do your sales reps **currently** bring into an in-person sales appointment?

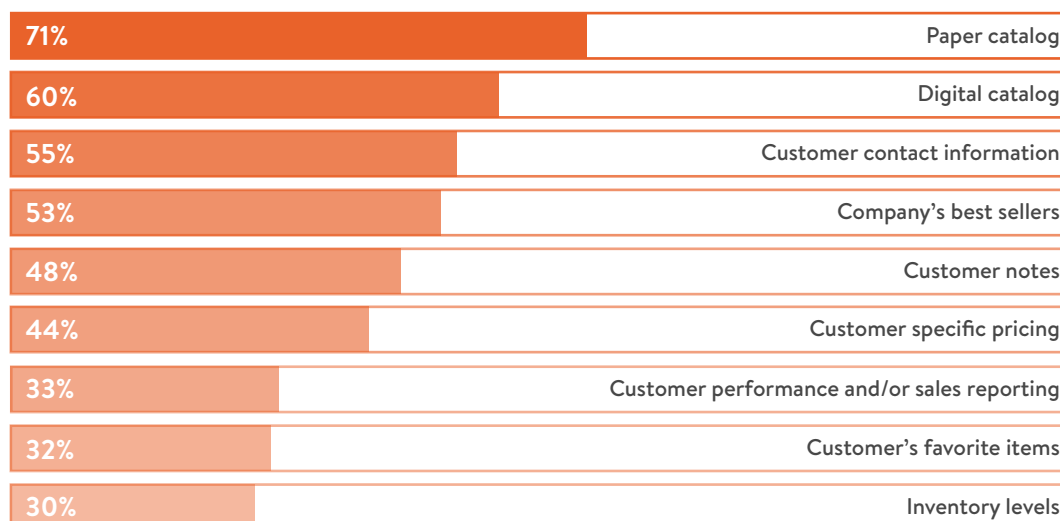
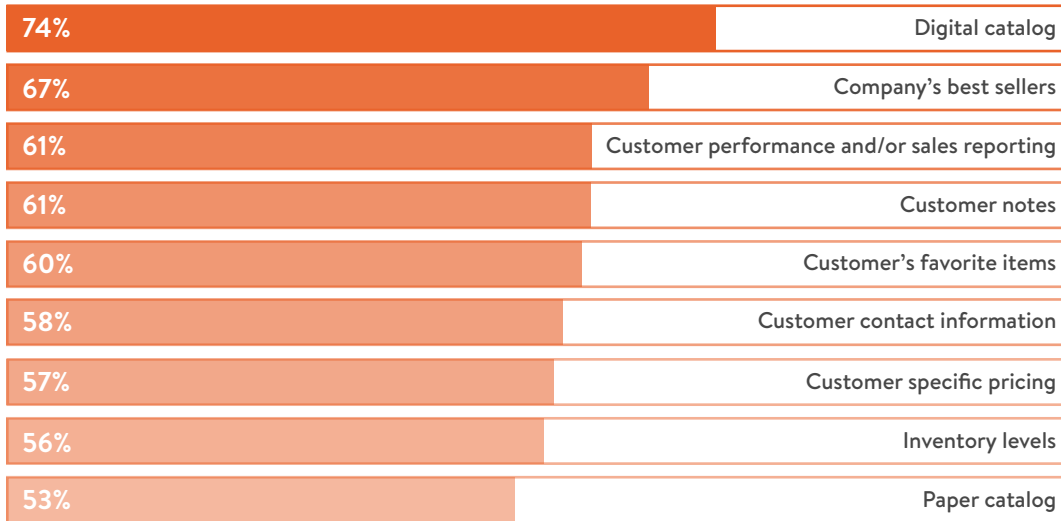


Figure J2. What kinds of information **would you like** your sales reps to bring into an in-person sales appointment?

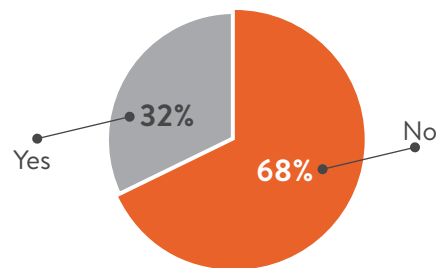


According to the data, companies are increasingly realizing that having this information on hand increases the value their sales reps provide to customers during sales appointments. Giving sales reps easy access to these insights can also prevent resource drain on back office teams and help reps better curate products, generate sales proposals, and upsell new items.

Traditional CRM Software Not Widely Adopted

While traditional Customer Relationship Management systems, or CRMs, have been adopted by businesses large and small, many wholesalers are unsure whether or not to invest in this technology, or have doubts as to the ultimate return on their investment. According to the survey results, 68% of wholesale distributors are not currently using a CRM system. This begs the question: do wholesalers need CRMs, and what is the nature of customer relationship management in the wholesale space?

Figure K. Does your business use a CRM solution?



While sales teams in other B2B segments are often laser-focused on finding and closing new business, wholesale sales has a greater focus on repeat purchasing and ongoing relationships. Field sales reps seek to cultivate these relationships by educating retailers about new products, providing merchandising support, offering strategic insights to increase sell-through, and helping to maintain optimal inventory levels in each store.

CRM systems have evolved to serve a different kind of process that involves turning new leads into opportunities that must be worked over time to close. These sales cycles are long, and reps must contend with a lengthy chain of stakeholders. Throughout the process, a CRM system allows sales teams to stay updated on where an opportunity is in the sales cycle, quickly see all the interactions that have occurred between the sales team and the opportunity, and analyze the effectiveness of marketing campaigns in finding new sales leads.

This model reflects reality in situations where sales reps must navigate a complex matrix of relationships, follow-up calls, and interactions to eventually close a sale. In the wholesale space, however, sales reps often have established, long-term relationships with retailers and a much more transactional buying process.

Accordingly, when those wholesalers who indicated that they did have CRM systems in place were asked what CRM they were using, several cited note-taking applications like Evernote. In addition to the low overall CRM adoption rate, this finding provides yet another indication that wholesalers are looking to fill a relatively simple need to keep notes on customer interactions, as opposed to the robust tracking functionalities of most CRM systems.

Gaps in ERP Functionality

The vast majority of wholesale businesses are using an ERP to run their business--only 5% of wholesalers surveyed indicated that they did not have an ERP system in place. Often regarded as all-in-one solutions for companies to run their operations, ERPs can include everything from inventory management and finance management to order management.

However, despite the fact that almost every wholesale distributor surveyed has an ERP in place, survey results show that order writing inefficiencies remain the number one order fulfillment challenge among wholesale distributors.

This finding--combined with the fact that many businesses are still equipping their sales representatives with paper order forms that must be manually entered into the ERP system by data entry staff--shows that there is room to explore how ERP's role in wholesale distribution can be augmented by other solutions.

Although the ERP is a necessary tool for back office operations, this category of software was ultimately not built for the needs of both back office and front-line sales processes. As outlined earlier, 31% of survey respondents are looking to third party order writing software vendors to fill these gaps and combat inefficiency.

Only **5%** of wholesalers surveyed indicated that they do not currently have an ERP system in place, but **31%** are still looking to third party order writing software to fill gaps in the front-end sales process.

91% of wholesalers surveyed indicated that they still have a data entry system in place for incoming orders.

Old Habits Die Hard: Challenges In Adoption

For many companies adopting new technology, the realities of implementation and behavior change can be a significant initial hurdle. According to survey findings, wholesalers are struggling to achieve complete adoption across several new technologies (including digital order writing, digital catalogs, and B2B eCommerce) and fully eliminate manual processes.

For instance, while 32% of respondents are currently using order writing software sync to submit orders to the back office (i.e. having orders automatically sync from a sales representative's digital order writing application in the field to back office systems), 64% of respondents with order writing software are still receiving some orders from sales representatives via email.

The problem with order submission via email--along with phone, fax, and other manual methods--is redundancy. Orders received through these methods must be re-entered into back office systems by designated staff, creating a high-touch, delay-ridden order processing workflow that can adversely affect shipping speeds and order accuracy. 91% of wholesalers surveyed indicated that they still have a data entry process in place for incoming orders.

In another example, many companies are using both digital catalogs (60%) and paper catalogs (71%), despite the fact that paper catalogs were ranked dead last when survey participants were asked what they believed sales representatives should bring into a customer meeting.

These difficulties with adoption extend to B2B eCommerce as well. 44% of survey respondents have B2B eCommerce portals in place, and many are already seeing revenue growth and adoption among customers, as outlined earlier in this report. Others, however, are not effectively engaging retailers to begin ordering online. 22% of respondents with B2B eCommerce platforms reported that the percentage of their customers actually using the B2B eCommerce platform was less than 10%.

Also, among wholesalers surveyed with B2B eCommerce in place, a huge number are still receiving orders from customers via Email (84%), Phone (69%), and Fax (60%)

Figure L1. How does your back office receive orders from your **customers**?

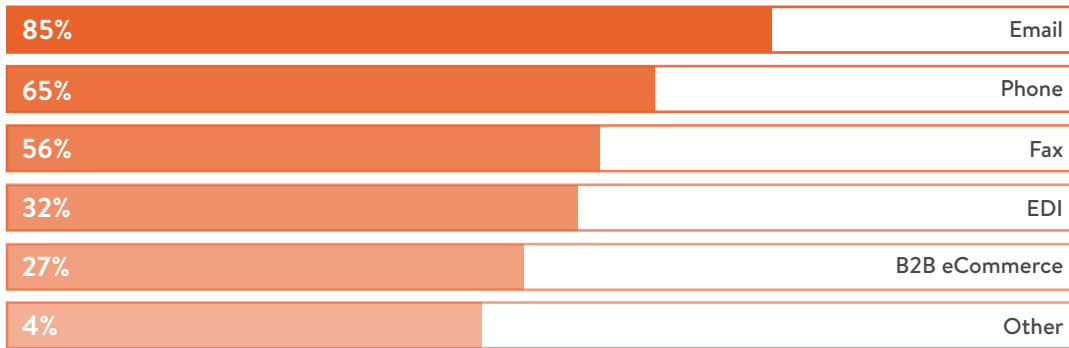
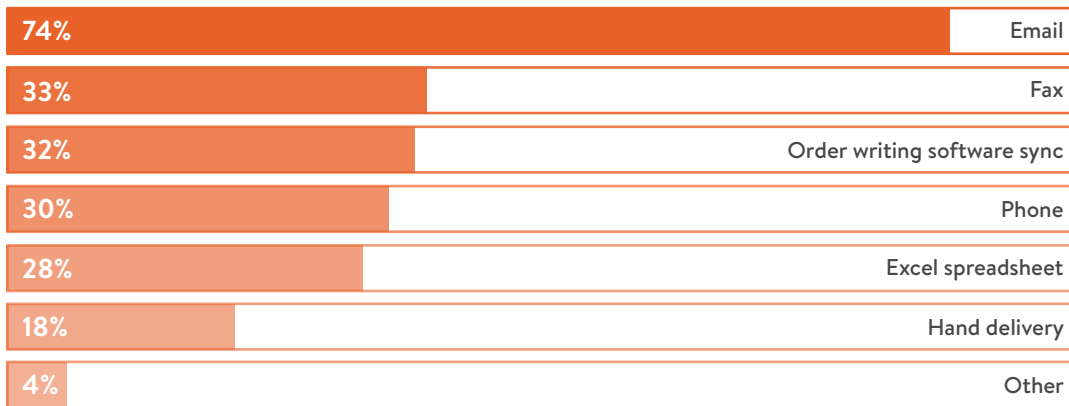


Figure L2. How does your back office receive orders from your **sales reps in the field**?



Companies that face these adoption challenges head-on can drive bottom-line gains by increasing efficiency, agility, and competitive advantage. Making sure stakeholders understand the value of technology and involving them early on in the decision-making process can have a positive impact on this transition.

Future Technology Investment Focused on 3 Key Areas

Technology investment is high on the priority list for wholesalers over the next year. When asked how important they felt new sales technology investments would be in the coming years, 81% answered “important” or “very important.”

When asked what kinds of technology their companies would be investing in, sales order management software and B2B eCommerce topped the list, indicating that businesses are looking to fill the gaps in their front-line sales processes over the next 12 months, enabling their reps to sell better in the field and allowing their customers to place orders online.

Interestingly, the top investment over the previous 12 months was email marketing software, with 35% of survey respondents investing in the technology. This suggests an open opportunity for those companies currently or planning on using B2B eCommerce software, with a B2B eCommerce site as an available destination point for email marketing efforts.

The third most significant investment for the coming 12 months is in mobile technology. Just last year, internet usage on mobile devices surpassed PCs for the first time in history, and wholesalers are recognizing the significance of these developments. 46% of survey respondents said that they invested in mobile websites and/or mobile applications in the last 12 months. Mobile order writing software accounts for a significant portion of these investments, with 39% of wholesalers currently using the technology.

Of the respondents who did not invest in mobile over the last year, 41% reported that they were planning on investing in one or both of these mobile initiatives within the next 12 months.

“When asked what kinds of technology their companies would be investing in, sales order management software and B2B eCommerce topped the list, indicating that businesses are looking to fill the gaps in their front-line sales processes over the next 12 months.”

Figure M1. What sales technologies has your company invested in over the **previous 12 months**?

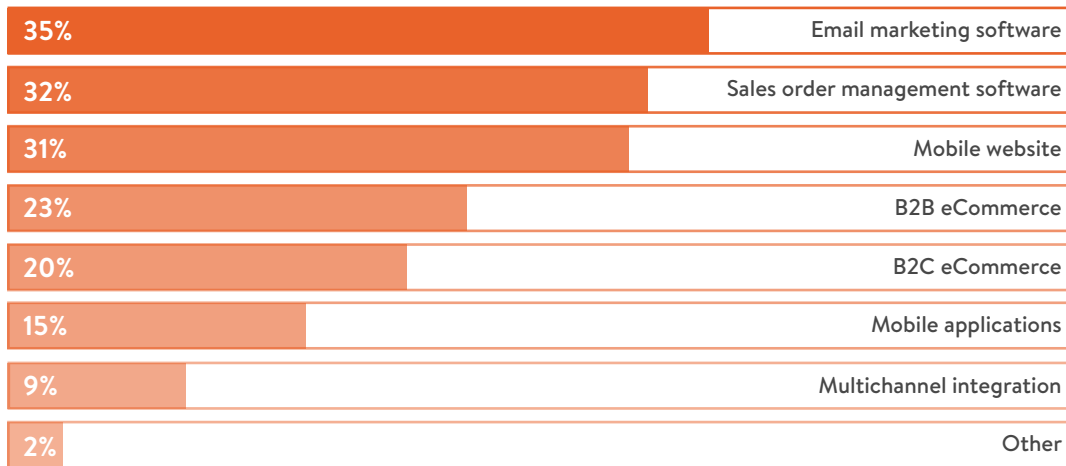
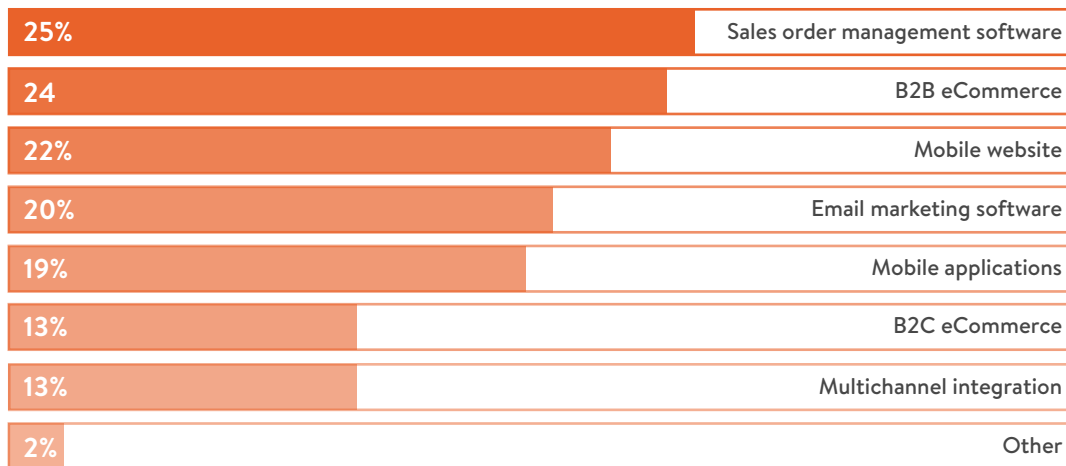


Figure M2. What sales technologies does your company plan on investing in over the **next 12 months**?



Conclusion & Key Recommendations

As the results of this survey illustrate, wholesale distributors are responding to customer demands for speed, information, and convenience with investments in order writing software, B2B eCommerce, and mobile technology. These technologies are empowering sales reps to provide increased value to customers and allowing companies to transform their order processing workflows.

The survey also reveals the challenges that many wholesalers are dealing with in terms of transitioning to new processes and influencing employee and customer behavior. While companies who've already made these investments are seeing efficiency gains, some are seeing an intermingling of old and new processes that prevents real change and results in suboptimal ROI. Over the next 12 months, wholesalers must:

- **Make faster fulfillment a priority.** With demand for speed at an all time high and a large group of companies regularly shipping orders within 24 hours of receiving them, the need to streamline and speed up order fulfillment is more important than ever. According to survey results, digital order writing software is the most common order writing method among wholesalers. With the ability to submit orders almost instantaneously to the back office for fulfillment, companies using this technology have a major advantage over their counterparts still writing orders on pen and paper. Investing in these kinds of changes is key to success.
- **Seize the B2B eCommerce opportunity.** B2B eCommerce is already changing the way retailers buy from wholesale brands. While this trend is already maturing (44% of respondents currently have a B2B eCommerce portal in place, and 45% of them adopted the technology two or more years ago), those who can quickly increase actual usage among retailers stand to get further ahead of this trend.
- **Provide sales reps with more information.** With B2B eCommerce technology's rapid proliferation throughout the wholesale distribution industry, the in-person sales process will no longer concentrate on simply taking orders. Instead, sales representatives will take on a more strategic role with customers at in-person meetings. As such, they will require insights like customer order history and sales performance reporting at their fingertips in order to provide this more consultative sales experience.
- **Take steps to encourage the adoption of new technology** amongst both your internal team and your customers (in the case of B2B eCommerce). Wholesalers must remember that transforming business processes is not just about acquiring new technology. It also involves an adequate investment of time and effort to make a smooth and complete transition.

About Handshake

Handshake provides the B2B Commerce platform for manufacturers and distributors that powers standout ordering experiences both in-person and online. Companies using Handshake transform their sales effectiveness and drive operational efficiency, delighting customers and growing lasting relationships.

The Handshake mobile app allows sales reps to write orders faster, and gives them the product and customer information they need to have more strategic customer conversations.

Handshake Direct is a custom B2B eCommerce website that complements field sales reps by providing customers the convenience of 24x7 ordering and product education.

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