

# Solving Just-In-Time Inventory Challenges in Food Distribution

How technology is changing the way food & beverage products are delivered to grocery and convenience stores.



# INTRODUCTION

In today's on-demand economy, the food and beverage industry faces more obstacles than ever before. With high consumer expectations and fluctuations in demand, grocery and convenience stores are implementing just-in-time inventory strategies to achieve consistent levels of quality and freshness. It is difficult to operationalize these strategies, however, amidst low margins and the need to squeeze costs from complex distribution networks. For suppliers, these issues are even more urgent, as retailers look up the supply chain for solutions.

To meet the needs of both retailers and consumers, food and beverage suppliers are now investing in technology like mobile order writing software and B2B eCommerce to help them fulfill orders quickly and ensure retail shelves remain fully stocked. In the process, they are providing a seamless, value-added purchasing experience that gives retailers more choice and autonomy when it comes to placing orders.

By taking greater control over how orders are written and submitted with this technology, manufacturers and distributors are speeding up the reorder process and providing retailers with access to information that prevents costly communication delays and backorders. Ultimately, automated integrations between ordering solutions and back office systems are driving operational efficiencies that speed up the fulfillment process, ensuring that the products consumers want are always available.

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# The Challenges Facing Food & Beverage Suppliers

Due simply to the nature and perishability of their products, food and beverage companies are generally more susceptible to supply chain risk and disruption. As retailers deal with a complex balancing act between profitable inventory management and consumer demand, distributors must meet their just-in-time inventory needs by filling orders quickly and accurately.

These issues are especially prominent with direct store delivery (DSD) items like fresh produce, bakery, meats, juices, and other beverages. These items often experience higher

turnover and shorter shelf lives, making it important to minimize the number of days in the supply chain. Stakes are also higher, because the quality and freshness of DSD products around the store's perimeter are key differentiators for retailers.

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Convenience stores face similar concerns with high turnover and reorder frequency. To stay in business, they must have products on the shelf when customers want them. At the same time,

margins are tighter than ever, making a just-in-time inventory strategy critical to success. In sum, food and beverage retailers must walk a fine line between risking stockouts and the potential for high inventory carrying costs and waste, making it absolutely critical that suppliers deliver new inventory quickly.

Cumbersome reorder practices, however, are making it difficult to fulfill orders efficiently. While many of these transactions occur via EDI, DSD and convenience store suppliers are still taking orders on paper and outdated handheld devices. Store employees placing orders for new deliveries also face similar challenges with clunky barcode scanners and other proprietary hardware.

To remedy this, manufacturers and distributors must give their reps—and customers—a simple, effective way to submit reorders. Because while many wholesale distributors are already attempting to meet retailers' needs by improving warehouse operations, delivery-route planning, and logistics optimization techniques, it is key to also consider the sales and ordering process at the core of it all—essentially, how orders are written, submitted, and processed.

# How Technology is Changing the Ordering Experience

The grocery industry was an early adopter of mobile ordering solutions, and both stores and suppliers have been using them in some form for decades. Most of these tools were based on expensive proprietary hardware, and continued dependencies on these legacy ordering technologies (or even paper order forms) has led to empty shelf space and damaged relationships with retailers.

Today, however, B2B commerce technology is going through a “consumerization” phase. Modern ordering solutions are intuitive, mobile-first applications running on consumer technology like the iPad and iPhone, and rather than trying to navigate confusing text-based interfaces, users can access a highly visual, familiar digital experience.

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Putting the latest technology in the hands of order writers and integrating these solutions with core back office systems can ultimately drive operational efficiencies that reduce fulfillment times while also increasing sales effectiveness. These solutions include:

- **Mobile Order Writing Software:** This solution allows DSD reps, drivers, and merchandisers to take and place orders on a mobile device. The product catalog, retailer information/pricing, and order writing interface are all available to the rep on the device, making the ordering process faster and easier.
- **B2B eCommerce:** This allows retailers to independently place orders online when necessary from a desktop or mobile device, giving retailers more autonomy in the ordering process and allowing distributors to receive high frequency reorders in the most cost-effective way possible. Mobile eCommerce is particularly critical, because retailers can scan items and write orders right from the aisle of their store, making the process even more convenient.



# The Ordering Experience: Key Improvements



Using both mobile order writing software and B2B eCommerce platforms, manufacturers and distributors can provide a much more streamlined ordering experience. For instance:

- Customer-specific product catalogs ensure that only the products relevant for each individual store are available for purchase.
- The product catalog includes HD images, so the order writer can visually confirm that the product they are ordering is exactly the same as what's on the shelf.
- Orders can then be quickly built using standard functionality or by scanning UPC codes using the built-in camera or a bluetooth scanner.
- Customer-specific pricing and supplier promotions are easily managed within the system and applied to orders.
- Reps and retailers can view inventory levels and know up-front if something is out-of-stock to prevent backorders.
- Planograms, merchandising guidelines, and other manufacturer-specific content can be easily accessed.
- Because orders can be compiled and submitted almost instantaneously via integration with back office systems, processing isn't delayed due to data entry errors or miscommunication.

In summary, key process improvements include:

- **A faster, easier way to reorder:** Both sales reps and store employees themselves can place reorders much more quickly by simply tapping or scanning items in a digital catalog. The solution only displays the products and pricing relevant to that retailer, providing a personalized experience, and orders are automatically totaled without the need to look up pricing or discounts.
- **Access to information:** Easy access to key data like inventory levels and pricing prevents backorders and the need for back and forth communication between manufacturers/distributors and retailers.
- **Integration with back office systems:** By digitizing order writing and integrating these applications with manufacturers' and distributors' fulfillment systems, orders can be synced directly from the store to the back office for fulfillment. Suppliers remove the delays and fulfillment errors that occur when dependent on paper order forms and data entry, improving both speed and accuracy.

By leveraging the power and functionality of popular mobile devices, orders can be sent to the warehouse, picked and packed for shipment that day, and delivered the next, enabling more and more food and beverage suppliers to deliver on shorter fulfillment times.

# A New Era for Food & Beverage Suppliers

Today's food and beverage suppliers face rising customer expectations, razor-thin margins, expanding numbers of SKUs, and shortened time-to-market requirements that are transforming the way businesses get their products to consumers. To make matters even more complicated, competition has never been greater. Manufacturers and distributors not only face competition from each other, but also the retailers themselves, who have built their own centralized distribution networks and private label offerings.

To survive and thrive in this new era, food and beverage suppliers must differentiate themselves by making the ordering and fulfillment process as streamlined as possible to ensure profitability and improve in-store turn. Technology that allows both sales reps and retailers to rapidly place orders and submit them almost instantaneously for fulfillment is becoming a major competitive advantage.



## 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.

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