

7 smart ideas to grow your multichannel distribution business

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Introduction



Recent years have seen a transformation in consumer behaviour. The recession and the cost efficiencies enjoyed by online businesses have been key drivers. The internet has become the dominant force for change for most businesses in the supply chain and many of the 'traditional' rules about selling goods have been broken.

Most importantly, virtually any business is now able to reach customers directly. Whether they are intermediaries in the supply chain, or end-user consumers and businesses, customers use a variety of channels to interact, to gather information or purchase. This has given rise to the multichannel business model.

Despite the stop-start feel to the recovery, for many businesses the signs remain positive. The UK and US economies are continuing to strengthen; deflation is bringing down food prices and the glut of oil on the world market is forcing down prices at the pump. Some consumers are starting to feel good again. Whether we like it or not, consumer confidence is a critical factor in driving the global economy back to prosperity.

Analysis from the Centre for Retail Research in 2013 showed e-commerce to be the fastest growing retail market in Europe, with sales in the UK, Germany, France, Sweden, The Netherlands, Italy, Poland and Spain expected to reach a combined total of £111.2 billion (€155.3 billion) in 2014. The expectation for US online sales was put at \$306.0 billion (€224.0 billion) in 2014.

Analysis of UK retail figures for Christmas 2014 have shown that the festive period was the toughest since 2008 with sales down 0.4 percent, the worst December performance since 2008. Undoubtedly though, this was dented by the hype and mass hysteria that accompanied Black Friday on 28 November. The Black Friday event, originally conceived as an internet-only promotions day, escaped from the online world and spilled into the High Street, in some cases bringing out the worst in human nature.

In the midst of this, wholesale and distribution businesses need to make sure they keep in step with change. Multichannel is firmly established; however elements such as email marketing, social media and e-commerce are continuing to evolve, and operational workflows and business processes need to be integrated and efficient.

Against this background there is need for multichannel business to be exhaustive in looking for new opportunities to drive business growth. In this guide we help provide some smart ideas to help multichannel businesses to increase sales, growth and profitability.

1. Consider how to market your business more effectively

Opportunity:

Marketing is often underexploited by businesses that have enjoyed success. Past success may be the result of having specialist knowledge in a niche area or it could be because a business 'got in on the ground floor'. However, increasing competition and the need to sustain or increase the level of success may mean you need to really embrace marketing and think of it as an essential business investment.

Some next actions:

Get up to speed. There are two aspects to multichannel – communication and providing the ability to action a purchase. Email marketing and social media can communicate your offers and provide links to your e-commerce website to enable purchase. Search Engine Marketing (SEM) strategies let you combine Pay Per Click (PPC) search engine and internet advertising with Search Engine Optimisation (SEO) techniques to lead people to your website.

Email marketing can also be a delivery vector for content marketing, free information that is of use to target audiences. This stimulates interest and makes your brand and products memorable. Content marketing enables the recording of contact information, logging interest and building your database of prospects.

Marketing is a specialised discipline and to do it properly requires skills and expertise. You could hire the necessary people or consider selecting an agency as a marketing partner. Whether you undertake marketing internally or in partnership with an agency, remember it's an investment and you need to be able to quantify its benefit and measure ROI.

2. Assess whether you have the right channel mix to support growth

Opportunity:

The only qualification for a business to be classed as 'multichannel' is for it to use more than one channel to access its marketplace. And the fact is that, whether by design or accident, most wholesale and distribution businesses are multichannel in some way. There is a need to optimise the use of channels to maximise sales. The mix of channels and the integration across them are important factors here.

Some next actions:

Every business should consider if it could drive sales and fuel growth by exploiting additional channels. If your business already has the appropriate mix, can you improve or strengthen your approach to any of them to uplift the results?

The channel mix tends to be tied to marketing so it is well worth looking at marketing and the channel mix together. Think about the benefits of using tactics such as incentivising distributor channel sales activity or using retail promotions. It might be offering online e-commerce 'specials' with voucher codes and using social media tweets to get the message out. Spend some time thinking about how you could exploit new channels to drive sales and grow business.

Understand how integrating web channels with in-store and retail operations might benefit your business. For example, 'click and collect' has been a major step forward in simplifying getting purchases to end-users. However, you don't need a retail operation to do this. An end-user could collect it from your warehouse or 3rd party networks offer click and collect services across the UK and other countries.

3. Consider diversifying into new product ranges or opening up in new countries or regions

Opportunity:

The internet has made it easier for businesses to reach new market segments, or access familiar segments in new countries and regions. It is relatively straight forward to introduce new product ranges and attract e-commerce from new customers in new territories or wholesale to another country.

Success in such initiatives diversifies your business and helps to reduce risks from over exposure to a narrow market segment or to those that may be attendant when operating in unpredictable overseas territories.

Some next actions:

Research and develop ideas for new products that enable expansion of existing product lines or to introduce new product ranges. Similarly consider new territories where you may be able to exploit demand or gaps in the market. If you design products, could they be modified, that is 'localised' to meet reduced price points by simplifying the features?

Consider if there are opportunities to operate 'multi-mode' - customising operations to suit the operating environment in different countries. For instance you may be able to provide products through a dealer network in one country; act as supplier to an in-country distributor in another; or operate a direct to customer operation in a country where there is no established dealer network.

Think about how your systems might support a strategy of extending operations into other countries. Technology is an important tool and cloud-based systems offer the best options for operating businesses that are widely geographically dispersed. Are your systems multi-currency and able to support different languages and localised tax reporting? This is an essential element if you are starting in-country operations with local employees.

4. Consider making your business more tax efficient

Opportunity:

Multichannel businesses operating across borders, regions or a global customer base may be able to take advantage of local tax breaks or other incentives that enable tax efficiency. Retaining a greater percentage of profits massages the bottom line without providing 'real' growth. However this releases investment to power some of the other 'real' growth initiatives in this guide.

Some next actions:

Explore the topic with your accounting advisers. Clearly there is a need to understand which countries might offer incentives that are truly advantageous. However, make sure you fully understand the implications of local tax compliance in every country in relation to your corporate structure.

Understand whether your finance or ERP system is multi-currency and whether it would enable and support a tax efficient approach. It may be unsuitable and might require replacement if you wished to pursue this initiative. Consulting with your technology suppliers or partners can often provide the answers quickly. If you decide this is a strategy worth pursuing, as soon as you understand what you need, discuss your exact requirements to make sure your systems are fully capable and can meet the reporting requirements for multi-currency operations and overseas tax.

5. Make sure you have a system that enables your business to be efficient

Opportunity:

Many build their business processes around financials systems and use spreadsheets to keep track of the wider elements. This limits the ability to grow and does not support international, multi-currency or multichannel operations.

Multichannel, wholesale and distribution businesses that use such labour intensive manual processes really need to consider the advantages of adopting a true ERP solution that integrates strong financials with end to end process management.

A workflow in an end-to-end process might include placing stock purchase orders; managing SKUs, inventory bins and locations; sales order processing; payment gateway integration for e-commerce sales and in-store sales; order fulfilment and carrier integration. A good ERP system transforms workflow efficiency, while providing the opportunity to customise it for your specific requirements and interface with external systems.

Some next actions:

Carefully consider the options for ERP solutions. Cloud-based ERP offers cost and efficiency advantages that cannot be matched by on-premise solutions. If you handle seasonals such as fashion, leisure or DIY goods, ensuring you have the visibility to optimise inventory levels across multiple locations is perhaps one of the most important capabilities. A good system helps you avoid dead stock by efficiently managing inventory.

As an alternative to managing the supply chain yourself, you could consider using 3PL (3rd Party-Logistics) services. This provides a number of advantages typical of outsourcing such as lower costs, and enabling flexibility and greater focus on core business activities that make 3PL an attractive proposition. However, if your order processing systems aren't integrated, one of the most commonly cited drawbacks is a loss of control.

6. Make sure you have the right technology in place to integrate and support your channels

Opportunity:

E-commerce websites provide customer self-service functionality and direct access to your products 24/7. CRM software records and manages your customer interactions and can drive marketing, social media and sales call activity. Strong financials bind cash flow management – perhaps the most critical business process of the lot - to all of them. Integrating these on a common ERP platform provides a single customer view across all channels, maximises efficiency and reduces costs.

Some next actions:

Consider whether your technology fabric helps you to be efficient or if it is undermining the efficient execution of workflows. We have already touched on how ERP provides process management end-to-end; however in the multichannel age, many believe the best solutions need to offer more than this.

Consider the benefits of a cloud-based ERP solution. This offers the best combination of flexibility, anytime, anywhere access and value. Much of this is a result of eliminating the need for expensive hardware, software and support personnel and maintenance contracts that characterise traditional on-premise ERP systems. ERP solutions that offer CRM, financials and e-commerce as part of a single-vendor suite enable the most joined up functionality, maximise efficiency and the most benefits.

7. Select a technology partner with a record of delivering to multichannel and wholesale distribution customers

Opportunity:

It is important to make sure you chose a technology partner that is able to offer the right mix of services to help you obtain the best value from your core business system. ERP and integration with CRM, financials and e-commerce is a complex area often requiring specialised knowledge, skills and experience. Dealing direct with ERP vendors can be a frustrating experience especially when you don't have an aptitude for IT and technology or it is not your primary role.

For the vast majority of mid-market multichannel wholesale distribution businesses it makes sense to identify a good service provider that can bridge the gap, ensuring the ERP solution is properly implemented. From consultancy through to customisation, continuing development to meet the changing needs of your business and to provide ongoing maintenance, housekeeping and support, a good service provider is essential.

Some next actions:

Select a supplier that is able to demonstrate a track record of delivering successful solutions for customers. Look for companies that are well established and possess good technical expertise. Experience in servicing wholesale and distribution businesses with multichannel solutions are also highly desirable attributes.

A service provider with a strong permanent team offers the best prospect of good consultancy, deployment and integration. To ensure that you select a service provider that can look after you in the long term, look for one that has a long track record of delivering to customers that have retained their services for a long time.

One of the best ways of ensuring you have access to the right maintenance and management services is to choose a service provider that offers these as part of a managed service. Obtaining access to such expertise through a regular contracted service to provide housekeeping as well as enhancements, ensures the ERP solution continues to match your specific needs as you grow.

Summary

Why select BlueBridge One as your multichannel technology partner?

BlueBridge One brings together expertise in cloud-based technology, best business practice and the NetSuite business management software suite to precisely address multichannel customer ERP needs. We focus on delivering business solutions that help today's forward thinking entrepreneurs better manage their multichannel businesses, providing one complete solution for Wholesale, In-store, Online and Machine to machine operations. This drives growth through efficiency, reduced cost and promotes agility and flexibility in controlling both the supply chain and distribution operations.

References and further reading

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About BlueBridge One

BlueBridge One is an award winning business solutions provider. Since 2003 we have specialised in partnering with customers to implement NetSuite ERP solutions to meet the individual requirements of businesses in the multichannel distribution vertical.

BlueBridge One provides the ability to integrate Wholesale Distribution alongside In-store, Online and Machine to machine operations to enable seamless, end-to-end supply chain management. Through efficiency, reduced cost and enabling flexible and agile control of the supply chain, this creates a platform for growth.

We partner with customers, delivering long term solutions and high levels of satisfaction. Throughout the life cycle from implementation and integration to ongoing support, our aim is to ensure you are retained as a customer year after year by providing a superior level of individualised service.

ERP is a critical piece of business technology which often requires significant investment. Customers need to operate with complete confidence in the service and support channel. We are the right-sized partner for growing and mid-market multichannel distribution businesses that wish to be valued and are assured of our undivided attention when it is required.

BlueBridge One is a stable business that takes a long-term view. We invest in our people and in the process of them achieving full NetSuite certification as consultants. The majority of our team are long term employees and this continuity is pivotal in enabling our high long term customer retention rate.

The cloud-based technology that powers NetSuite is also the chief enabler of no-bricks companies and virtual businesses. Some solution providers take this business model so far it feels like you are kept at arm's length. BlueBridge One maintains a geographic centre in the UK at Weybridge, Surrey and a sub-Saharan Africa regional presence in Gauteng, South Africa, with an emphasis on establishing face-to-face contact with customers across EMEA. This provides the frame of reference of 'faces and places', supporting the mutual trust that is essential between partnering businesses.



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