

How Wholesale Distributors Are Becoming More Innovative and Profitable



The changing shape of wholesale distribution

This ebook explores how wholesale distributors can successfully lead their markets. It looks at the range of challenges and opportunities distributors face and how leading players are transforming digitally to stay ahead of the competition and drive growth.

It also shows how Oracle is helping shape the future of wholesale distribution with unified cloud solutions that create more value for customers while streamlining operations.

Navigating turbulent times

In the last few years, the wholesale distribution industry has confronted huge economic and social shifts that have brought extraordinary disruptions and surprising new opportunities.

Distributors face new economic pressures and uncertainty in the form of high inflation and geopolitical conflicts, raising the prospect of recession and pressuring businesses to be resilient. Yet wholesale distributors are learning to roll with the punches. Despite massive disruptions, they continue to move the goods that keep businesses and the economy thriving.

Reinventing wholesale distribution

For distributors worldwide, the challenges of the recent past have only accelerated the technology requirements needed to transition to a dynamic supply sourcing model and omnichannel commerce and fulfilment ecosystem. Both B2B and B2C customers demand a flawless buying experience, so wholesale distributors are using new technologies to simplify how they work across every part of their business.

Distributors are also moving to a hybrid selling model in which in-person field sales representatives are sharing responsibilities with remote and online sales teams. While some customers still prefer to do business with a handshake,

many now expect a more hands-off, self-service experience from distributors. Distributors are adopting technologies to automate key business processes, such as customer acquisition, retention, order orchestration, billing, and revenue management.

Wholesale distribution at a glance

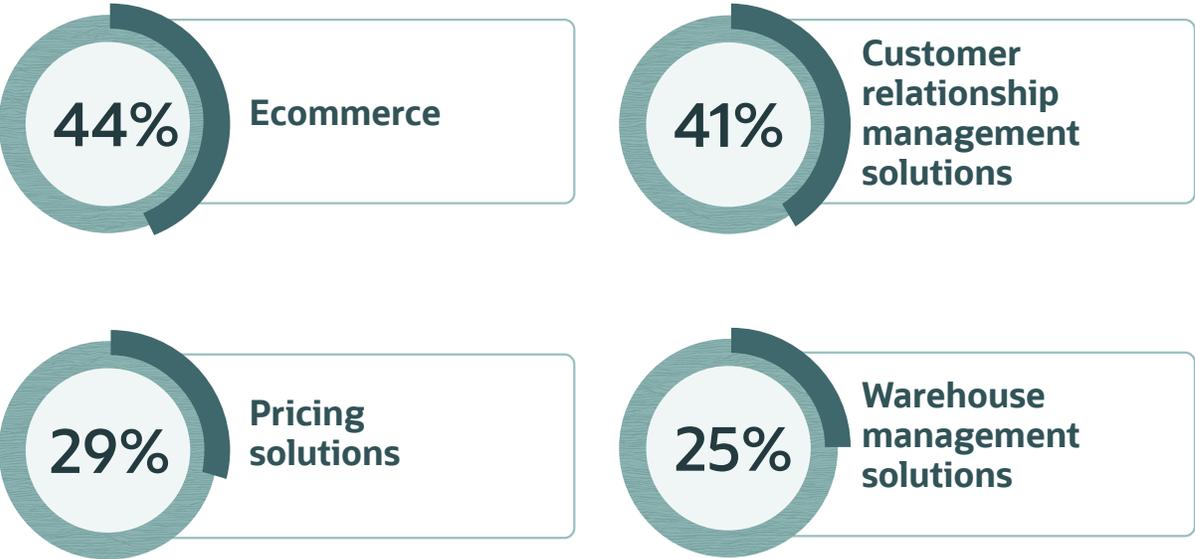
Wholesale trade experienced [more than \\$7.1 trillion in sales in 2021](#), according to the U.S. Census Bureau. The industry comprises three key segments.

Durable goods: automotive and industrial service parts, construction materials, consumer goods

Nondurable goods: pharmaceutical products, medical supplies, food and beverages, fashion, personal care products, specialty chemicals

High technology: IT infrastructure and services, computer components, networking equipment, consumer electronics, subscription services

What wholesale distributors are investing in¹



1. Survey by Modern Distribution Management 51, No. 17 (September 10, 2021), mdm.com/premium-issues/september-10-2021.

Getting ahead of customer demands

Wholesale distributors are seeking to stay ahead of trends, fend off competitive threats, and seize opportunities to grow in this rapidly evolving industry.



The return of growth: Distributors are expecting economic growth to buoy the sector as sales continue to rebound. Industry analysts see revenue in the sector rising from \$49.4 billion in 2022 to \$64.3 billion in 2025, with a compound annual growth rate of 7%.²



Supply chain headaches: Despite hopes of a reprieve, supply shortages, longer lead times, and higher logistics costs will likely plague distributors for the foreseeable future. With analysts estimating average after-tax profit margins of just 1.8% going forward,³ maintaining lean organizational cost structures will remain a top priority.



Workforce pressures: Worker shortages aren't going away anytime soon, and distributors will need to redouble efforts to find and retain talent for both front- and back-office operations. 50% to 75% of expenses are employee related.⁴ Companies will also need to acquire a deeper bench of talent to help them manage digital business transformations.



Sustainability in the spotlight: Distributors will need to step up their sustainability initiatives as investors and consumers expect to see greater progress on this front.



New business models and value-add services: To achieve greater scalability, agility, and profitability, distributors will need to adopt omnichannel, direct-to-consumer, and subscription business models and invest in online merchandising, order fulfillment, and warehouse and transportation management.



M&A on a roll: Industry observers expect M&A activity to heat up as the industry continues to consolidate, potentially putting pressure on distributors left out of the realigned landscape.

2. "Wholesale Global Market Report 2021: COVID-19 Impact and Recovery to 2030," Research and Markets, January 2021, [researchandmarkets.com/reports/5240228](https://www.researchandmarkets.com/reports/5240228).

3. Dan Schubert, Chief Revenue Officer, National Association of Wholesaler-Distributors, "Distribution Industry Overview" (PowerPoint presentation, Washington, DC, July 20, 2021).

4. Schubert, "Distribution Industry Overview."

Oracle Cloud for wholesale distributors

With integrated cloud solutions, distributors can operate more efficiently and scale across every part of their business, including planning, finance, omnichannel commerce, transportation management, and more. Meanwhile, to achieve sustainability goals, distributors are using AI and analytics to reduce operational downtime, optimize carrier performance, and conserve resources while improving operational efficiency. Let's look at five ways wholesalers can optimize operations.

1 Generate new revenue streams

Unlocking new revenue streams and ensuring great customer service is key to driving growth and profitability. To achieve that, cross-functional teams need access to unified data across business processes to gain a holistic view of customers, orders, inventory, and pricing.

How can Oracle help?

Oracle Fusion Cloud applications help distributors adopt new selling strategies, including [omnichannel commerce and fulfillment](#), subscription services, and direct-to-consumer, with capabilities in digital marketing, online merchandising, account-based pricing, and flexible shipping. Cloud solutions also enable M&A integration to help distributors grow revenue while streamlining business processes.



Distributors can optimize operations with [Oracle's Integrated Business Planning and Execution](#) solution, which helps them make better decisions around sales and distribution, procurement, inventory, demand planning, workforce planning, and more.

With [Oracle Fusion Analytics](#), distributors can uncover profitability drivers, improve operational efficiency, ensure customer satisfaction, and take their workforces to new levels of productivity and loyalty.



“Oracle Order Management increased our drop-ship efficiency, making us a trusted partner to fulfill perfect orders for retailers and consumers.”

Marcelo de Matheus

Chief Information Officer, Tramontina USA

Tramontina simplifies distribution on Oracle Cloud

One of the leading producers of culinary products, Tramontina USA turned to Oracle Fusion Cloud ERP and supply chain management solutions to distribute its products. Oracle helped the company create a centralized order hub to handle demand surges and gain total supply chain visibility to better forecast demand and optimize inventory. The new platform also supports omnichannel commerce—a must during the pandemic and beyond. With Oracle, Tramontina is ready to drive business growth for years to come.



2 Increase profit margins and exceed customer expectations

Many distributors were caught off guard by the rapid shift to next-day and same-day deliveries and the growth of new distribution channels. Supply chain disruptions made it hard to maintain the right inventory levels. As a result, profit margins and customer satisfaction often suffered.

How can Oracle help?

[Oracle Fusion Supply Chain and Manufacturing](#) enables distributors to achieve optimal inventory levels and on-time delivery. With cloud-based demand and replenishment planning, distributors can predict consumption and accurately plan restocking while using advanced forecasting and automated decision-making systems to minimize stockouts. Distributors can boost profit margins using Oracle's backlog management capabilities to prioritize fulfillment of high-revenue orders.

Distributors can enhance customer service by using Oracle's [warehouse](#) and [transportation](#) management solutions to boost on-time in-full deliveries. They can easily simulate different fulfillment options and adjust on the fly using logistics network modeling tools, part of [Oracle Transportation Management](#). These solutions help distributors create robust contingency plans, forecast freight volumes, and quickly change destinations, carriers, and rates to maximize margins.

“We are already hearing from our branch managers and sales operations managers that we are giving time back to the branches in a couple of hours a day increments.”

Matt Loos
IT Manager, Fastenal

Fastenal optimizes 75K shipments a day with Oracle

With a menu of 1.4 million products, this \$5.3 billion industrial distributor needed to support rapid expansion of same-day delivery of roughly 75,000 shipments to 50 distribution centers and 100,000 vending machines. It chose Oracle Warehouse Management to create a new fulfillment system and integrate it with several homegrown ERP systems and RFID technologies. Oracle's cloud platform was the perfect choice, with its rapid deployment capabilities and easy-to-use customer interface. The company quickly redesigned its distribution network to carry more goods within a same-day delivery radius of its customers. Since then, the company has increased contactless sales, reduced out-of-stock events, and increased replenishment efficiency.

3 Scale the business with intelligent process automation

In recent years, distributors have struggled to retain workers. Rising costs have led to inventory shortages, fulfillment delays, and dissatisfied customers. To bounce back, distributors are looking to increase automation in order fulfillment, warehouse management, rebate programs, and other areas.



How can Oracle help?

Oracle Cloud provides built-in automated processes, helping distributors boost productivity, shorten order-to-cash cycles, and improve profit margins with fewer operational missteps. These automated processes allow distributors to proactively manage their complex mix of channels, products, and pricing while gaining real-time visibility across their supply chains. By connecting supplier rebate programs, order fulfillment, and warehouse operations to their ERP financial systems, distributors can scale their business efficiently and drive profitable growth.

For example, [Oracle Channel Revenue Management](#) helps organizations more efficiently manage trade programs by automating transaction processing and settlement in the cloud. Distributors deploying Channel Revenue Management have more trust among supply chain partners as they gain more confidence in their trade programs and experience fewer rebate disputes. Perhaps equally valuable: Time-saving automation is lifting the burden of manual trade program administration, freeing managers to tackle higher-value tasks.





“We felt like Oracle had the right cloud strategy. We now get quarterly upgrades for every application, which lets us take advantage of new efficiencies, plus ensure our systems are as secure as they need to be.”

Mark Vaupel
Vice President of IT, Hormel Foods

Hormel boosts business performance with Oracle Cloud applications

With a portfolio of 50-plus brands, packaged food leader Hormel Foods has helped its business grow with strategic acquisitions. With a cloud migration across HR, finance and supply chain applications, Hormel began automating its financial closes and optimizing business operations. Oracle Cloud Infrastructure’s integration services quickly connected the data and applications, providing a single source of truth.

4 Reduce risk with a proven, innovative technology platform

Legacy order management and supply chain applications were never built for a modern wholesale distribution environment, with its complex array of channels, products, pricing, rebate agreements, and customer returns. Business risks abound in these legacy environments and can easily stifle growth. For example, data and operational silos make operation systems suitable only for a single distribution channel and inventory location, challenging companies to deliver a unified customer experience, often leading to customer churn.



How can Oracle help?

The key to long-term success for wholesale distributors is choosing a proven partner with a full set of capabilities covering supply chain, financials, sales, marketing, service, and workforce management. Oracle's cloud SaaS solutions deliver all those abilities, as well as a full range of functionality designed for wholesale distributors.

Distributors that move to [Oracle Cloud Infrastructure](#) can more easily scale their businesses to handle any workload. Engineered for optimal performance, security, and low ownership costs, Oracle Cloud is the ideal platform for innovation, with embedded automation for the Internet of Things, AI, machine learning, digital assistants, and robotic processes. Oracle delivers quarterly updates of new functionalities to every customer, minimizing the risk of technical debt, so distributors can focus on what matters: customer and employee success.





“The modular nature of the Oracle product set will allow us to deliver benefits, manage risk, and build confidence in the strategy from the very start. We will keep adding improvements without reinventing the wheel.”

Roger Connett
IT Director, Wolseley

Wolseley enhances visibility across inventory sites

Wolseley, a leading distributor of plumbing, heating, and cooling products, had limited visibility into its global inventory, causing overstock and difficulty filling customer demand. The company deployed Oracle Cloud solutions to centralize supply planning and purchasing, automate replenishment planning and execution, and enable a global order promising program. The integrated platform helped the distributor improve stock availability, boost on-time in-full performance, reduce inventory costs, and increase revenue and margins.



5 Manage talent and drive growth with unified supply chain management, finance, and HR

Given that employee-related expenses make up an estimated 50% to 75% of business costs, it's hardly surprising that workforce management continues to be a top priority for distributors worldwide. The hybrid and remote workforce challenged HR to effectively recruit, retain, train, and pay the new breed of workers.



How can Oracle help?

[Oracle Cloud applications](#) bring together [supply chain](#), [order management](#), [HR](#), and [finance](#) on a single cloud platform powered by a common data model. The tightly integrated suite of apps enables companies to deliver a better [experience for employees](#), with the latest digital technologies and support they need to be successful in new and current roles. [Oracle Fusion Cloud Human Capital Management](#) gives distributors a robust solution to manage every aspect of their workforce, including planning, recruiting, talent management, learning, work-life balance, time tracking, and payroll. Plus, embedded AI and chatbots support remote and mobile workers using any device, anywhere.

Oracle's unified platform helps distributors attract and retain talent by empowering them with automated processes to be more productive. Advanced [analytics](#) equip employees to drive intelligent decision-making. All of this will help distributors meet and exceed rising customer expectations by delivering the right product at the right time.

“As a global ecommerce distributor of electronic components for new devices, we believe in using technology to make us more efficient. Whether it’s software, hardware, or automation, we are investing in state-of-the-art solutions and systems to help us work smarter across all areas of the company.”

Scott Brown
Senior Vice President of Finance, Mouser Electronics



Mouser Electronics simplifies global workforce management

Mouser Electronics is the world’s seventh-largest distributor of electronic components. To sustain its double-digit annual growth and serve customers around the world, it needed a modern multicurrency financial management solution to reconcile intercompany transactions on a global scale. But Mouser’s heavy reliance on spreadsheets and error-prone manual processes was holding it back. Oracle Cloud enabled it to align finance and operations, navigate supply chain challenges, simplify global workforce management, create greater cross-team collaboration, and provide insights into budgets, forecasts, talent, and more.



What's next for wholesale distribution

Growth prospects for the \$7.1 trillion wholesale distribution industry are looking up. But the macroeconomic landscape remains volatile, and competitive pressures continue to challenge distributors seeking to increase revenue and create value for customers while minimizing operating costs.

Cloud technologies can help distributors thrive in this dynamic environment, driving new value-add services and business models such as omnichannel commerce, direct-to-consumer, and subscriptions. Oracle Cloud applications for supply chain management, finance, and HR provide distributors process integration, automation, and analytics. Together with a revitalized and upskilled workforce, wholesale distributors have the power they need to innovate, grow, and profit well into the future.

[Learn more about wholesale distribution](#)

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