

The multichannel challenge and how to deal with it

Is your business in the best shape to meet your customers' multichannel demands?

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Right platform, right place, right time. How to reach customers where and when they want you and ensure that, however they do business with you, it's seamless.

BCP's Richard Marshall looks at the issues and solutions for the wholesale sector.

It's official. Wholesale distribution is one of the fastest-changing business models today – and I've just seen that confirmed yet again. This time in Grant Thornton's latest quarterly M&S Review which highlights the fragmented nature of the market and the increased competition as the number of routes to market multiplies and existing players diversify.

It doesn't matter really whether you call it 'multichannel' or 'omnichannel', the situation is the same. What was originally thought of as a retail phenomenon is now firmly here to stay in wholesale and with the number of online and mobile orders continually on the rise, wholesalers are grappling with how to best control their costs while serving customers across multiple channels. The market is moving to a buy from anywhere/despatch from anywhere/deliver to anywhere distribution model. Customers can buy an item in a cash and carry, over the Internet from a PC or laptop in their home or office, from their smartphone or their tablet or they can do it traditionally by placing an order with a rep or via a telesales operator. That order can be filled from a distribution centre, a 3PL, a C&C or drop shipped.

As I've discussed in previous white papers, customer expectations are now high and the challenges for Wholesalers equally so. Coping with customers who believe it is the norm to interact with you as they wish and expect the same level of service is a huge ask for any business. The question for wholesalers is "How do you ensure that you're equipped to meet these new and evolving challenges – at a cost which makes it all not just viable, but profitable?"

I think there are three key areas to look at:

Marketing

Marketing to customers must now assume a new level of importance for the wholesaler. It's no longer about just sending out flyers or catalogues. In a highly digital world you have to consider all mediums and ensure that your messages are consistent. Traditional paper-based marketing still has its place, but now you also have to include all the digital and social media avenues – from text messaging and emails to Twitter, Facebook and websites. It never ceases to amaze me at how the list keeps on getting longer as technology advances open up new avenues and at the same time deliver the tools to collect data and personalise offers in new and exciting ways. I think Beacons are the latest addition to the list and they look set to really take off.

It might all seem a little daunting, but you really do have to adopt and adapt to remain competitive – and remember lots of these avenues are much more cost effective and can be more successful than traditional

methods. Take digital coupons. They cost a fraction of paper coupons and I've seen figures claiming a 16% redemption rate compared with 1% for paper coupons!

Ordering

So, once you communicate with your customers through many mediums it's vital that whatever way they choose to do business with you is both easy and consistent. Your customers have a single view of you and you have a single view of them.

This means that you have to have systems in place that are tightly integrated in real-time and offer an experience that is appropriate to the channel.

Take online ordering as an example. It's now widely recognised that people want the business-to-consumer (B2C) experience in the business-to-business (B2B) world. This consumerisation of the B2B process means that you need to offer web and mobile channels that offer the sophistication, ease of use and features of a B2C website – a true ecommerce solution rather than a 'simple' online ordering system.

But – and it's a big 'but' – this must be blended seamlessly with the extra functionality that is vital in a B2B environment – like complex pricing and promotions. Pricing transparency and client specific pricing are two of the most critical – and most complex – factors that must be retained in B2B ecommerce solutions.

Account management features like online visibility of invoices, orders and credit limits and fast shop options for customers who always buy the same products are also important for a B2B ecommerce solution, and flexibility and security are also more critical. If a customer places an order on the web, via mobile or even with a rep they want to be able to call you and change that order immediately – and to know that all the details of their relationship with you are protected and secure.

Supply chain

As you open up ordering channels to your customers, order profiles and turnaround times will change considerably. Having the flexibility to cope with multiple customer order profiles, late changes to orders, different delivery requirements and such like will be paramount.

You not only need to ensure that your processes fit, but the technology you have in place in the supply chain is both flexible and agile enough to meet these demands. Simply passing (website) orders into a back-end order management system just isn't good enough. Close integration between front and back-end systems is critical to give the transparency and real-time information required to succeed. Similarly, traditional order based picking will no longer be efficient. You'll need systems which can accommodate multi order pick or batch, pick and sort processes.

The challenges are real and are not going to disappear so the ostrich approach is not a solution. The challenges have to be met face on if your business is to survive and flourish. Not to do so risks decline and potential disappearance. Be wary of ad hoc short term sticking plaster fixes which can generate bigger problems in the longer term. All your decisions need to have multi-channel at the core and having the right systems in place to deal with a multi-channel world will be key to your future success. Flexible, agile, properly integrated systems and processes are pivotal to meeting the needs of your customers today and in the future.



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