



Transform Your Wholesale Distribution Supply Chain with Logistics Tech

Inside the logistics of wholesale distribution: Trends, opportunities and the role of Artificial Intelligence

The Wholesale Distribution Supply Chain – A Brief Rundown

Wholesale distribution is a fundamental element of manufacturing and retail supply chains. Wholesalers, distributors and supply chain middlemen play a pivotal role in facilitating a smooth flow of goods from the point of production to consumption.

These distributors are either corporate establishments or individual entities who purchase goods in bulk quantities from manufacturers or suppliers and resell them to retailers, online sellers or even end consumers (as the case may be), usually at wholesale prices.

So, how does wholesale distribution actually work, and how do wholesalers make a profit?

Wholesale distributors buy goods from original manufacturers for a lower price than the actual market price. Manufacturers charge a lesser price for each unit of their products as wholesalers purchase them in large quantities. After sourcing goods directly from manufacturers, wholesalers store them in warehouses or distribution centers for a brief period and resell them to retailers or other B2B customers at a higher price in order to gain a profit for themselves.



Key Insights

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Goods are Produced in Company Manufacturing Units



Wholesalers Buy Finished Goods in Bulk



Bulk Merchandise is Stored in Wholesale Warehouses/ Distribution Centers

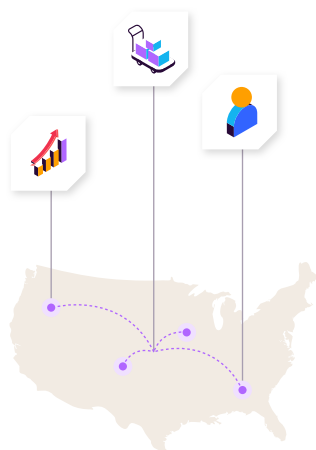


Goods are Sold to Retailers at a Higher Price

Although it comes with a cost, involving wholesalers benefits brands in many ways.

- Wholesalers bring years of expertise in warehousing, distribution, and selling, allowing brands to focus entirely on churning out finished products.
- They maintain good business relationships with retailers spread across various locations and keep a close eye on market demand fluctuations.
- Wholesalers also take care of the entire logistics involved in moving the goods from production units to warehouses and then from warehouses to retail outlets.

With annual sales of about \$8.7 trillion, the [USA's wholesale distribution industry](#) is massive and includes about 480,000 companies, including single-location and multi-location companies. Bwanaz, Alibaba, Costco, Michaels, and Importers Direct Wholesale Co. (IDWCO) are some of America's leading wholesale players, dealing in bulk buying and reselling of wide-ranging products. **As of December 2020, there were [5.68 million people](#) employed in the wholesale distribution industry in the United States, representing 3.6% of the total private employees in the country.**



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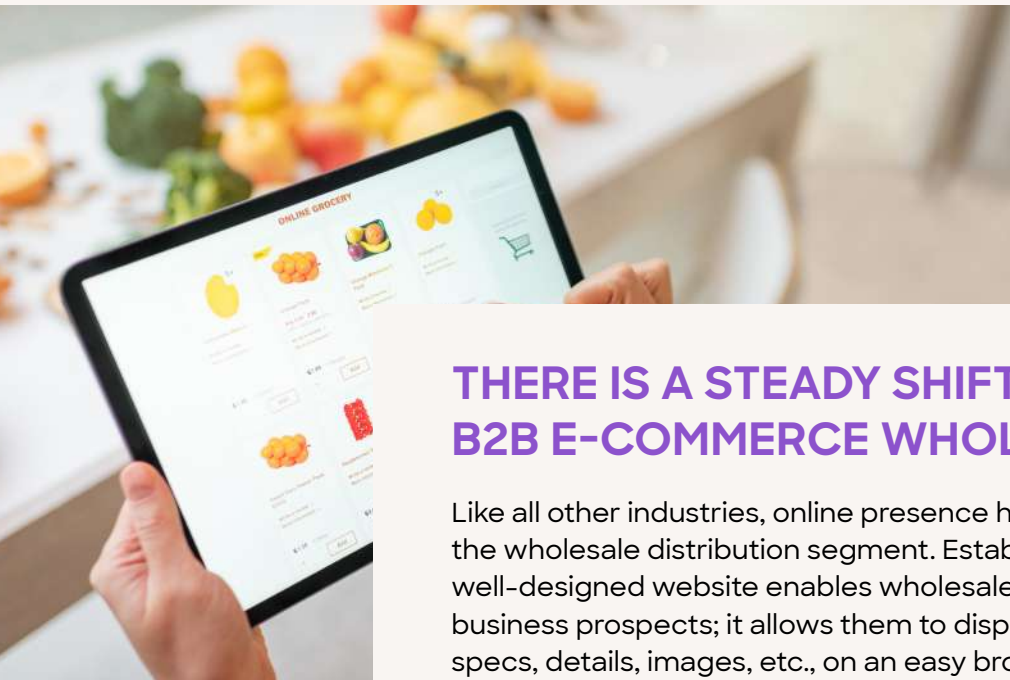
people employed in the wholesale distribution

The industry is highly competitive and evolving at a rapid pace, owing to advancements in tech, growing e-commerce activities, dynamic demands of B2B customers as well as the uncertainties brought about by the COVID-19 pandemic.

In this research paper, let us discuss the latest trends in wholesale distribution, the growing importance of strong logistics practices for players in the industry, and the role of Artificial Intelligence in strengthening the wholesale distribution supply chain.

Disruptive Trends in Wholesale Distribution – What are The Experts Saying?

The wholesale distribution industry is one of the biggest in terms of revenue and size of operation. Due to growing digital commerce and the supply chain disruptions caused by COVID-19, the industry is rapidly evolving, giving rise to some market trends that could potentially reshape the future of the wholesale supply chain in the days to come.



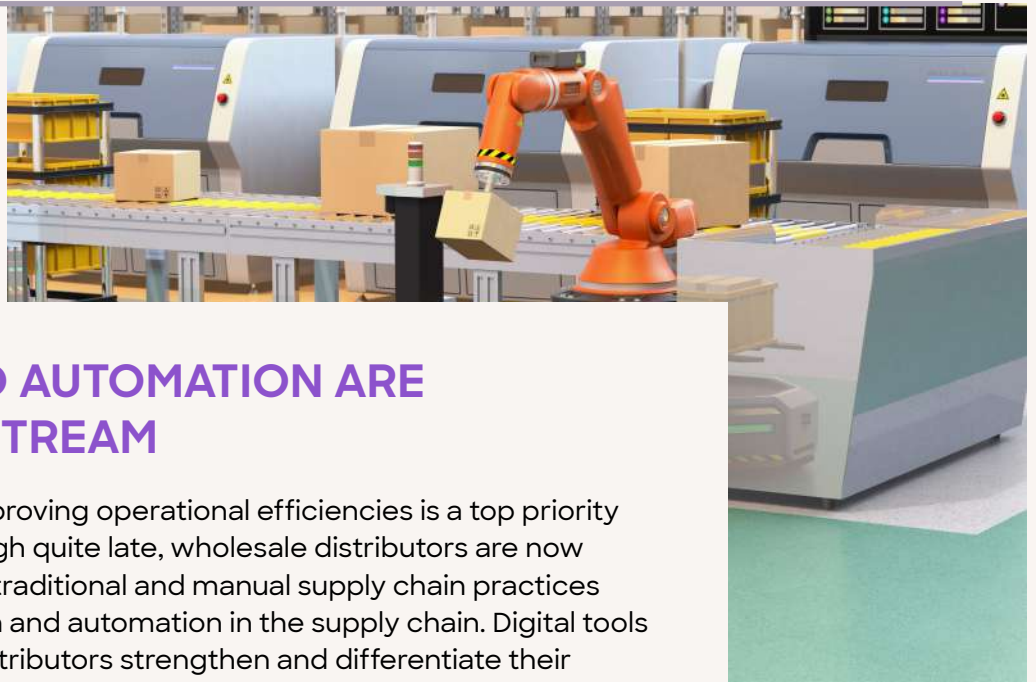
01

THERE IS A STEADY SHIFT TOWARDS B2B E-COMMERCE WHOLESALING

Like all other industries, online presence has become a must for businesses in the wholesale distribution segment. Establishing and maintaining a well-designed website enables wholesalers to not just reach out to more business prospects; it allows them to display all their products along with specs, details, images, etc., on an easy browsing platform.

“Consumers have embraced online purchasing in recent years, but wholesalers have taken longer to adapt to online B2B selling. For decades, wholesalers used to distribute hardcopy catalogues to their clients. Making these catalogues available online expands the possibilities and simplifies the process for all parties involved. For starters, placing an order online is far more convenient. Retailers can easily add items to their cart and the quantity they want, and get an estimate of how much their order will cost.”, says **Sam Browne, CEO and founder of [Findaband](#)**, an online platform that connects Australia's best live bands for local corporate and private events.

02



DIGITIZATION AND AUTOMATION ARE BECOMING MAINSTREAM

For wholesale distributors, improving operational efficiencies is a top priority to remain competitive. Although quite late, wholesale distributors are now realizing the need to let go of traditional and manual supply chain practices and are embracing digitization and automation in the supply chain. Digital tools and smart use of tech help distributors strengthen and differentiate their customer experience and improve the quality and efficiency of their business processes.

[Edward Mellet](#), a UK-based entrepreneur says, “As a wholesaler myself, I believe that wholesalers are now focusing on the digitization of their buying and supply chain workflows, and have started developing integrated cross-channel marketing strategies to streamline their payment mechanisms and optimize distribution operation. To stay competitive, wholesalers will have to adjust.”

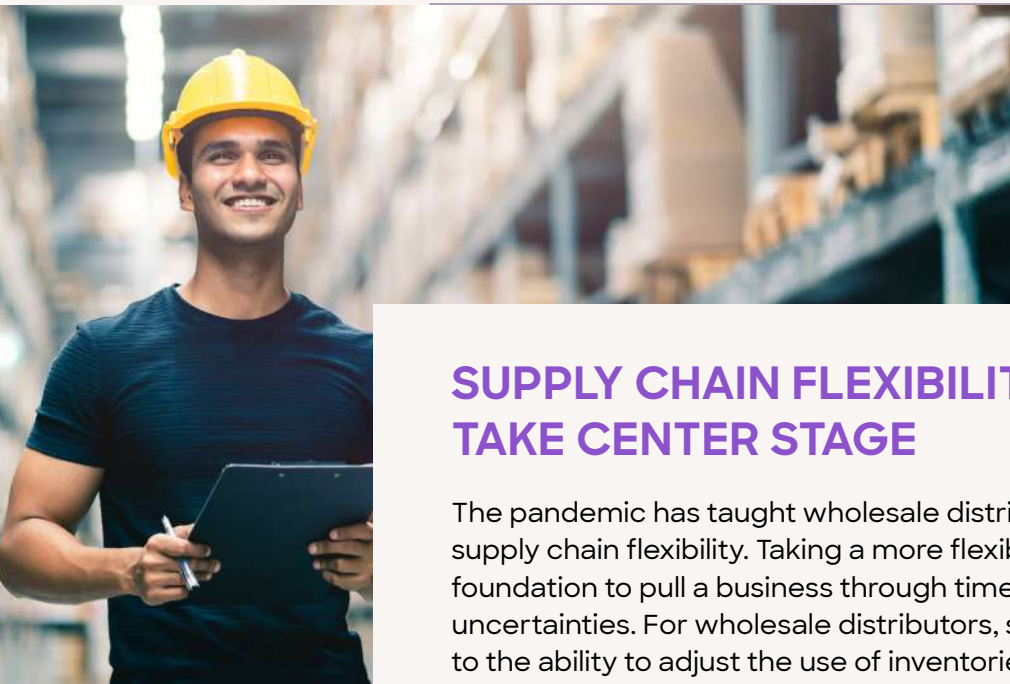
“In the wholesale distribution industry, Artificial Intelligence is now used mostly to automate sales, billing, accounting, and other administrative operations. Many others, on the other hand, are optimistic about a future in which AI can take over warehouse and logistical activities, such as packaging, labelling, shipping, and tracking and it will reduce the need for human labour.” he further adds.

03

BUSINESS DECISIONS WILL BE MORE DATA DRIVEN

Data is a vital business asset for effective supply chain management. With the help of accurate real-time and historical business data, wholesalers can get the upper hand over competitors by making smarter decisions, predicting demand patterns, and taking preventative business measures.

“Turning to data and analytics takes a lot of guesswork out of business, which makes it possible for businesses to finetune their strategies and allocate their funding for investments with more confidence. State-of-the-art technology makes it possible for wholesalers to make data-driven decisions in terms of how much inventory to hold, when to buy and what to buy. Additionally, access to advanced analytics and detailed consumer behavior reports helps these types of businesses make decisions for marketing, sales and even internal operations.”, says **Olivia Tan, Co-Founder of [CocoFax](#)**, a tech startup based in Singapore.



04

SUPPLY CHAIN FLEXIBILITY WILL TAKE CENTER STAGE

The pandemic has taught wholesale distributors the importance of investing in supply chain flexibility. Taking a more flexible approach can help build a resilient foundation to pull a business through times of economic distress and lingering uncertainties. For wholesale distributors, supply chain flexibility translates to the ability to adjust the use of inventories, business information, and logistics resources to make the distribution process most cost-effective and profitable.

Tony Kelly, CEO of [CameraGroove](#) states, “Because of the worldwide crisis, this year has seen a lot of unpredictably disrupted supply and demand. B2B retailers and wholesale distributors who didn't have a plan in place for supply chain flexibility struggled to get by. Wholesale distributors have learned the value of investing in supply chain flexibility as a result of the pandemic.”



Key Insights

Logistics is one of the four pillars of supply chain management. In fact, it is perhaps the most crucial touchpoint in the supply chain, as it is the customer-facing end of the business.

The Logistics of Wholesale Distribution: Why is It Crucial Now More than Ever?

Logistics is the sum total of all the activities involved in moving goods from point A to point B. This includes logistics planning, storage/warehousing, packaging, shipping, transportation, and monitoring of on-ground operations. **Logistics is one of the four pillars of supply chain management.** In fact, it is perhaps the most crucial touchpoint in the supply chain, as it is the customer-facing end of the business.

Implementing a robust and seamless logistics framework ensures that the intended goods are supplied to the customer well in time and with minimal costs involved. In a world of cut-throat competition, dynamic business demands, and rising uncertainties, logistics is not just a cost center for wholesale distributors anymore; it is a key differentiator in the market.

“It is an undeniable fact that a business, either retail or wholesale, meets success mainly because of its customers. Logistics and its proper management plays a crucial role in making the wholesale supply chain efficient and quick enough to meet the demands of the customers and clients. Efficient logistics enables balancing the supply-demand curve, and with customer demands being met, a business will attract loyalty from the clients and build better relationships with its partners.”, says **Scott Williams, Founder & CEO of [Mobile Office Sales](#)**, a portable office trailer vendor for businesses in the US.

Through professionally organized logistics, companies can ensure fast and safe transportation, storage and delivery of goods and meet business SLAs effectively. They can integrate these services by adding value to their products and ensure that their products arrive at the right place on time. Efficient planning, task allocation, and execution of logistical activities are essential to run the entire supply chain with effective, timely, and optimal back and forth of goods and services.

Abby Hau, Marketing Director at [WellPCB](#), a circuit board assembly and B2B delivery company says, “Effectively coordinated logistics brings positive business results. As companies grow and expand (regional, international, and even global), their supply chains become increasingly complex and they have to rely on efficient logistics. It has become the core of the supply chain, and well-planned logistics can help reduce costs and increase efficiency. Business leaders have realized that they can reduce costs by establishing partnerships with other companies that provide smart transportation, networking and warehousing solutions.”

Optimize Your Wholesale Distribution Supply Chain with Logistics Tech

Artificial Intelligence, machine learning, data science algorithms, and [Location Intelligence](#) tools are now modernizing supply chains in economical and efficient ways, and the wholesale distribution landscape is no exception.

Innovations in logistics tech are helping businesses overcome the key challenges in wholesale distribution and streamline distribution operations, reduce supply chain costs and gain greater visibility over resources. Here are some ways implementing technology in logistics can optimize your wholesale supply chain and help you stand out amidst the uncertainties.



Key Insights

Innovations in logistics tech are helping businesses overcome the key challenges in wholesale distribution and streamline distribution operations.



Network Planning and Design

The distribution network is the basic foundation on which an entire supply chain runs and operates. Traditionally, supply chain networks are built based on key supplier and customer locations, which may not be the most optimal and cost-effective designs. With [AI-enabled network planning](#), wholesalers can bring more structure and strategy into distribution operations. [Digital Twin simulations](#) of real-world supply chain networks vs. optimal networks help identify the loopholes and design better sourcing, warehousing, and distributing networks for wholesale players.



Automated Inventory Management

Robotic automation is redefining warehousing and inventory management for supply chains today. By implementing automated inventory management tools, wholesalers can eliminate manual, time-consuming, and error-prone inventory processes and streamline the entire backend of warehousing with [smart and efficient package sorting](#), shelf-space optimization, packaging, invoicing, and shipping processes.



Route Optimization

While often overlooked in the wholesale supply chain, [planning delivery routes](#) is a key aspect of the distribution process. Advanced route planning and dispatching software enable businesses to automate logistical planning and bring more accuracy in distribution. You can schedule retail dispatches within seconds, plan short and optimal delivery routes, thereby saving valuable time spent on planning and cost involved in transportation.



Fleet and Resource Allocation

Wholesalers often find it challenging to allocate right-sized fleets and resources to carry out distribution of merchandise. With intelligent fleet management tools, you can strategize your fleet requirements by creating custom fleet mixes based on the quantity and type of products you are shipping, while ensuring optimal [vehicle utilization](#). Also, with historical and resource data analytics, you can assign the right agents suited for each delivery task based on the preferred location of service, geographical know-how, and so on.



Real-Time Supply Chain Visibility

[Live fleet tracking](#) and visibility tools can give you greater control over your ongoing logistics by providing you real-time data on the whereabouts of each vehicle in transit, reports about workforce productivity, and allowing you to take preventive measures to avoid any delays or mishaps on the road. You can also share order tracking details with your B2B customers, thereby elevating the overall brand experience and enhancing transparency through the supply chain.



Analytics and Insights for Decision Making

Data is the true power in today's digital business space, and by tapping real-world everyday supply chain data, you can derive meaningful observations for the larger benefit of your business. Leveraging data analytics can offer valuable insights based on historical business data, on-ground happenings, market trends, and competitor data to make more strategic and profitable supply chain decisions.

The wholesale distribution game is rapidly evolving, and to stay competitive in the market and keep your B2B customers satisfied, businesses must modernize and adapt. Keeping a close eye on market trends, strategic decision making and an innovative approach towards managing logistics with AI-powered tech can go a long way into fortifying the wholesale supply chain.



Locus is a Supply Chain Automation and Optimization Engine that adds Intelligence to your Business with Innovative Logistics Tech.

[Get in touch with our experts to understand how our futuristic AI-enabled solutions can optimize your wholesale distribution supply chain.](#)



Locus is a leading-edge technology company
dedicated to solving the most challenging all mile
problems in global logistics.

1020m+

Total deliveries
optimized

12m+ kgs

Reduction
in GHG emissions

\$288m+

Savings
in logistics costs

**GROWTH,
DELIVERED.**

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