

MAKING THE MOST OF DIGITAL SALES CHANNELS

DIGITAL READINESS IN THE WHOLESALE SECTOR

What did 150 ecommerce decision-makers in large organisations tell us about the current and future role of digital commerce in their industry and business?

DIGITAL COMMERCE:

The use of the Internet, mobile networks and commerce infrastructure to execute transactions with consumers or businesses (Gartner)

There is no doubt that we are living in an increasingly digital society. Consumers and businesses alike are adopting digital into everyday life – with organisations across most sectors using digital commerce to interact with more customers, existing and potential, than ever before.

One exception to this rule has historically been the wholesale sector which has not yet put digital commerce at its heart and appears unsure of whether to make that move. Within the sector, the majority of businesses continue to use traditional approaches to lead generation and sales in what is now a sophisticated digital environment. So in a world of digital technology, what does the future hold for a sector which has so far been slow to adapt?

Perhaps it is the fault of digital service providers and experts. At a time when the race was on to “be the first” to do great things with digital technology, those helping businesses respond to the boom tended to focus their efforts on the more obvious sectors – retail and financial services. Now retail, manufacturing, financial services, utilities, the media and other sectors are all seeing real, tangible benefits of digital commerce. The wholesale sector must surely now consider changing its stance and chart its own disruption or run the risk of being disrupted.



KEY STATS AT A GLANCE



33%

of wholesalers are yet to see a positive impact of the **digital boom** in their organisation



87%

of wholesalers experienced **challenges in adopting digital commerce**



Most wholesalers expect **digital channels to represent only**

1-10%

 of their annual revenue over the next five years

33%

of wholesalers admit that **no-one within their organisation** has ultimate responsibility for **digital commerce**

Wholesale's limited move into digital commerce has been accepted so far, with our study showing only 6% of annual revenue being attributed to digital. But the problem is that wholesale customers are consumers too – they use mobile, smart and even wearable technology every single day. It makes them more efficient, saves them time and money and generally is seen to improve their life. Eventually, they will demand the same level of ease and convenience from wholesale.

Certainly in our study, wholesalers appear aware that there is a pressure to move more into digital channels. Almost a third (30%) of respondents pointed to the benefits of digital commerce as a way to improve reputation. Yet 33% of wholesalers admit they are yet to see a positive impact of the digital boom in their organisation, and only a third believe digital commerce is important to their industry – although that figure does increase to 53% when looking at the next decade. Similarly, by 2020, the sector expects digital sales to account for 13% of revenue.

When asked if they face challenges in developing ecommerce for their business, 87% stated this to be the case. This is the most of any sector surveyed. The top three challenges identified are: lack of board/senior management buy in (46%), the work of integrating ecommerce being associated with traditional sales (42%) and the pressures of having to deal with numerous technologies and suppliers (35%).

The future is unclear, with the fear that wholesale is about to invest in digital commerce but is not in the position to do so effectively and reap the benefits. A third of respondents from wholesale recognise that no-one within their organisation has ultimate responsibility for digital commerce. So if we are saying that wholesale faces challenges in utilising digital commerce and making it work for the sector, who is supposed to be driving this? Without a certain level of confidence and action, the door remains potentially open for the sector to miss out on the sales opportunity digital commerce offers.

Wholesale may have been slow to adapt but the benefit of this is the beauty of hindsight. The sector needs to look at the challenges the likes of retail have faced and make sure it does not suffer the same – from ensuring someone within the organisation has the necessary skills to drive digital, to being smart about the digital channel they are utilising. The future of the world is 'digital' so, simply put, is the future of wholesale. The experience wholesalers have, as they begin this journey, depends on their approach to it.

Martin Girdlestone, Head of Consultancy, Salmon

Salmon is a global digital commerce consultancy that defines and delivers market-changing solutions and customer journeys for the world's leading brands.

Established in 1989, with operations in London, New York, Sydney and Beijing, Salmon clients include AkzoNobel, Argos, Audi UK, DFS, Halfords, GAME, Premier Farnell, Sainsbury's and Selfridges.

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