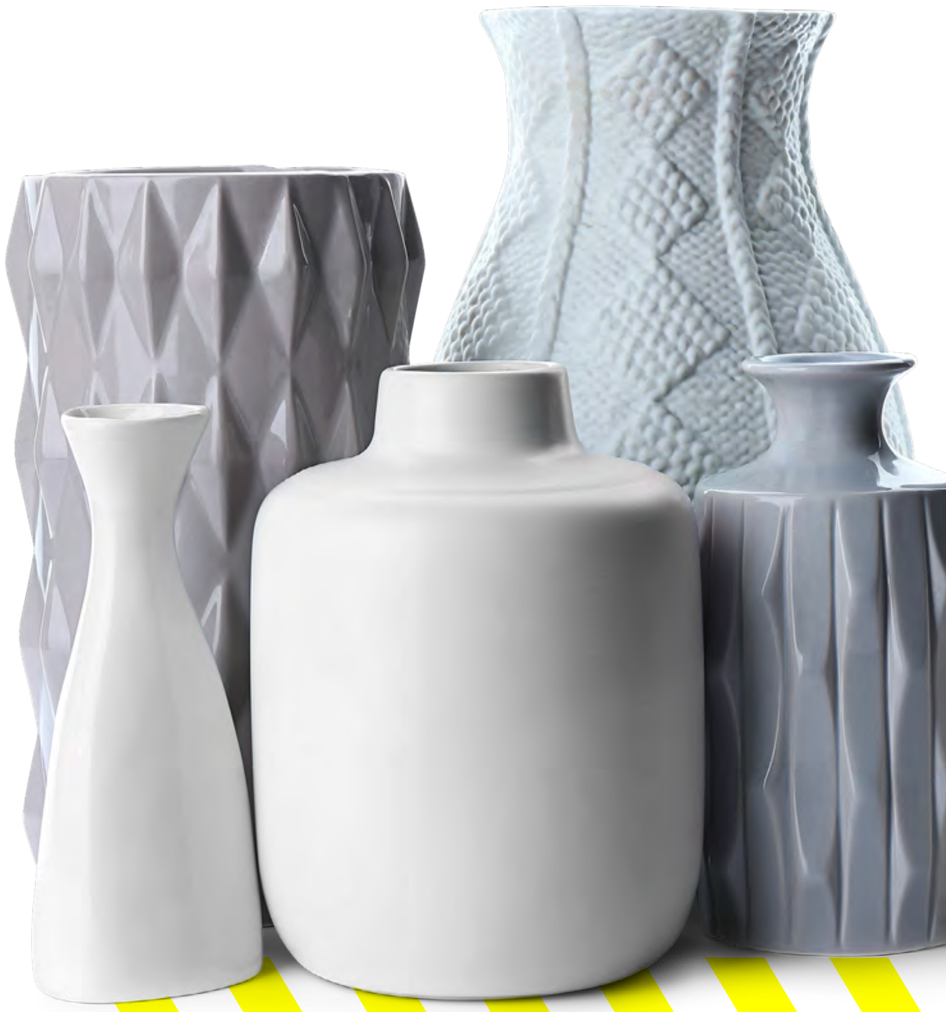
Aptean Distribution ERP

Overcome the Physical Demands and Retailer Requirements of Direct-to-Consumer Business



aptean Ready for What's Next, Now™

It's official: ecommerce and direct-to-consumer (DTC) shipping are here to stay.

Since 2014, ecommerce has sustained a steady growth rate of 23%, and in 2020, ecommerce sales grew to 40.3%. These trends aren't expected to change, and industry experts anticipate continued and steady growth in the ecommerce platform.

For consumer goods importers and distributors who are still on the fence about the future of ecommerce, it's time to evaluate your operations. To rethink your processes. And to begin incorporating developments like direct-to-consumer order processing and shipping into your business.

Businesses are moving away from traditional fulfillment methods and moving towards ecommerce, online orders and DTC shipping.

This whitepaper will explore the physical demands of DTC order processing and the retailer requirements your company should be prepared for. And how an enterprise resource planning (ERP) solution built specifically for the consumer goods industry can help.

Harnessing the monumental power of DTC

The modern customer's needs are changing. The emergence of online shopping has simplified the buyer's journey and revolutionized retail. Those brands who typically relied on selling and shipping products through big box stores or retailer distribution centers have been forced to reimagine their business models.

Historically, consumer goods designers, manufacturers and distributors would receive shipment orders to retail stores or distribution centers. The process of these orders was relatively predictable — weekly replenishment orders for Retailer X would come in on Monday, for example, and need to ship by Tuesday. Or Retailer Y would send large orders over the summer in preparation for the holiday season.

In the DTC model, consumer goods companies receive end-consumer orders directly from the retailer. Instead of a single order shipped to a distribution center for 100 units of ceramic mugs, for example, the client will receive 100 individual orders, each with one mug. Each of which needs to be shipped within hours (rather than days). And each of which must be shipped directly to the consumer.

Then, the challenges that emerge are clear — an increase in order volume and fulfillment requirements, additional warehouse complexities, an increase in shipping methods, and meeting strict OTIF standards are a few examples.

Though this shift in trends requires consumer goods companies to reimagine their business models, the benefits of DTC far outweigh the challenges. DTC, for example, gives you a deeper understanding of your consumer. It's a direct relationship — there's no more middlemen or round-about communications.

DTC also presents you with the opportunity to realize more significant margins by streamlining the sales and distribution processes and create greater brand stewardship among both employees and consumers.

Overcoming physical demands of DTC

The most successful consumer goods importing and distribution companies are the ones that adapt quickly and efficiently to emerging trends and shifts in operational requirements.

If you're thinking about making the switch to DTC or you have switched and are struggling to keep up with demand, understanding the physical requirements behind DTC can help.

Exceeding Consumer Expectations

The modern consumer is one that puts convenience ahead of all other buying factors. Because most products and services are available at the simple push of a button, buyers expect to get what they want exactly when they want it. If you can't provide it, they'll go elsewhere to get it.

We'll be the first ones to admit — meeting these new consumer expectations is difficult. Especially if you're still operating with traditional fulfillment and delivery models.

In a 2018 survey, PwC found that over 40% of online shoppers said they would pay an extra charge for same-day delivery, and a quarter of respondents said they would pay an additional amount to be sure they could get their packages in a one to two hour window. This number is only expected to grow.

Monitoring spikes in volume

Whether your business considers itself a seasonal brand – a company whose products primarily service a specific time, event or season – or not, all consumer goods importers and distributors deal with spikes in volume over a fiscal year.

While many volume spikes are expected (during Black Friday or throughout the holiday season, for example), others can come as a complete surprise (like after a weather incident), and businesses need to be prepared to meet their customer's demands.

Most companies have well-established processes for managing day-to-day order volume. These same companies may struggle to handle the order spikes that come along with DTC. And as a result, improper order processing, increased manual intervention, inadequate inventory calculations and missed or incorrect orders occur.

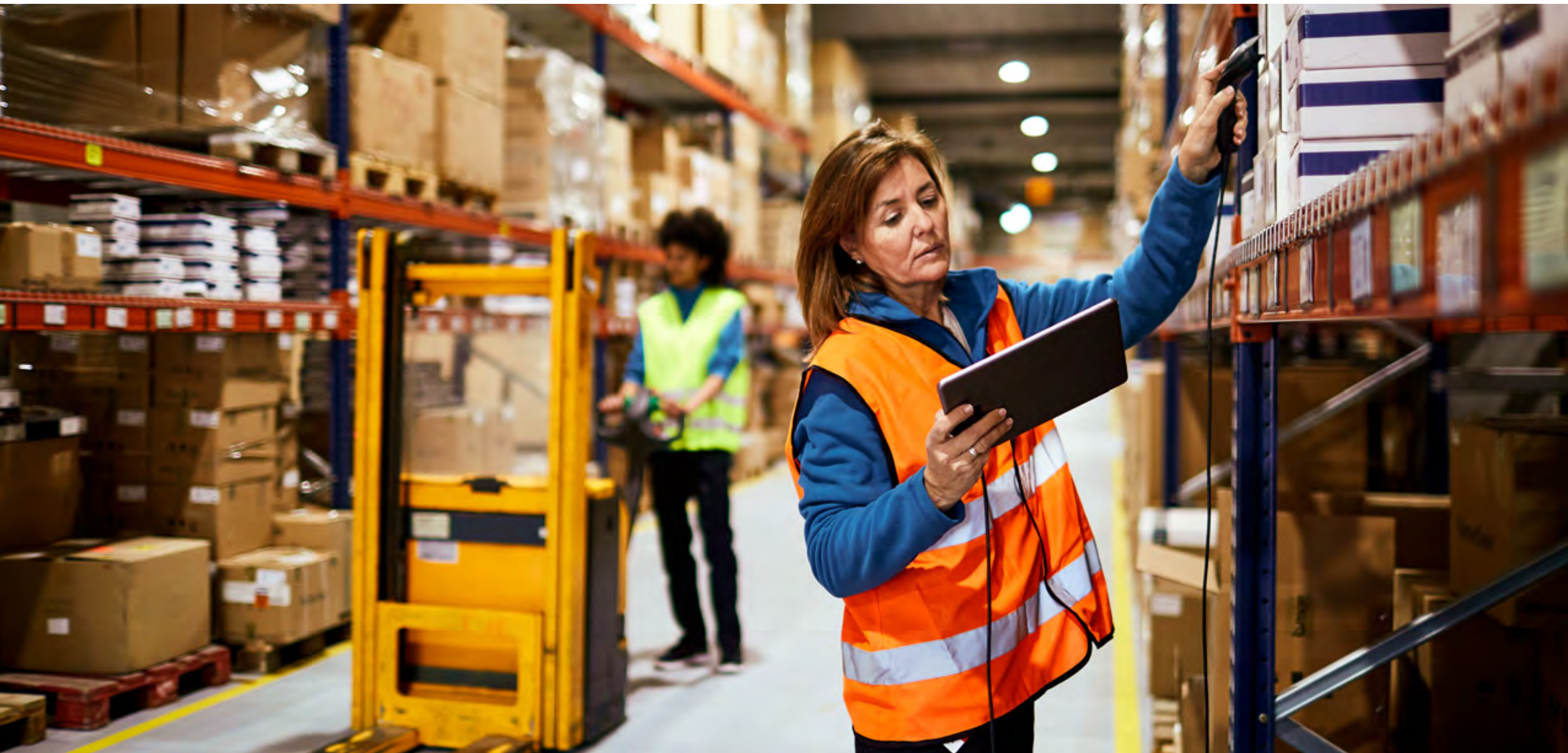
It's invaluable that you ensure you maintain a supply chain that is scalable to the meet needs and demands of your consumers. To adjust to those spikes in volume. To get orders out the door on time.

An enterprise resource planning (ERP) solution with built-in electronic data interchange (EDI) allows you to share, exchange and validate necessary order information (addresses, items, quantity) with your customers. This real-time information exchange minimizes the risk for human error at order entry, decreases the risk of product being shipped to the wrong location, and ensures accurate inventory data between you and your retailers.

Maintaining warehouse efficiencies

Traditionally, an order would come in, a shop-floor employee would pick that order and the order process would continue in a relatively straightforward way. This used to be the most efficient model. This used to work — and work well.

For DTC orders, however, picking one order at a time can be detrimental to the overall success of your business.



Imagine this — a picker finds a single unit in a bin, brings that item to the packaging or staging area, and repeats that process over and over throughout the day until all orders are fulfilled. Pretty inefficient, right?

Instead, successful DTC businesses utilize an ERP solution that has built-in warehouse management capabilities to help automate the picking process. This gives you the ability to pull orders on an automated schedule based on a summary of how they are categorized or ordered.

With bulk pulling capabilities built into an ERP solution, you can automate the entire process and pull product in bulk rather than pulling product for each individual order. You could, for example, generate pick instructions for any new DTC order that has inventory allocated to it every thirty or sixty minutes so that you and your team have more time to focus on production and less time on repeat trips to the same picking location.

Meeting retailer requirements of DTC

DTC enables you to bypass the wholesaler, skip retailer, and eliminate the middleman. Instead, you can streamline your operations and offer your brand more control over your product.

But with this control comes a number of retail complexities. Below, we explore the retailer requirements in DTC shipping and what these regulations mean for your business.

Labeling, branding and packaging

For companies already accustomed to working with big-box retailers, it'll come as no surprise that DTC orders from large-scale retailers must meet strict standards and policies to avoid hefty fines and penalties.

Here's an example — your consumer goods importing company has a DTC order from Target for acrylic mugs. A Target customer places an online order for a set of your acrylic mugs and chooses the two-day shipping option at checkout. As part of your contract with Target, your company is now responsible for adhering to this two-day shipping deadline and shipping out the acrylic mugs according to Target standards (which likely includes the proper packaging, labeling and branding requirements).

All big-box stores have vendor manuals that include hundred-page books of guidelines on packaging requirements, delivery policies and how they expect their product to look when it arrives to a customer. If your company isn't' able to adhere to these standards, you risk losing these large-scale DTC orders.

But how do you keep all these retailer standards straight? What may be a requirement for Target may not apply to your order with Costco. This is where an industry-specific solution, like our Distribution ERP, comes in handy.

Our industry-specific ERP has built-in functionality for those complex DTC shipping requirements. So you can meet retailer demands while minimizing errors and associated costs.

Having the ability to generate shipping labels automatically based on individual retailer requirements or ship packages prepaid using a retailer's shipping account within the ERP system alleviates manual, error-prone data and the need to rely on individuals to apply each retailer's rules correctly.

Small parcel shipping

98.1% of shoppers say that delivery impacts their brand loyalty. With pressure from consumers and retailers to get your product out the door as accurately and efficiently as possible, quick delivery is invaluable for your DTC success.

But as the volume of orders coming in increases and the retail requirements of DTC get more and more complex, it's almost impossible for companies relying on manual processes to keep up.

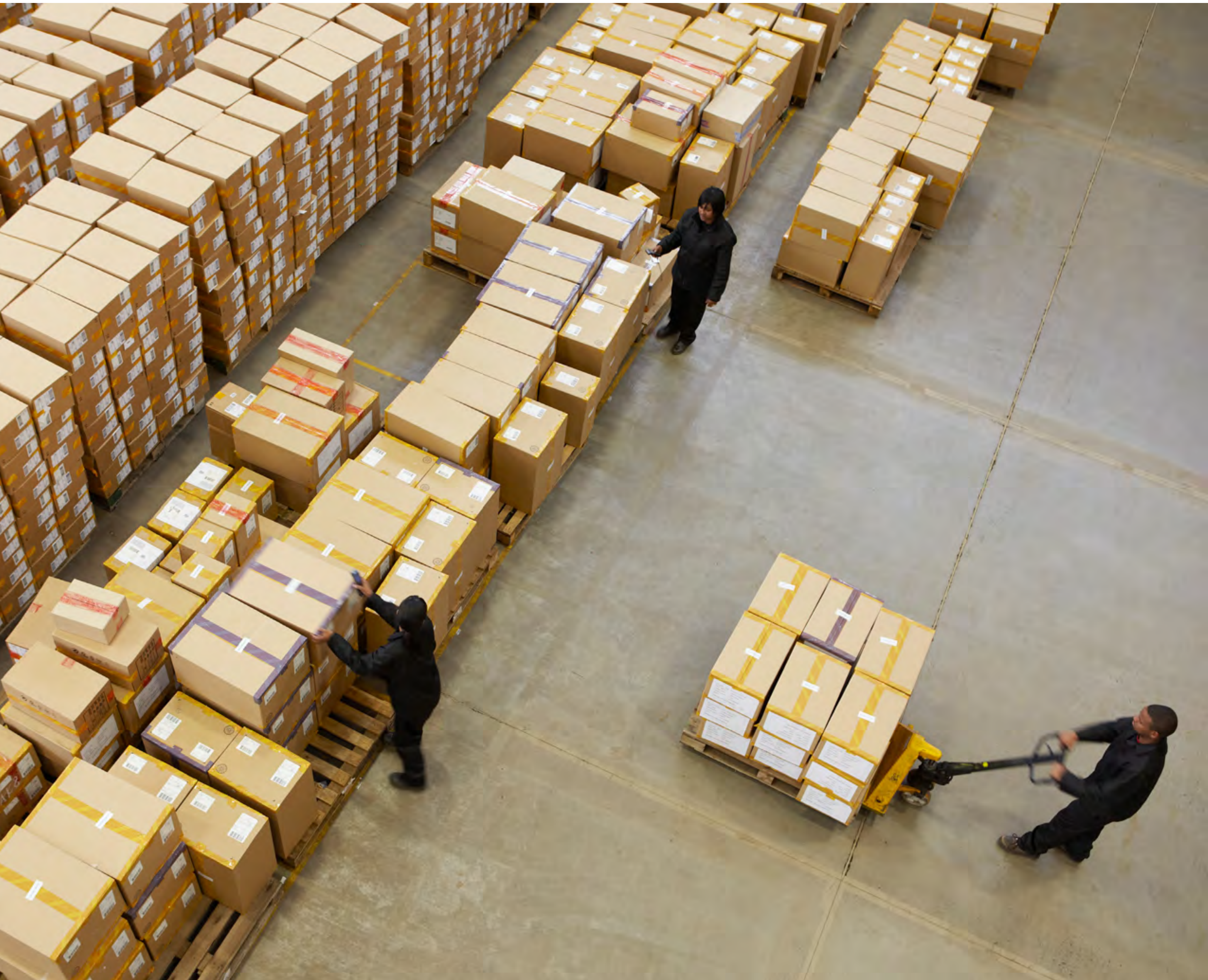
Imagine this: it's peak season in your warehouse, and tens of thousands of orders are being processed. With no solution to help manage your small parcel shipping efforts, employees are manually generating individual tracking labels and downloading retailer-specific packing slips for every order. Not only is this process laborious and inefficient, but it's also prone to error and inconsistency.

An all-in-one ERP that integrates with small parcel shipping solutions ensures that all labels are created from one single source of truth— labels are created and printed based on the retailer's requirements and imported into your ERP solution.

The same rule applies to packing slips—using an ERP, employees can generate retailer-specific packing slips with corresponding logos and branding directly from the system. There's no need to manually download that information and create slips and lists on an order-by-order basis.

Real results start with industry-specific solutions

The shift towards ecommerce and DTC requires you to look inward. To really evaluate your operations and examine your business. While manual processes for order picking, inventory management and shipping logistics may have worked in the past, DTC requires a company-wide digital transformation.



It can't be piecemeal. It won't work if you do it that way—trust us here. You have to fully commit to shifting your operations and processes. And once you do, you can't look back.

But here's the good news: you won't want to. Your business will be better prepared for today's changes—and tomorrow's.

Our ERP was built for consumer goods distributors in the high-volume, labor-intensive DTC space. Our ERP ensures the efficiency and accuracy you need to elevate operations.

Are you Ready to **Get Started?**

Find out how, now.

About Aptean

Aptean is one of the world's leading providers of industry-specific software. Our enterprise resource planning and supply chain solutions are uniquely designed to meet the needs of specialized manufacturers and distributors, while our compliance solutions serve specific markets such as finance and life sciences. With both cloud and on-premise deployment options, Aptean's products, services and unmatched expertise help businesses of all sizes, across many industries, to scale and succeed.

For more information, visit **www.aptean.com**.