WHOLESALE ORDERING PLATFORMS

A guide created by The Beer Industry Electronic Commerce Coalition and it's partners.

INTRODUCTION

Much has been written about the growth and expansion of e-commerce during the pandemic as consumers and retailers have both increased their online ordering whether through business-to-consumer (B2C) or business-to-business (B2B) sales. However, one area that has perhaps not received as much attention is the ordering process between distributors and their brewer partners and the potential for saving time and reducing errors by automating the process.

According to the most recent National Beer Wholesalers Association (NBWA) Distributor Productivity Report, the average beer distributor represents 37.5 different brewers, 279 different brands and more than 1,150 unique SKUs. While the ordering process may be automated and integrated into a distributors' route accounting system (RAS) for their larger brewer partners, the process is often very manual and time-consuming for many of the smaller suppliers the distributors work with. Multiplying this process by 30 or more trading partners oftentimes means there are full-time employees dedicated to nothing but order placing and keying in data. This ordering process and the follow-up step of keying orders into a RAS system is commonplace for many distributors, but solutions do exist that can make this process more efficient.

Many of the same manual entry challenges exist at the brewery level as well. For each new distributor a brewer adds, that's oftentimes another spreadsheet or another PDF document that has to be consolidated so that production schedules and order forecasting can be done. If the brewer cannot fulfill all of their received orders, they also need to sort through their various products to fairly allocate them across their distributor network. All of this involves a lot of manual data entry and increases the chances of human error leading to mistakes in the order process.

There are a variety of tools and solutions available to brewers and distributors to improve the ordering process. From customized online ordering websites to single sign-on distributor ordering platforms, all the way to fully integrated portals that tie into forecasting, inventory and brewery production schedules. The following pages are meant to serve as a resource to educate both brewers and distributors about the various solutions aimed at improving the wholesale-to-brewer ordering process and the benefits each can provide.

BREWERS

For breweries, the process of collecting and inputting orders into their backend systems can present challenges to production schedules and forecasting. Below are some of the challenges brewers face as well as areas where automated solutions could offer some benefits.

Pain points and challenges for a brewery:

- ▶ Time-consuming/labor-intensive process
    - o All orders and revisions require email correspondence
    - o All orders need to be manually entered into an accounting system
- ▶ When seasonal/new items are available/discontinued, order forms need to be updated and recirculated
- ▶ Seasonal/specialty pre-orders tracked in a separate data source outside the accounting system
- ▶ No "one source of truth" for data mining (demand planning, logistics planning etc.)
- ▶ Truck weights need to be manually calculated by distributors
- ▶ POS is likely run through a completely different system so combining it with beer shipments requires more manual coordination
- ▶ No distributor insight into available inventory

Benefits automated ordering can provide to breweries:

- ▶ Time and labor freed up
    - o Direct links to the accounting system reduces the reliance on manual data entry
    - o Reduces back and forth email correspondence since all communication is contained within the system
- ▶ Trucks are automatically weighed out
- ▶ Ability to more easily take pre-orders for seasonal/specialty releases
- ▶ Ability to show the availability of products and package sizes
- ▶ Brand asset availability within the system
- ▶ Ability to establish cut-off dates for order changes and automate reminders
- ▶ Improved production forecasting with enterprise resource planning (ERP) system integration

When is the right time for a brewer to consider moving to an ordering platform/portal?

Everyone's business model is different, so this is a difficult question to answer. If all of a brewer's production is being shipped to one or two distributor warehouses it may never make sense to invest in a distributor ordering platform. The benefits of an ordering platform increase as you begin to add more distributors and shipment locations. As you start juggling more incoming orders, an ordering platform can help you keep everything in one place, inform your forecasting and production, allow for distributor visibility into inventory and seasonal beers and eliminate the need for manual data entry which saves time and money.
From a brewer's standpoint, asking the following questions may help you make that decision:

▶ How many labor hours am I currently using to process incoming distributor orders?
▶ How many distributors/states am I shipping to?
▶ What are my current pain points with my ordering system?
▶ How much is it costing (on average) to process each order?

After answering those questions, you should be able to run a cost analysis to inform your decision, while also taking into account the other (less obvious) benefits of an ordering platform such as building and maintaining your brand identity through having correct branding available on your platform.

DISTRIBUTORS

As distributors add more brewers and brands to their portfolios, the process of placing orders and making sure inbound product is correctly reflected in their route accounting systems (RAS) becomes a growing challenge. Below is a list of challenges distributors currently face as well as the benefits automated ordering systems can offer.

Pain points and challenges for distributors:
▶ Lack of efficient RAS integration.
▶ Manual order entry via Excel, PDF or phone/email leads to:

- An increased chance of errors due to missing audit mechanisms. For example, if a distributor submits an order to a supplier using Excel/PDF and then a supplier team member keys a quantity in incorrectly in their internal system, the distributor has no visibility to confirm amounts and check for accuracy unless the supplier sends additional confirmation after the order has been generated.
- Unnecessary repeat communication between distributor/supplier. This communication is often done via phone/email, so both parties lack a concise audit trail to get the full picture if questions arise down the line.
- Inability to effectively review current and historic orders/forecasting. This makes it difficult for a distributor to make changes between order placement and shipping seamlessly and reconcile receipts vs. orders.
- Platform/website/ordering portal is a great solution, but if each supplier has its own system, it requires potentially dozens of separate log-ins for the distributor inventory manager/forecaster.
- Lack of communication when SKUs are cut from orders last minute. Even the most advanced systems change loads constantly right up until shipment.
- Limited Order Windows (LOWs)
  - Distributors need to monitor receipts to ensure the brewer did not over-ship the order
  - Brewers often ask for increased order quantities after the LOW closes
  - Algorithm-based systems (forecasting vs. ordering) lack the flexibility to deal with ambiguous situations since the system operates without guidance or human interaction
- Truck weights need to be manually calculated by distributors
- No ability to "repeat" order since each order must be created and sent individually
- No ability to access brand assets due to a lack of information
- No insight into available inventory
- No visibility into new or seasonal release availability

Benefits automated ordering can provide to distributors:
- As a distributor you may have been exchanging emails, spreadsheets, voicemails with each one of your manufacturers; with an automated ordering system, you can take advantage of a modern desktop or mobile application to place orders. It's easy to order by brand or package type (bottle, can or keg) or by core, seasonal or limited edition products.

- Trucks are automatically weighed out
- Ability to duplicate and tweak orders rather than starting from scratch each time
- Ability to integrate with your RAS system. An ideal scenario would be that your RAS is 100% up to date so sales leadership can see expected loads/timing in real-time via reporting/dashboard
- Typically, automated systems will allow multiple users to place orders on behalf of your organization; so that when you are out of the office, another person can place orders without having to share login and passwords. And in a complementary fashion, many automated ordering systems will promote the use of the same user credentials for any of the locations that you are ordering for - no more logging into a different portal or system; just select the next location and place your next order.
- Brand info at your fingertips. Logos to assist you in brand recognition when placing your order. Oftentimes, downloadable sell sheets are available, allowing you to share those sell sheets with your sales representatives instead of having to go to another site and download a series of PDF documents.
- What are the newest products that a brewer has to offer? New products, fast movers, and products you don't want to miss out on, can all be highlighted to distributors when they access the automated ordering system.
- Have I ordered this product recently? And did we order sufficient quantities for the upcoming holiday weekend? In comparison to a pile of spreadsheets, the automated ordering system can provide real-time information about many orders. As you are building the current order, you can review past orders as well as open orders to view the next expected shipment dates and quantities.
- Eliminate wasted time ordering products that are no longer available. Product availability can be influenced by seasonal start and end dates, inventory in stock and/or available to promise, minimum order requirements or maximum order limits and other factors. Most automated ordering systems will be refreshed so that distributors are presented with a list of products that are orderable now with no unexpected warnings when submitting an order. Data refresh frequencies could be daily or hourly or anywhere along that continuum.
- Automated ordering extends beyond the desktop or client application. Several ordering systems accept the forecasts generated by RAS systems as input for Electronic Data Interchange (EDI) transmittal from the distributor

to the manufacturer. The same robust set of product controls (who can buy what and how many cases/pallets) are in place when sending orders (typically an 850 EDI document) as when using an online system. The receiving system (the manufacturer) can reply with order acknowledgements and when either party sends a change order, the other party can acknowledge the original order has been updated.

▶ What are the contents in my order? Have any changes been made? Where's my order? What's the estimated ship date? Is my order on its way? Another benefit of automated ordering systems to distributors is that communication between the manufacturer is no longer dependent on emails and voicemails. Instead, the power of the ordering platform is used to manage the communication which can include order confirmations, change orders, orders loaded for delivery, and orders delivered. These order documents can be sent to multiple users at the distributor site as well as key personnel at the brewer site to improve order visibility.

▶ In addition to ordering system generated emails across the lifecycle of an order, most automated ordering systems have the functionality to review all of your orders (regardless of whether the order was entered online or by a manual process.) Some automated systems even allow ordering editing before the cut-off time. Typically, 60-90 days of order history is available.

▶ Did you ever receive your product and notice that one of the pallets has a small amount of damaged product? Some automated ordering systems allow you to upload a photo of the product in question and that photo will be attached to the order in the RAS or ERP system, so the manufacturer is informed.

AVAILABLE SOLUTIONS

There are many ways distributors and suppliers communicate today around placing orders. This section will outline the four primary methods orders are placed today and some of the benefits and challenges each solution offers.

Email and Telephone Ordering

The first, and most basic solution, is communicating orders via email or phone. This method is typically used where technology workflows are not readily available.

BENEFITS	CHALLENGES
+ Universal, easy to implement	✖ Prone to mistakes
	✖ Multiple points of manual entry
	✖ No automation
	✖ Difficult to provide order updates
	✖ Limited visibility of available inventory

Supplier Online Portals

The second methodology is a supplier online portal. These portals vary depending on the supplier but provide the ability to electronically enter order information which directly flows into the supplier's system. These systems can also inform distributors of updates to the order. This method is less prone to errors than email or phone. For a distributor who has many different suppliers, it means they will need to log into multiple systems to enter/manage their orders.

BENEFITS	CHALLENGES
+ Keyed orders flow directly into the Supplier's system + Updates to orders can be available to Distributor to view/download	✖ Distributor must navigate multiple portals ✖ Distributor must keep their system in sync manually ✖ Updates to orders are not automatically communicated

Distributor-Centric Solutions

A third methodology is a distributor-centric approach. This approach provides a centralized application for the distributor to work with many different suppliers in a single place. These solutions make it easy for the distributor to communicate their orders with their suppliers. This puts the onus on the solution to provide connections with each supplier - building out a network of suppliers. While this provides a one-stop solution for a distributor, the information a supplier can provide may differ.

BENEFITS	CHALLENGES
+ Single location for distributor + Tool connects to multiple suppliers systems + Integrated with distributor system + Less redundant keying of data + Can integrate with ERP systems, allowing for wider adoption for suppliers	✖ Not all suppliers will be able to communicate the same information (order updates, changes, ASN) ✖ Hard to integrate with smaller suppliers

EDI/Seamless Integration

The final methodology is through EDI. This methodology allows for information to flow between the distributor's RAS system and the supplier's ERP system seamlessly. This method eliminates any data keying errors and typically is a two-way communication flow. Information from the distributor (potentially including forecasting and current on-hands) can be sent to the supplier, and the supplier can send order confirmation and advanced ship notices (ASN) back to the distributor. This allows for a reduction in the effort required to track and record changes to orders, and the ASN can speed up the receiving process for the distributor. This method is only used by a handful of suppliers that can support EDI.

BENEFITS	CHALLENGES
+ Eliminates keying errors + No additional portal(s) required + Scalable + Allows for two-way communication	✕ Cost to implement

CONCLUSION

For brewers and distributors, the decision to automate their ordering process and what solution and providers to work with will depend on their unique situations and the challenges they are looking to address. The goal of this document was to explain some of the challenges of manual ordering processes and what benefits automating that process might offer. Additionally, we wanted to provide the landscape of available solutions so brewers and distributors can start to weigh which might make the most sense for them.

A big thank you to all of the brewers and distributors of the BIECC who helped put this project together. If you'd like to learn more about the BIECC or any of the other projects or education materials it has produced, please visit www.biecc.org.

BIECC MEMBERS

BREWER/IMPORTER CONTACTS

Allagash Brewing Company
Naomi Neville

Anheuser-Busch, Inc.
Sarah Johnston
David Aynat
Patrick Reiss

Beer Institute
Danelle Kosmal

Bells Brewery, Inc.
Matthew Moberly

Boston Beer Co.
Kristen Giger

Brass Foundry Brewing Co.
John Kraus

Brewers Association
Paul Gatza

Constellation Brands, Beer Division
Cheri Abramson
Andrea McDaniel
Lindsay McKenney
Nicholas Nowell

Heineken USA
René Robers

Mike's Hard Lemonade
Coco Heitmann

MolsonCoors LLC
John Shaf
Lisa Oliver
Matt Nampel

Sierra Nevada Brewing Company
Justin Ainsworth

Urban Artifact Brewing
Scotty Hunter

DISTRIBUTOR CONTACTS

Andrews Distributing Company
Chris Johnson
Michael Morse

Atlas Sales Inc.
Bud Dunn

Blue Ridge Beverage Company
Charles Pope

Brown Distributing
Eric Martin

Champion Brands
Drayton Lee

Eagle Rock Distributing Company
Nick Economos
Thomas Johnstone

FEB Distributing Co. / Capital City Beverages
Matthew Hessell

Glazer's Beer Division
Aaron Cunningham
Derek Mouriz

Grey Eagle Distributors
Terry Toennies

J.J. Taylor Cos. Inc.
Greg Fithian
Eddie Schauer

Lakeshore Beverage/Hand Family Companies
Wei Fraser
Jay Smith

Matesich Distributing Co.
Nate Marcinonis

Reyes Beverage Group
Alex Sweet

Wil Fischer Distributing
Sean Taylor

ASSOCIATE MEMBERS

Cirrus Tech, Inc.

Encompass Technologies

Fintech

Precision Distribution Consulting

Provi/Sevenfifty.com

Vermont Information Processing

EXECUTIVE DIRECTOR

National Beer Wholesalers Association
David Christman

LEGAL COUNSEL

Howe, Anderson & Steyer, P.C.
William H. Howe