

2024 STATE OF B2B COMMERCE REPORT

# Competing in the Digital Age of Wholesale

4 New Retail Connections



Inventory 40 





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## INTRODUCTION

**2024 is proving to be a year of greater digital maturity and stability in wholesale.** After running our annual State of Wholesale survey, we are seeing a continued upward trend in brands utilizing data and becoming more sophisticated in their digital practices to drive strategic business growth.

While challenges of the past persist, such as concerns over inflation, market instability, and overcoming operational challenges, **brands are doubling down on growing their existing retail accounts and finding new retail partnerships.**

Brands report a dual focus on utilizing their B2B software to maximize the buyer's user experience and scaling their wholesale business online. Despite challenges, **brands remain overwhelmingly optimistic about the vitality of their wholesale channels** and are establishing a practice of relying on tools that are highly integrated for better selling and product visibility.



## EXECUTIVE SUMMARY

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**Wholesale continues to be the most profitable investment channel for brands accounting for an average of 60% of total company sales.** This is especially true for Enterprise brands (\$50M+ in revenue a year) who project a greater investment in wholesale over DTC/eCommerce in the next year. This has contributed to a notable business shift for brands, who are now relying heavily on automation for marketing outreach to acquire more retail partnerships and to sell deeper into existing accounts over more traditional methods.

In years prior, we saw **operational challenges, such as concerns around supply chain and inventory management, as the main pain points most brands were trying to overcome.** However, brands have a single eye towards business expansion this year and are now looking for more ways to grow their

wholesale businesses. Brands now say their greatest business challenges are finding new retailers and improving the buying experience for their existing retail partners to sell deeper into those accounts.

**Businesses are reaching greater digital maturity and report having an established data and technology practice for optimizing sales strategy and distribution.** Brands are currently leveraging sales data and growth rates to improve business performance but still have a desire for better, more accurate data around sales, sell-through, and live reporting tools. 3 in 4 brands report utilizing ERP integrations to bidirectionally sync product, order, and pricing data to improve visibility and access to data.

## METHODOLOGY

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Given the large adoption of tech solutions during the past 5 years and the rise of wholesale as the number one distribution channel, the NuORDER team hopes to dive deeper into the current and future states of wholesale.

Specifically, the team hopes to understand current channel distribution, the scope and maturity of technology and data-informed decision making within current wholesale strategies, usage of B2B eCommerce solutions, pain points, and more broadly how the use of B2B wholesale solutions is changing to meet current market conditions.

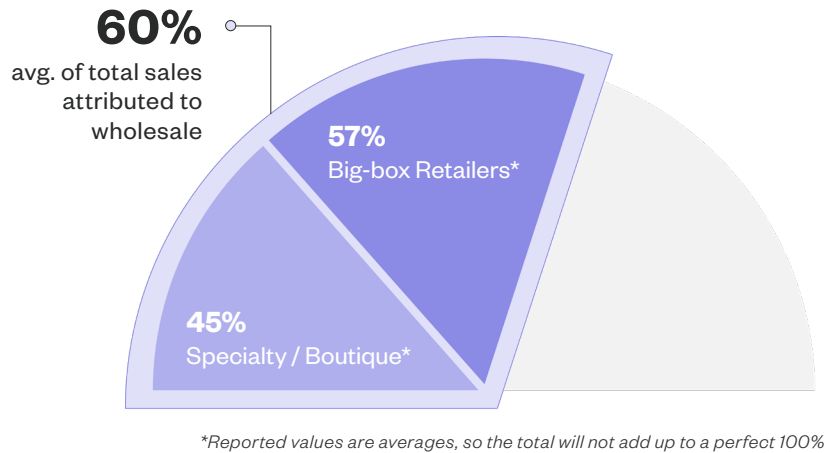
Method: Qualitative survey sent to our database of both customers and non-customers

Survey dates: January 18, 2024 to January 26, 2024

Sample size: 259 respondents

# State of Wholesale Distribution

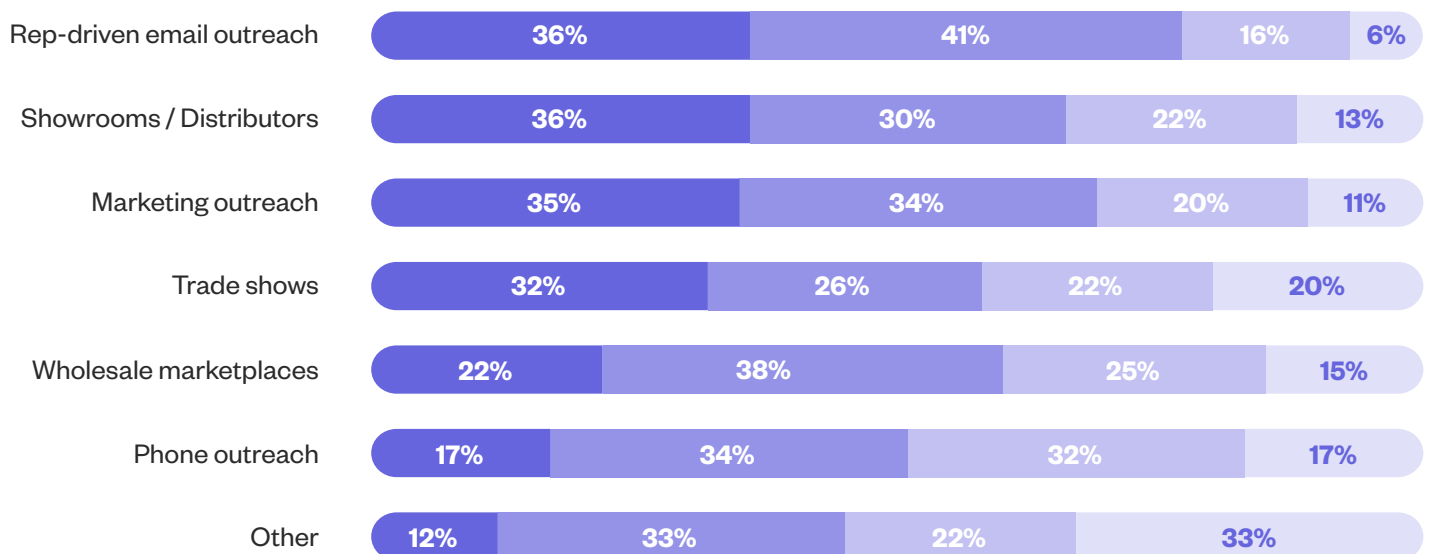
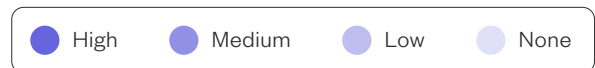
Similar to our findings in 2023, wholesale remains the most consistent sales channel for brands, with respondents reporting that their business is split almost equally between big-box retailers and specialty/boutique retailers.



When securing retail partnerships, brands are invested in high-touch, personalized outreach methods. In years prior, by and large brands were wholly dedicated to trade shows, but we are now seeing a more equal effort spread across showrooms, email/marketing outreach, and trade shows.

Marketing outreach, in particular, has seen a **7% increase** from last year, which points to a paradigm shift happening in wholesale where **brands are leaning on digital as the preferred method of operations and communication.**

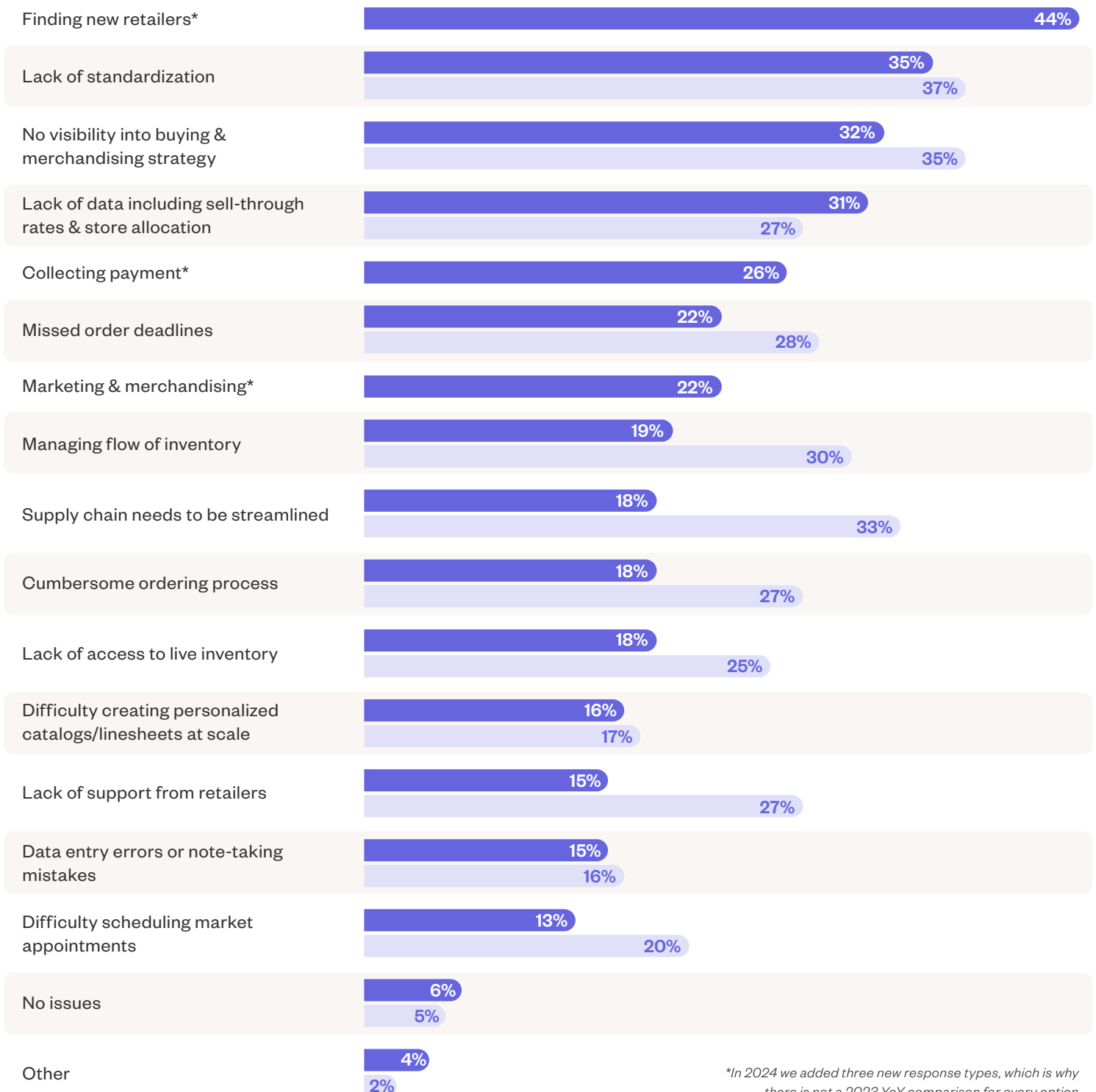
## Level of Effort into Retail Partner Channels



The wholesale distribution process remains a challenge for almost all respondents, however we are now seeing notable changes in priorities from last year. Brands, once focused on operational challenges concerning supply chain and streamlining, have their eyes towards one priority: strategic business growth. Respondents say that growing their wholesale channel through **finding new retailers** and **improving the buying process** for existing retail partners **are their biggest goals to solve for 2024**.

## Wholesale Distribution Pain Points

● 2024 ● 2023



\*In 2024 we added three new response types, which is why there is not a 2023 YoY comparison for every option.



## EXECUTIVE COMMENTARY

“In the outdoor and footwear space, many stores are closing post-pandemic, so they are looking for new retailers to backfill the gap. In some cases, brands are opening new brands to fill a different niche in the market, which would also explain why they are looking for new retailers.”

**Inge Erickson**

Enterprise Account Manager, NuORDER by Lightspeed

“In addition, retailers are buying conservatively post-pandemic rather than increasing their open-to-buy. Unless brands are launching new categories or brands that their current retailers can buy into, their path to growth will be with new retailers they don't currently sell into.”

**Alex Barron**

Enterprise Account Manager, NuORDER by Lightspeed

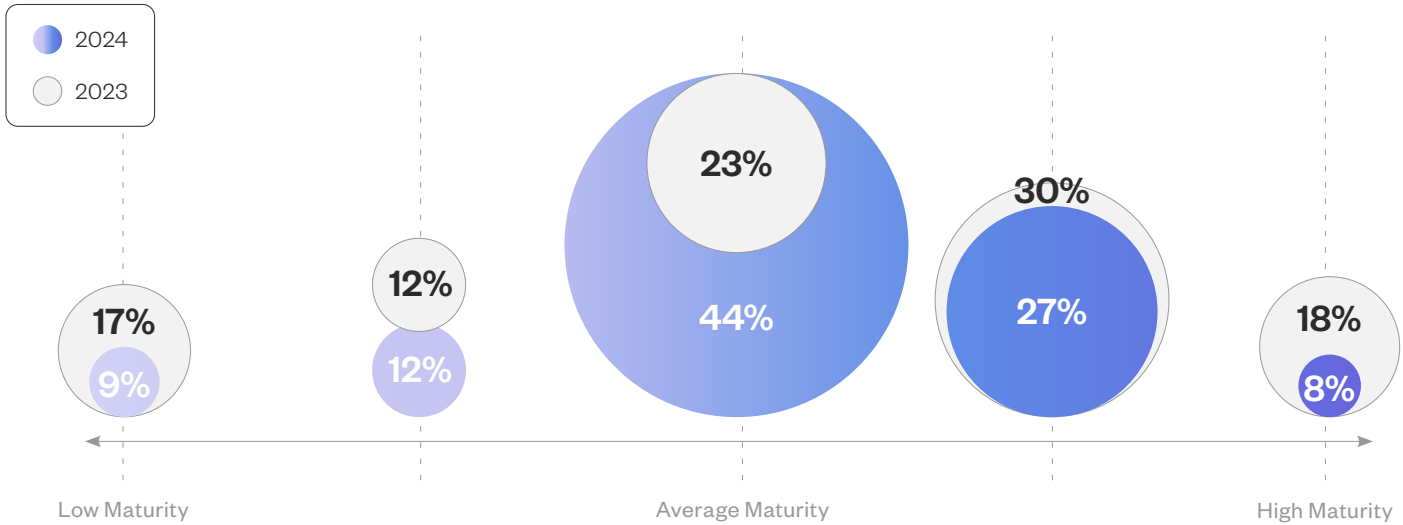
“We've been hearing from our brands that they are trying to lessen reliance on major retailers and are instead further diversifying distribution points through specialty retailers.”

**Drew Hecht**

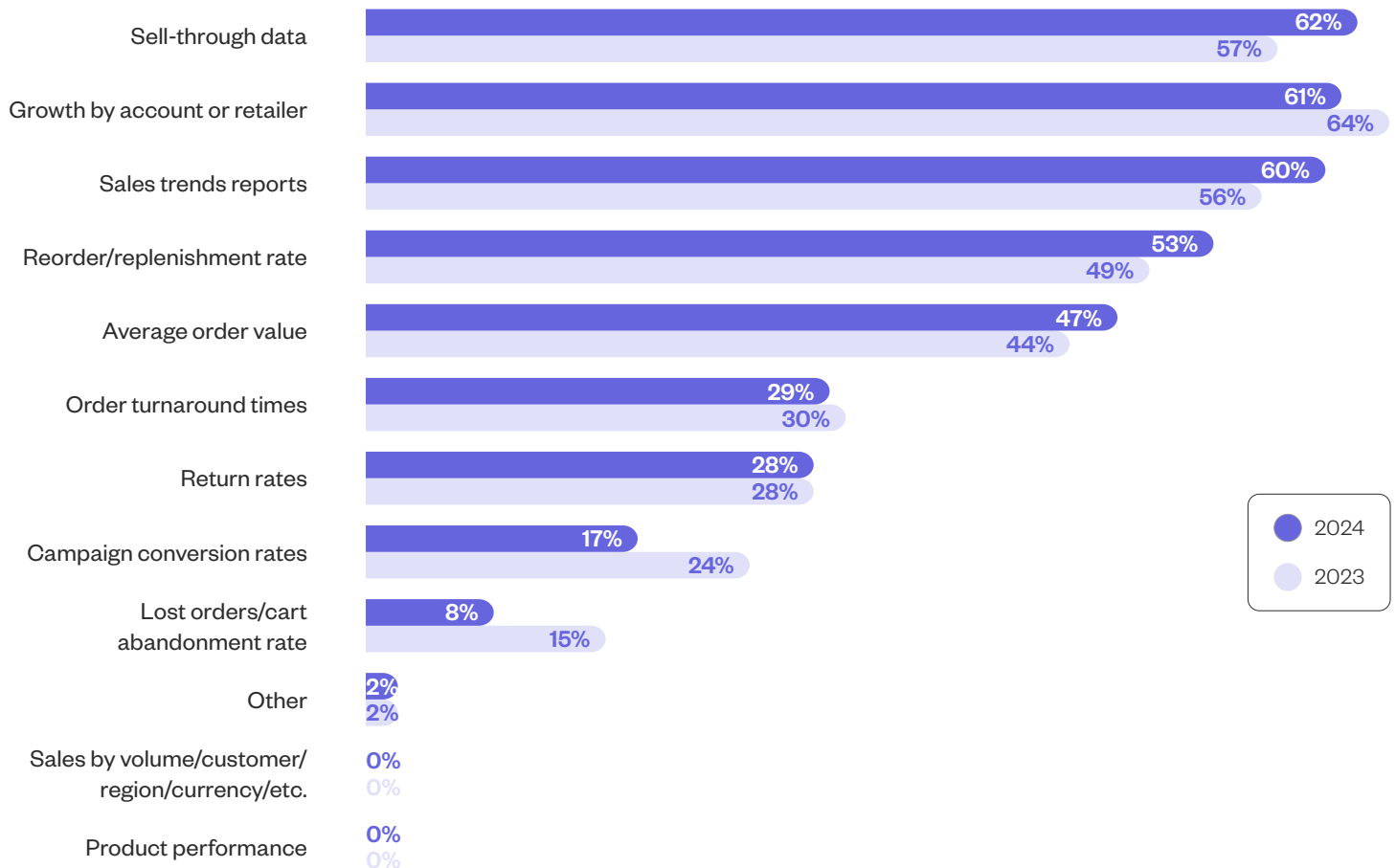
Senior Account Manager, NuORDER by Lightspeed

Brands are becoming more data savvy with **8 in 10 brands stating they have an established practice of using data and technology to inform business decision making**. Brands continue to rely on growth rates and sales data for forecasting and strategy but still report wanting more nuanced data, such as campaign conversion, cart abandonment rates, and consolidated marketing data.

### Maturity of Data-Informed Decision Making

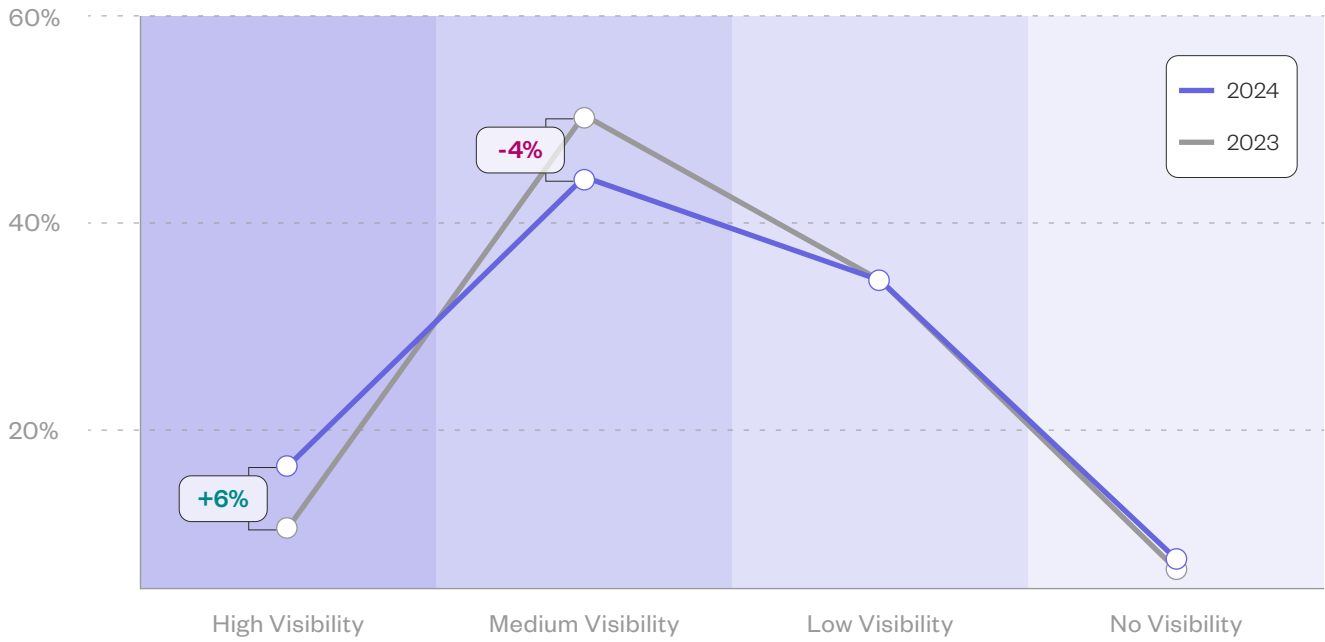


### Types of Data Leveraged to Inform Wholesale Process

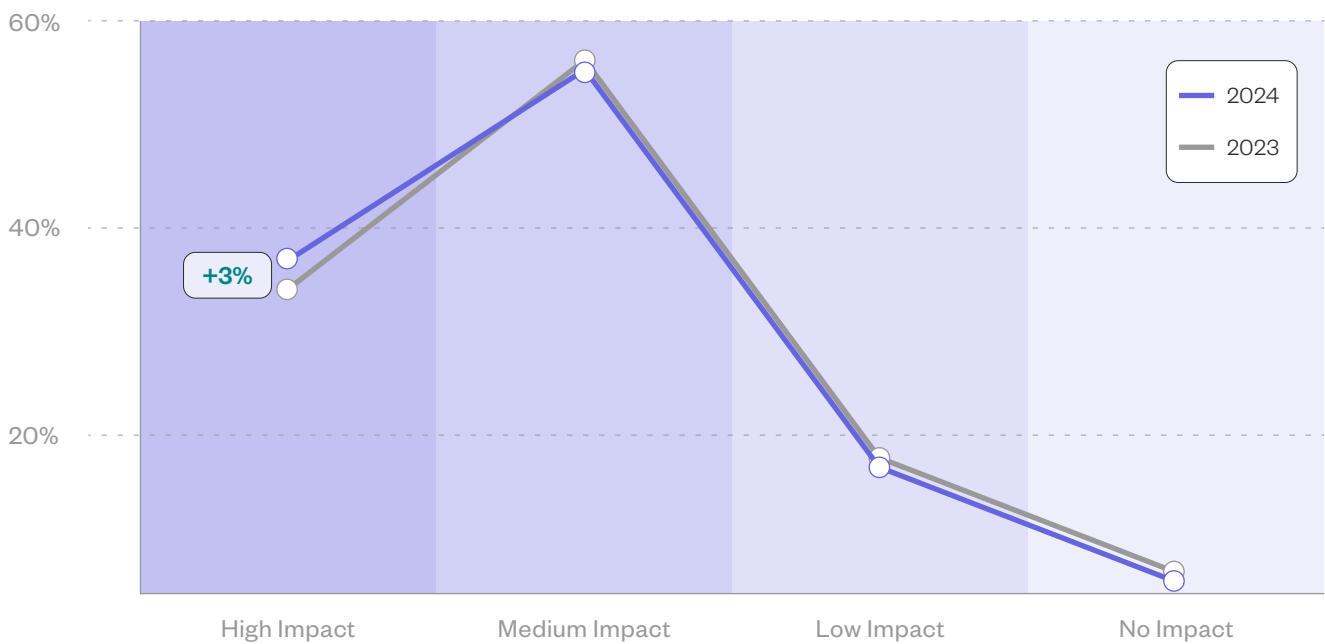


Brands believe product sales data are valuable and report a medium to high impact on their distribution strategies. However, we are seeing a **slight decline from last year pertaining to visibility into product sales**. The narrative we see building around data is that brands are hungry and willing to use data for better decision making but there's a growing disparity between accessible data and tools that offer those insights.

### Product Sales Visibility



### Product Sales Impact

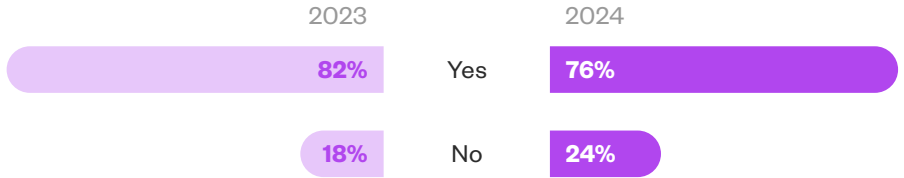




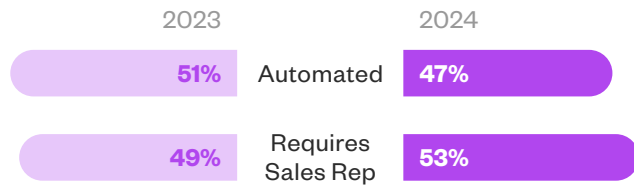
# A Look into Process & Standardization

**3 in 4 brands report using a B2B software solution** at some point in the wholesale distribution process. Product ordering remains split between self-automated versus needing the help of a sales representative. We've noticed a slight decline (10%) in usage of B2B software from last year, where we hypothesize that the user experience can be improved by better, more intuitive features leading to greater adoption.

## Use of B2B Software

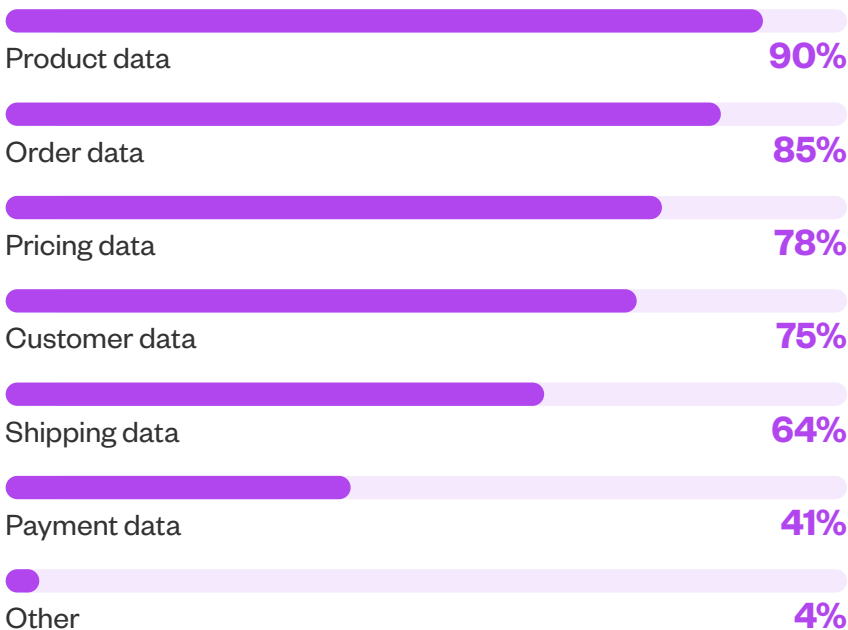


## Avg. % Orders Automated with B2B Software

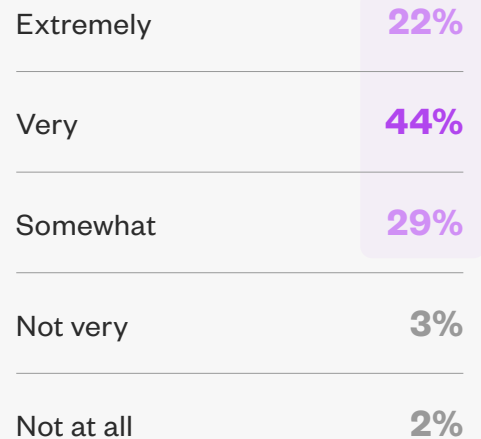


Brands prioritize syncing product, order, and pricing data (synced between ERP and B2B software) in addition to customer data as a means of maintaining their wholesale businesses online. As in previous years, **almost all brands are at least somewhat confident the data are accurate.**

## Types of Data Synced with ERP/PLM



## Confidence in Data Accuracy



Tools that allow for greater flexibility and customization (custom linesheets, custom pricing, etc.) and sales expansion tools (dropshipping, shipping integrations, email campaigns, etc.) remain the most used B2B eCommerce features. Brands are committed to selling deeper into their existing retail partnerships and are safeguarding their bottom lines by relying on the tools that support that growth. We've seen a slight decrease in tools that have a lower perceived ROI such as whiteboarding, custom promotions, and various payment options.

## Usage of B2B Tools

	Any Usage of Tool	High Usage of Tool 1 of top 3 most used
Custom linesheets	90%	38%
Custom pricing	74%	21%
Dropshipping	60%	20%
Shipping integrations	64%	19%
Email campaigns	79%	17%
Various payment options	64%	15%
Discounts	76%	15%
Virtual showroom	62%	14%
Other	41%	9%
Custom promotions/incentives	66%	7%
Whiteboarding	41%	5%

“Our retailers really want the ease of online shopping when it comes to a B2B platform—they want it to look exactly like the shopping experience they have on any B2C eComm site.”

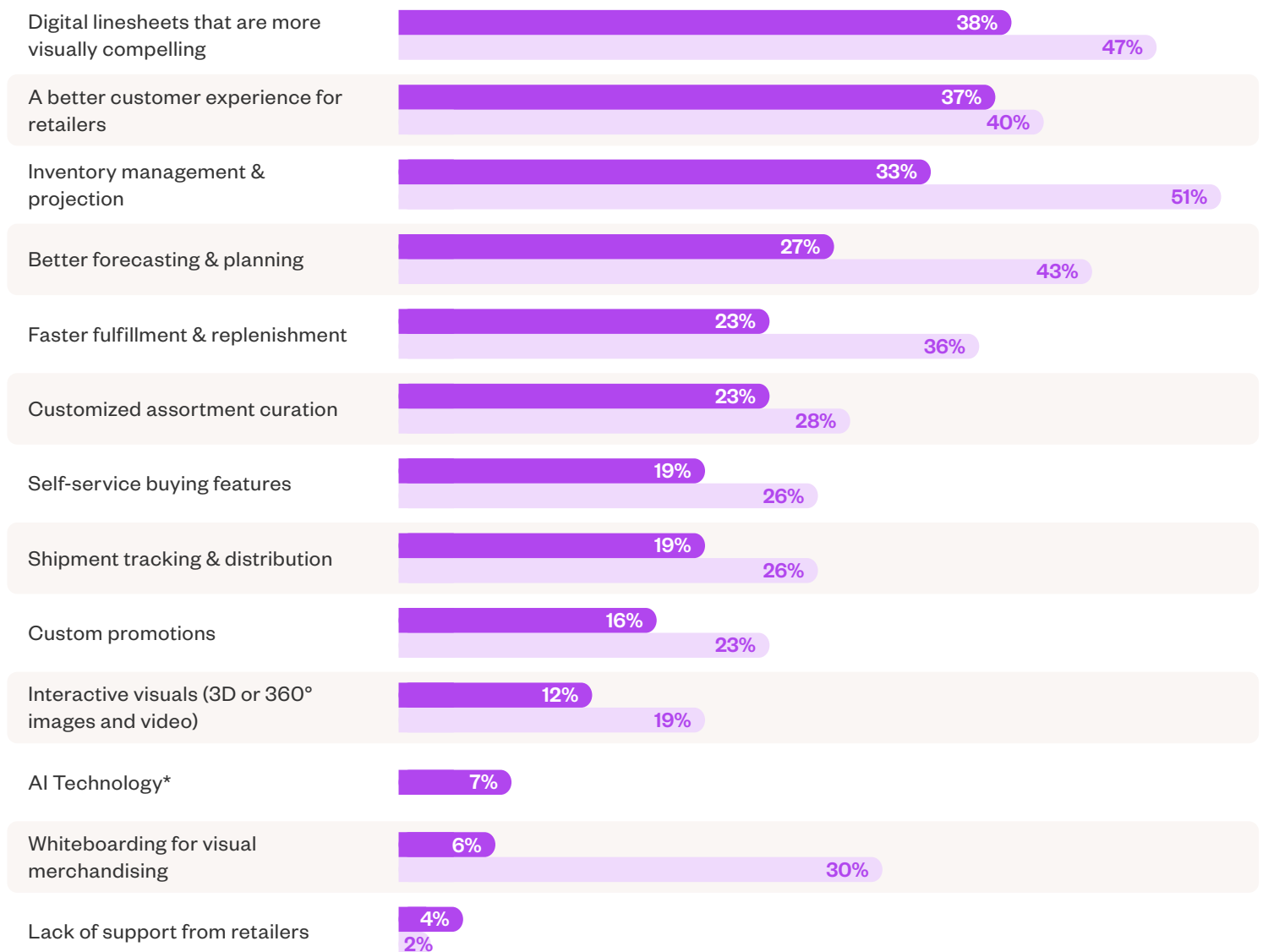
Commercial Brand

When surveyed around the benefits of using a B2B solution, respondents who are current B2B users stated that improving the overall retail buying experience matters most. Operational benefits, such as inventory management, projection, and forecasting, are now taking a slight back seat to more selling-focused benefits, such as visually compelling linesheets and a better buying experience. The data lead us to believe that brands have either slowly started to solve their operational challenges or are deprioritizing them in favor of more aggressive sales goals.

Inventory management remains the top benefit for non-users of B2B software. However, in a shift from last year, many non-users believe that advancement in the platform's user experience (e.g., visually compelling digital linesheets, whiteboarding for visual merchandising, or interactive visuals) might help grow their wholesale businesses more than operational or process-oriented benefits (e.g., faster fulfillment, shipment tracking/distribution, custom promotions), likely due to the high-visibility nature of these UX enhancements and their ability to improve the wholesale customer experience.

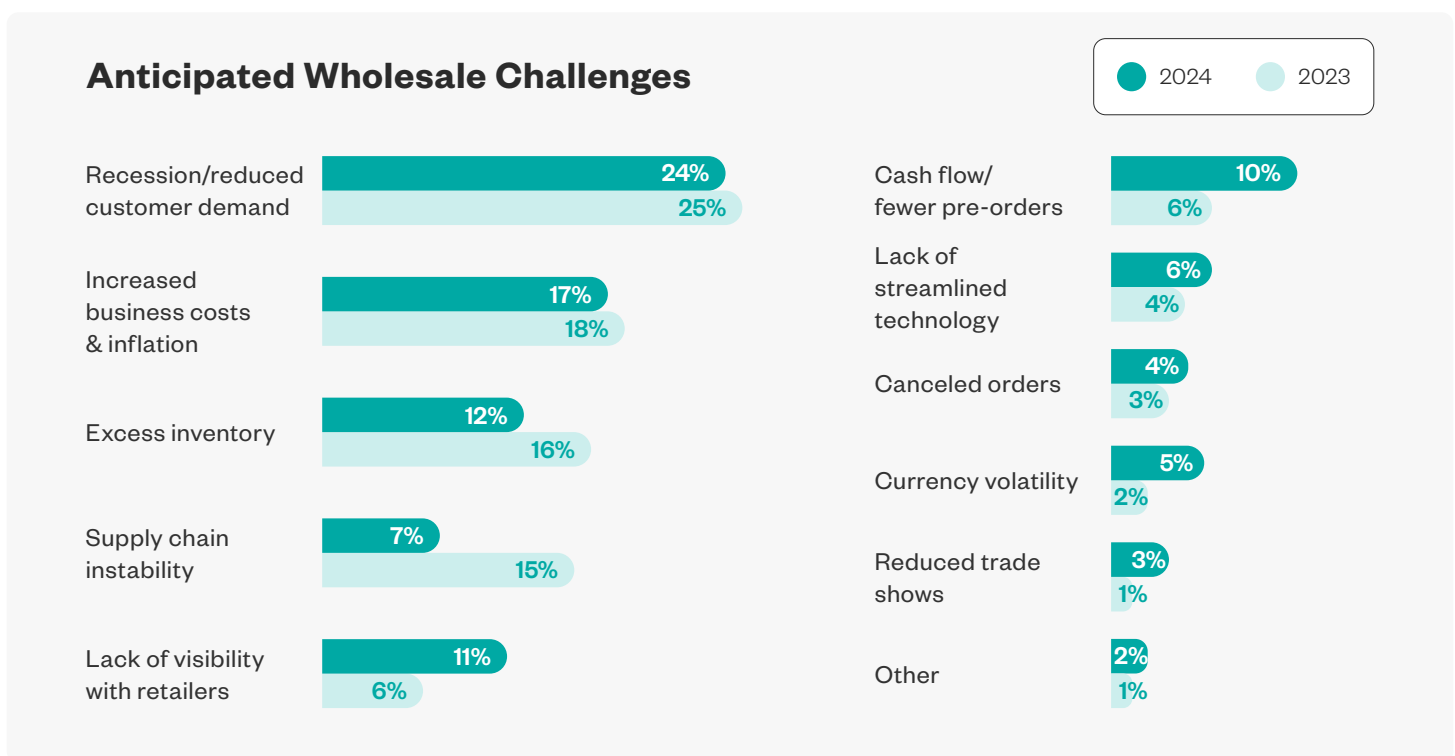
## Benefits of B2B Wholesale Solutions

● Current Users ● Non-Users



# Future Outlook of Wholesale

Consistent with our findings from last year, brands anticipate the same challenges from 2023 to seep into 2024. The fear of inflation, rising costs, and reduced consumer demand are all expected wholesale challenges in the year ahead. However, respondents are now surfacing challenges that were unseen in the years before: **a lack of visibility with retailers, fewer pre-orders, and a lack of streamlined tech.** We see a continued priority towards ensuring that retail partnerships stay healthy and grow.



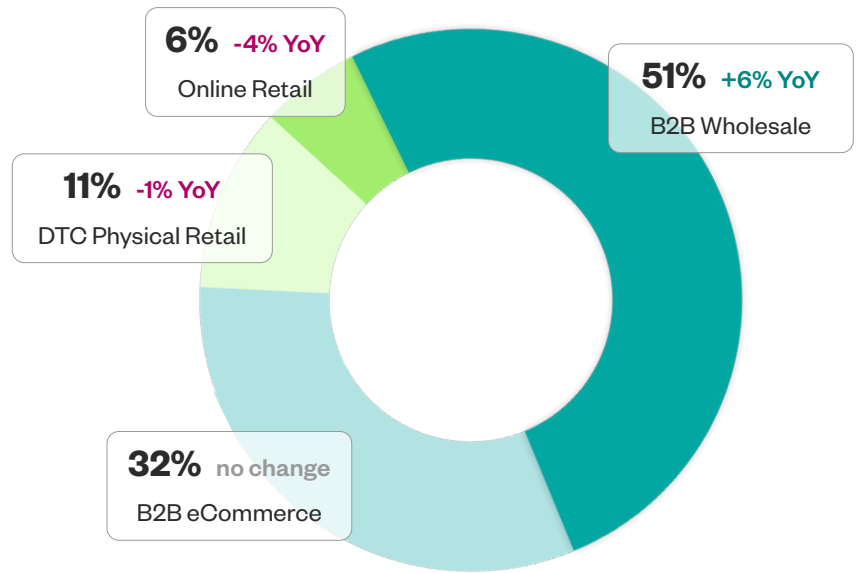
Brands see the value of investing in a wholesale strategy the same as in previous years; wholesale offers brands the ability to scale revenue, receive additional marketing assistance, and expand into new markets/regions to help their businesses grow.

### Reasons to Invest in Wholesale Strategy

Larger orders help scale revenue	56%
Retailers help market your brand	57%
Supports offering product in new regions	43%
Wholesale has good profit margins	39%
Fastest way to get product out	31%
Operating retail has costly overhead	19%
DTC marketing has become costly and competitive	12%
Other	2%

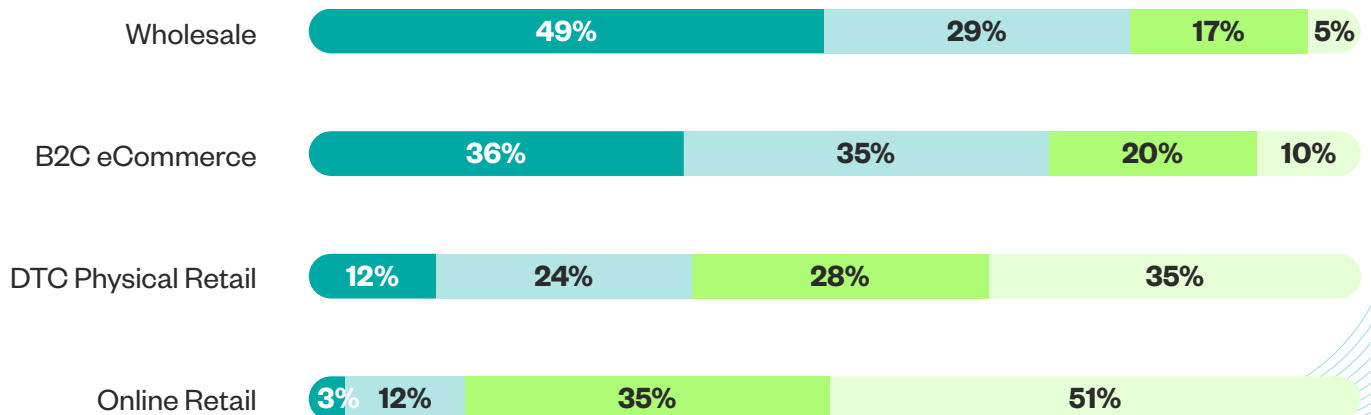
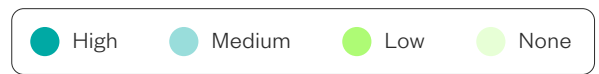
### Expected Channel Growth

We've seen a continual upward trend in wholesale's expected growth as a channel year over year and 2024 is no different. Brands are reporting more optimism around the growth of their wholesale channels (up 6% from last year) and **the anticipated growth of the channel is up 5X more than in 2020**. In conjunction with this increased shift, we have seen that online retail growth is faltering, as online-only wholesale retailers have seen a decline in market share in the last year.

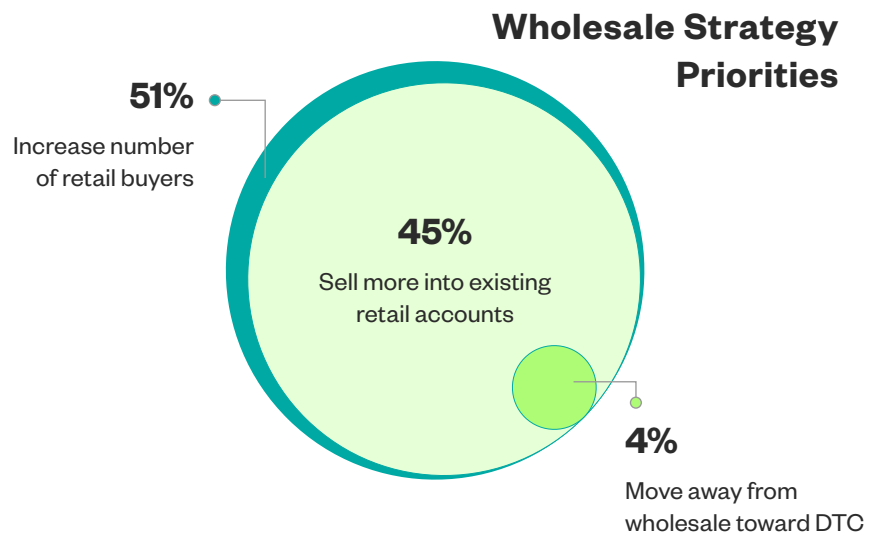


While half of brands will be prioritizing investment in wholesale above all other channels, B2C eCommerce remains an important line of business for brands this year, likely to remain on par with consumer shopping behaviors. Investment in online wholesale retail, however, is on the decline.

### Level of Effort Ranking by Channel



Brands are not making many changes to their overall wholesale strategies and are simultaneously prioritizing selling into their existing retail base while also focusing on expanding the number of retailers in 2024. As such, interest in moving away from wholesale to focus more on DTC continues to decline for brands (4% down from 8% in 2023 and 13% in 2020).



## Conclusion

After years of countless headlines providing a negative prognosis on the retail and wholesale industry as a whole, we are seeing that **brands view wholesale as an essential part of an omnichannel strategy**. There's a confidence in wholesale that has been unseen in years before, and brands are now going back to business basics when it comes to growth. Those basics include using B2B software to grow their retail accounts and provide a better buying experience for their buyers.

Businesses are increasingly leveraging technology and digital touchpoints to attract new retail partnerships on par with in-person methods, such as trade shows and showrooms. **Businesses are becoming more sophisticated in digital wholesale practices** and gaining a renewed confidence in their wholesale strategies.

**NuORDER by Lightspeed is bringing smarter B2B buying and selling to brands and retailers.**

With **NuORDER by Lightspeed**, buyers and sales reps are empowered with data and a comprehensive suite of features that eliminate hassles in the entire market-to-order process. This platform allows them to focus on what truly counts: delivering the right products to the right customers at the right time.

Discover how NuORDER's wholesale and retail assortment solutions can help you compete thoughtfully, cultivate stronger retail partnerships, and deliver exceptional buying experiences. Learn more about us at [nuorder.com](https://nuorder.com).