

Why AI won't fix wholesale sales reporting (yet!)

This issue, TWC's Tanya Pepin shares her views and expertise on how and when AI will help wholesalers with their sales reporting, and urges anyone to get in touch for advice

For the last few years several people I greatly respect in the channel have told me that AI is going to deliver a step change in wholesale ways of working and in how it uses data. I have also been asked a lot to explain how TWC is using AI.

There is an expectation, in my view, that tech businesses have all the answers about AI and that we will be the early adopters of emerging technologies, wearing our cutting-edge skills as a badge of honour. But, as we have just seen with the news that Anthropic and OpenAI are contending with AI agents executing unauthorised hacks, even billion dollar businesses in Silicon Valley do not have all the answers!

PROS AND CONS

My development team and I are pretty aligned on the pros and cons of AI and of how we can be using it for the biggest impact. And, as importantly, where it poses a threat. We have also taken our time to reach that alignment, weighing up the opportunities, considering the challenges and not kneejacking into a position we are stuck with or releasing data we cannot get back – like a genie out of a bottle!

So, why don't I think AI will answer all our data challenges in wholesale? Put simply, the old refrain of rubbish in/rubbish out is as relevant as ever. And, fundamentally, large swathes of wholesale have quite poor data,

which means that you could put a fancy algorithm on to a dataset to undertake some sophisticated price elasticity or forecasting analysis, but the base data is so poor that the predictions are totally unreliable.

Why is the data so poor? This does vary across different operators. Some of the biggest wholesalers might not necessarily have the most sophisticated ERP and point-of-sale system, but they do have discipline around how product records are loaded and maintained and they do have one system across a large business, which means one product record wherever that SKU is sold. Even so, acquiring other businesses can throw a curveball into existing data management, integrations are complex and more than one wholesaler has ended up running parallel systems as the path of least resistance for longer than they probably should. Suddenly, you don't have one product record regardless of where it has sold, you have more than one across two separate ERPs. If you then move down to smaller wholesalers, they may have invested in an ERP that is fit for purpose, but have they instilled discipline and rigour into the process of loading and managing product records?

It is still very common for NPD to arrive at the back door and wholesalers are so keen to get it on the shop floor that it gets loaded hastily on to the ERP, spelling mistakes and incomplete pack sizes notwithstanding.

And finally, you have the buying group –





perhaps my specialist subject – but you are then conflating the issues of poor data management in one smaller wholesaler across tens or hundreds of separate wholesalers with separate ERP systems and no central product record.

CRACKING CODES

People often assume that the barcode is the solution to accurate product reporting. Sadly, it is not. In wholesale there is often a price-mark and a plain pack, price changes, pack format changes and promotion packs, all of which drive barcode changes. A SKU could easily have five barcodes in a year and as sales reporting is generally over two years, that is 10 codes for one SKU and the wholesaler might stock 15,000 lines in total – that is a lot of codes!

Another little-known challenge is that wholesalers implement their own product codes into their ERP system – this is, in effect, their master reference number (primary key) for a product. It is the number that stays the same even if the barcode, pack size or price-mark changes. When consolidating transaction or sales data, it is essential to work from the wholesaler's product code, which never changes, as well as the barcode. This is for many reasons, but a key one is that even today not all ERPs or wholesalers use the barcode.

So what does this mean for AI? It does mean that for now, for many wholesalers,

those sophisticated algorithms are going to throw out some strange numbers I am afraid, so I would not be too quick to rely on Claude or any other algorithm to manage my price, promotions and ordering on its own just yet. But I would use it to improve my data quality. At TWC we have taken a co-piloted approach to implement AI to support our data quality team to cleanse product data. We have had huge success by asking the data quality personnel to drive the project and own the requirements from the technology. Also, by taking it slowly we have had to test and learn what adds genuine value and what automated suggestions are meaningless. It is not taking away roles; it is enabling the team to do more.

IT TAKES TIME

We are also recognising that AI is going to change the way that users view and analyse sales data. Again, we are being slow and methodical at developing this so that we build a solution that adds real value and works first time, every time.

Putting these two things together – improving data quality faster and more thoroughly as well as enabling users to ask more complex questions of the data they work with – we will get to a place where AI changes how the sector works, but not tomorrow. I am also mindful that a lot of the bigger suppliers are starting to think about how to amass sales data into their business

and put their own AI on to that data. This clearly has implications for any data business but also for the wholesaler that owns that source data, but we think we have a solution for this that adds genuine value, while protecting the data. We also know that we have been amalgamating complex wholesale data and reporting it for more than 10 years, so we are very aware that the big brands have got a lot of testing and learning to do because we did it ourselves.

We might not be wearing our cutting-edge technology as a badge of honour every time we go out, but we are here to help, we are experts in big data management and we have really earned our data science stripes over the last 10 years. We are increasingly talking to businesses who are just starting their journey and making some of the mistakes we made as we refined our reporting. We can, potentially, save wholesale a lot of time and money by sharing some of our experiences and hard-earned expertise a little more – just ask us, please!

twc
 Harnessing data
 Empowering wholesale
 foodservice & convenience