

CAN AI REALLY HELP DISTRIBUTORS BECOME MORE EFFICIENT?

BY JASON BADER, PRINCIPAL - THE DISTRIBUTION TEAM



THE
DISTRIBUTION
TEAM

Since Chat GPT and other AI tools started hitting the scene, I have been fascinated with their potential use in the world of distribution. It has been a long time since something has made me this curious. In fact, you could say that I am in awe at the potential. It takes me back to the day I received my first PC, the Apple 2e. Do a little math folks, that is how old I am. I started experimenting with basic programming and spent hours making the computer flash and make sounds. I didn't know what I had, but I knew that it was something. This wonder, without any regard for purpose, is where I find myself today with AI. Granted, I have the ability to see some logical applications, but I still feel like my experiments and queries are just the tip of the iceberg.

Now, some of you might be thinking, "AI? Isn't that the thing that's going to steal our jobs and take over the world?" And while I can't guarantee that Skynet won't become self-aware and launch a nuclear attack, I can tell you that AI tools can actually be incredibly useful in wholesale distribution. We just have to be willing to get past the fear and find our curiosity.

First of all, let's define what we mean by "AI tools." Artificial intelligence is the simulation of human intelligence in machines that are programmed to think and learn like humans. In the context of wholesale distribution, AI tools are software programs that use machine learning algorithms to analyze data and make predictions or recommendations. Regardless of what the media might have you believe; this is not an overnight phenomenon. Several companies have been building tools using machine learning for the

past 2 or 3 years. Some that come to mind in the distribution space are Proton.ai, Intuilize, and SupplyMover. No, I don't get anything for plugging their names, I just like what they are up to.

One area where AI tools can be particularly helpful is in inventory management. By analyzing sales data, customer demand, and other factors, AI tools can predict which products are likely to sell well and which ones are at risk of becoming obsolete. This can help distributors optimize their inventory levels and avoid overstocking or understocking. Don't get me wrong, the replenishment packages in current ERP packages have come a long way from the old min/max. When compared to AI powered replenishment tools, it's like 2D vs. 3D chess.

Another area where AI tools can be useful is in pricing optimization. By analyzing market data and customer behavior, AI tools can help distributors set prices that are competitive and profitable. For example, they can analyze customer purchase histories to identify patterns and trends, and then use that information to recommend pricing strategies that are likely to be effective. Most distributors have a biased approach to market pricing. Their judgment gets clouded by the competitive items in their arsenal. Thus, everything is deemed more price sensitive than it really is. AI tools remove this bias and work squarely on logic, like our pointy eared friend on the Enterprise.

AI tools can also be used to improve customer service. By analyzing customer data, AI tools can identify

patterns and trends in customer behavior and preferences, allowing distributors to personalize their interactions with customers. For example, they can use chatbots to provide customers with quick and helpful answers to common questions, or use predictive analytics to anticipate customer needs and offer targeted promotions. Some of the items on our shelves are the best kept secret to our longest standing customers. We have evolved, but forgot to spread the word. AI powered CRM solutions can help our sales people suggest items that fit specific customer profiles.

When it comes to marketing, AI tools can be particularly useful in analyzing customer data to identify patterns and trends. For example, they can analyze social media activity and website traffic to identify which products or services are generating the most interest, and then use that information to recommend targeted marketing campaigns.

Let's say you're a wholesale distributor of electronics, and you're looking to launch a marketing campaign for your new line of throwback VHS players. With the help of AI tools, you can analyze customer data to identify which customers are most likely to be interested in VHS players, based on factors like age, location, and previous purchase history. You can then use that information to target those customers with personalized marketing messages, such as "Hey, Gen X-ers! Rediscover the magic of your favorite 80s movies with our new line of nostalgic VHS players!"

Of course, you'll want to make sure your marketing materials are up-to-

date and visually appealing. No one wants to see a cheesy 80s ad with bad graphics and synth music (well, maybe some of us do). But with the help of AI tools, you can analyze customer preferences and behaviors to identify which design elements and messaging strategies are most effective, and then use that information to create marketing materials that really resonate with your target audience.

Of course, like any technology, AI tools aren't a magic bullet. They require careful implementation and ongoing maintenance to ensure they're effective. And, as with any tool, it's important to remember that AI tools are only as good as the data they're fed. If the data is inaccurate or incomplete, the AI tool's predictions and recommendations will be similarly flawed.

That being said, I believe that AI tools have the potential to revolutionize the wholesale distribution industry. They can help distributors make more informed decisions, streamline operations, identify new markets, and provide better service to customers. And, hey, if they do end up leading to a robot uprising, at least we can say we were ahead of the curve.

The most important thing is to be curious. No one can tell you exactly how these tools will fit in your business. Experiment and have some fun with this technology. Test the boundaries and work smarter, not harder. Find the balance between what can only be accomplished by the human mind and what would be better left to the machines. Before I let you go, you need to ask yourself this one question: Did I write this, or did I leave it in the hands of an AI bot? The world may never know. Remain curious and know that I am always here to help.

About the Author:

Jason Bader is the principal of The Distribution Team. He is a holistic distribution advisor who is passionate about helping business owners solve challenges, generate wealth and achieve personal goals. He can be found speaking at several industry events throughout the year, providing executive coaching services to private clients and letting his thoughts be known in an industry publication or two. Last year, he launched his first podcast, Distribution Talk. Episodes can be found at www.distributiontalk.com and most podcast applications. He can be reached at (503) 282-2333 or via email at jason@distributionteam.com. You can find additional resources on his website: www.thedistributionteam.com