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Generative AI in wholesale distribution

Unlocking new value in sales
and customer service

Deloitte AI Institute™

About the Deloitte AI Institute™

The Deloitte AI Institute helps organizations connect the different dimensions of a robust, highly dynamic and rapidly evolving AI ecosystem. The AI Institute leads conversations on applied AI innovation across industries, with cutting-edge insights, to promote human-machine collaboration in the "Age of With".

The Deloitte AI Institute aims to promote a dialogue and development of artificial intelligence, stimulate innovation, and examine challenges to AI implementation and ways to address them. The AI Institute collaborates with an ecosystem composed of academic research groups, start-ups, entrepreneurs, innovators, mature AI product leaders, and AI visionaries, to explore key areas of artificial intelligence including risks, policies, ethics, future of work and talent, and applied AI use cases. Combined with Deloitte's deep knowledge and experience in artificial intelligence applications, the Institute helps make sense of this complex ecosystem, and as a result, delivers impactful perspectives to help organizations succeed by making informed AI decisions.

No matter what stage of the AI journey you're in; whether you're a board member or a C-Suite leader driving strategy for your organization, or a hands on data scientist, bringing an AI strategy to life, the Deloitte AI institute can help you learn more about how enterprises across the world are leveraging AI for a competitive advantage. Visit us at the Deloitte AI Institute for a full body of our work, subscribe to our podcasts and newsletter, and join us at our meet ups and live events. Let's explore the future of AI together.
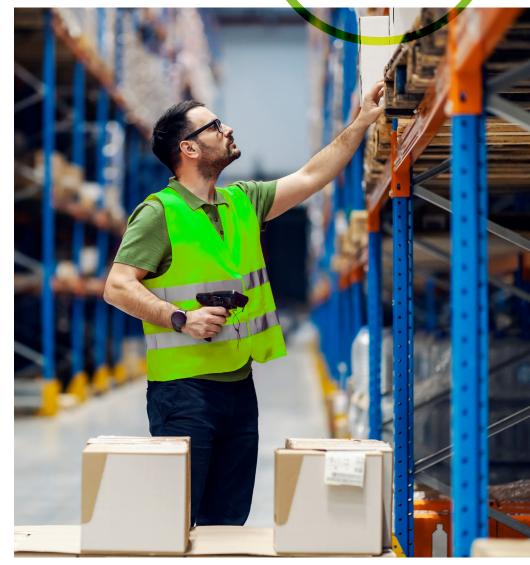
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Wholesale distribution companies have a significant opportunity to increase the productivity of their workforce by focusing their GenAI efforts on sales enablement, quote generation and order entry, and post-sales customer support.

Generative Artificial Intelligence (GenAI) has the potential to generate trillions of dollars in GDP for the global economy and drive new levels of worker productivity.[1] Even if a fraction of that impact is realized, the opportunity for many organizations is significant and potentially transformative. For wholesale distribution companies, one of the largest opportunities to unlock new value is by using GenAI in internal sales and customer service operations. **Most lines of trade in wholesale distribution— ranging from food service to electrical to medical—are headcount-intensive businesses, with 5% to 7% of expenses typically tied to sales and service labor.**[2]

According to Deloitte analysis, applying GenAI to three domains within sales and customer service—sales enablement, quote generation and order entry, and post-sales support—has the potential to generate 75 to 100 basis points of EBIT improvement for the average wholesale distributor.[3] Understanding the scope of what GenAI can do and potential use cases for implementing it is a first step to helping your organization better leverage this powerful technology.

More efficient and effective sales support

Sales reps, particularly outside sales reps, are typically the most expensive labor in the sales and service workforce. Every hour freed up from non-customer-facing activities for outside sales reps equates to 1.5-2 times the benefit compared to sales enablement and customer service representatives.[4]

There are multiple ways GenAI can bolster sales efforts:

Selling strategy support
Synthesizing vast amounts of customer data and market research to extract insights and develop suggestions to guide sales time allocation and messaging.

Selling collateral development
Generating a first draft of customer-facing materials in a company template with customized messaging based on customer data, including the ability to easily replicate and build on past successful collateral.

Personalized learning
Using a chatbot to identify relevant learning materials quickly, serve as a 'digital tutor' on priority topics, and generate easy-to-understand synthesis of content related to products and applications in the customer's business.

Customer notes synthesis and insight mining
Processing customer meeting notes (hand-written, typed, or voice recorded) to identify next actions, generate inputs into CRM tools, and identify patterns and insights from across the entire sales force.

Augmenting "next best action" recommendation systems
Using GenAI to create natural language summaries and reminders from "next best action" recommendation systems that identify sales opportunities for reps to pursue, campaigns to use, and topics to address with customers.

Collectively, these GenAI use cases can potentially reduce non-customer-facing time by 20-40%, equivalent to 13-26% of total sales rep time, while supporting better capture of first-party customer data to fuel CRM tools and associated sales and customer planning processes.

Faster quote generation and order entry

Wholesale distribution companies commonly carry tens of thousands to more than a million products in their catalogs, each potentially having dozens of critical attributes. The volume of products and product categories requiring extensive technical knowledge can present a significant challenge in identifying the correct products in response to customer inquiries.

There's a steep learning curve for new talent and a tendency to rely on vendor-provided materials

and technical experts in such lines of trade as medical, electrical, IT, plumbing and heating, and industrial.

GenAI can disrupt this dynamic by allowing sales and service agents to use natural language (e.g., their own voice or writing prompts) to search and explore broad sets of product information—ranging from structured data like item master data to unstructured data like vendor catalogs, product spec sheets, and training materials.

Here's how GenAI can help accelerate quotes and orders:

Advanced search: Creating a "super search assistant" that allows reps to apply natural language to search by product description, product application, technical specifications, and other attributes across company data, vendor data, and the web.

Product comparison and substitution: Developing custom comparisons of products and identifying substitutes based on priority attributes.

Batch order processing: Identifying product IDs from customer emails or provided documents to prepare data for Electronic Data Exchange (EDI) order processing or other forms of automated quote or order generation.

Customer inquiry response: Drafting correspondence to customers to follow up with questions about an inquiry or explain a quote (e.g., comparison of products, options available).

Augmenting product recommendation systems: Creating easier ways to search and interact with traditional AI- and machine learning-fueled recommendation systems (e.g., cross-sell, upsell, substitution) using natural language.
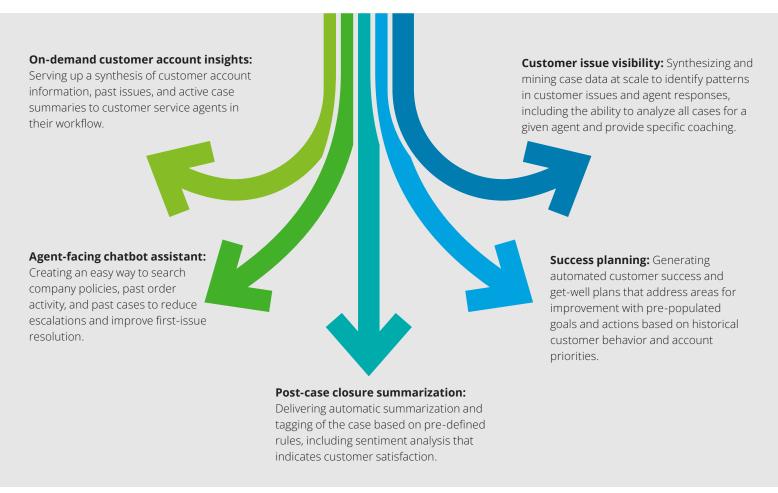
Organizations in the industry are already recognizing the benefits. Early results from one wholesale distributor's GenAI-based product search tool indicate that complicated search tasks can be reduced by more than 50%, freeing up multiple hours a week for individuals focused on quotation generation and order entry.[6] Moreover, when GenAI tools are connected and combined with intelligent automation capabilities, there is an opportunity to fundamentally transform the role of individuals developing quotes and orders, shifting from quote/order generator to quote/order reviewer and approver. Most of the manual effort spent identifying products, typing up quotes and orders, and responding to emails can be minimized with GenAI and automation.

Elevated post-sales customer support

Efficient and effective post-sale support is a critical driver of customer satisfaction and a source of competitive advantage for companies that do it well. Many distributors have begun investing in digital self-service capabilities—via telephone, web, apps, and chatbots—but easy access to a live agent remains an important part of many companies' value proposition to their customers. GenAI can be used to improve post-sales support in three primary ways: helping service agents resolve issues more quickly, capturing data more easily, and generating insights needed to continuously improve service.

GenAI can help organizations differentiate customer service through:

On-demand customer account insights: Serving up a synthesis of customer account information, past issues, and active case summaries to customer service agents in their workflow.

Customer issue visibility: Synthesizing and mining case data at scale to identify patterns in customer issues and agent responses, including the ability to analyze all cases for a given agent and provide specific coaching.

Agent-facing chatbot assistant: Creating an easy way to search company policies, past order activity, and past cases to reduce escalations and improve first-issue resolution.

Success planning: Generating automated customer success and get-well plans that address areas for improvement with pre-populated goals and actions based on historical customer behavior and account priorities.

Post-case closure summarization: Delivering automatic summarization and tagging of the case based on pre-defined rules, including sentiment analysis that indicates customer satisfaction.

In Deloitte's recent 2024 Global Contact Center Survey, companies using GenAI in customer service operations reported experiencing greater impacts (improved customer service scores, higher agent productivity, improved deflection to self-service, and improved agent occupancy rate) than future adopters anticipated, showing the power of GenAI when paired with human-to-human communication.

Moreover, agents were 35% less likely to feel overwhelmed by the information they were working with during calls.[7] For wholesale distributors—particularly in complex lines of trade—these capabilities can drive efficiencies, improve overall customer satisfaction, and shorten the learning curve for new customer service agents and project managers.

Is GenAI within reach?

While news of companies investing tens or even hundreds of millions of dollars in developing custom GenAI models and solutions often makes headlines, the actual level of investment required for wholesale distributors to get started with GenAI is modest.

Most sales and service GenAI use cases can be achieved using out-of-the-box commercially available LLMs and tools from cloud service or enterprise software providers.

Organizations do not need to build private large language models (PLLMs) or even customize commercially available LLMs. Rather, organizations can enhance out-of-the-box services and models by using a method known as retrieval augmented generation (RAG)—where the LLM is provided access to a curated set of company data. For example, a RAG-based solution that identifies insights from call logs or email logs might make use of documents that have a classification framework for customer issues/inquiries or examples of past log analysis reports. In this way, the LLM can be fed the call and email logs and then be provided instructions to use the documents to inform how the analysis is done and what the output should look like. Furthermore, by using LLMs that do not train on the provided data, companies can be confident that their proprietary information is not informing a LLM that a competitor or others may be using.

It is important to note that the type and quality of data used in a RAG solution is critical. Typically, some degree of pre-processing is needed to enable quick, accurate results. This exercise could include "chunking" data into more discrete pieces or labeling it with attributes that describe the data (i.e., "metadata"). Foundational to the effort, however, is having the actual data available to use and/or establishing business processes to systematically collect it. These efforts need to go beyond traditional data management, which concentrates on master data and other types of data needed for transactional systems (e.g. purchase orders, customer orders, pricing data), and move towards true knowledge management, spanning information that is generated from systems and people or provided from customers, vendors, and/or partners (e.g., product catalogs, sales plans, training materials, customer proposals and contracts).

Operating model and workforce planning considerations

Wholesale distributors have multiple decisions to consider when infusing their sales and service capabilities with GenAI. Technology-related questions are typically most apparent—decisions on which technologies to use, whether to build custom solutions or use capabilities embedded in enterprise software, how to manage security, and more—but operational considerations are equally critical, particularly as GenAI use cases scale and are deployed across the workforce.

Introducing technology in the workplace always brings a shift, and with GenAI, new processes and skills will need to be mastered. Roles and responsibilities will likely change as workers become more adept at using the technology to support their efforts. Specifically, the technology will increasingly do the heavy lift of analysis and content generation, while sales and customer service reps jobs' will likely evolve to focus on verifying and approving the outputs and managing the relationship with customers. At scale, GenAI has the potential to not just bolster innovation and productivity, but also to make the work easier and more fulfilling for people as Deloitte's Generative AI and the Future of Work illuminated.[8] Wholesale distributors will need to carefully consider how these shifting roles and responsibilities should be translated into new operating models and organizational structures so that efficiencies can be realized, and how recruiting, career development approaches, and performance management need to evolve.

Putting it all together

To successfully implement GenAI and unlock new value in sales and customer service, wholesale distributors need to think critically about the right combination and sequencing of use cases, the specific technologies to deploy, how to up their game in data and knowledge management, and finally what changes need to be made to their operating model and workforce planning.

Organizations should ask and answer:

- Does the use case add value and support the strategic goals of the organization? What's the return on investment? How should multiple GenAI use cases be sequenced to maximize time to value and ROI?

- What technologies and vendors should be used? How do they fit into the organization's overall technology roadmap and enterprise architecture? What overarching policies and governance need to be in place?

- Is the right data foundation in place for the effort? How should data and knowledge management practices evolve in preparation?

- Who will lead these efforts? What roles should functional leaders in sales and service play versus IT and data, analytics, and AI leaders?

- How fast should the sales and service organizations evolve? Who will lead these efforts and manage the tension between running the business and transforming the business?

These questions take time to answer, but leading organizations typically don't resolve every open item before getting started. **Proofs of concepts and pilots accelerate learnings and bring clarity to the specific choices that must be made to scale GenAI effectively.**

Let's talk

To learn more about how GenAI can benefit your organization, please reach out.

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Endnotes

1 Goldman Sachs, "Generative AI could raise global GDP by 7%," April 5, 2023.

2 Deloitte analysis includes marketing spend, typically significantly smaller than sales and service related spend.

3 Deloitte analysis.

4 Deloitte analysis.

5 Deloitte analysis 65% of sales rep time estimated as research, planning, and administration.

6 Deloitte analysis.

7 Jaden Herrin et al, "Balancing priorities in a new era of contact center transformation," Deloitte Digital, May 2024.

8 Nicole Scoble-Williams et al, "Generative AI and the Future of Work," Deloitte, December 2023.

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