

Distribution, Retail, and Commerce: Health, Beauty, & Medical Products

Industry Digest

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SUMMARY

For most health, beauty, and medical products distributors and retailers, changes in demand patterns and market trends are common and are often tough to predict. Shifting customer preferences, global competition for goods, ever-increasing consumer expectations, the COVID-19 pandemic, and technological advancements have contributed to a fiercely competitive business climate.

Connections with multiple online marketplaces, web storefronts, and brick-and-mortar retail outlets or pop-up stores with point-of-sale capabilities are essential for growing sales. In addition, seamless connections to back-office ERP applications for order fulfillment, shipping, operational analysis, and reporting are paramount.

Unfortunately, many businesses struggle with limited entry-level accounting applications and rigid legacy ERP systems. These applications stifle growth, restrict automation, and cause siloed and manual business processes fraught with errors.

Conversely, modern ERP applications provide a holistic and modern platform to connect front-end commerce applications with back-end ERP features for a real-time, bi-directional system to manage every part of the business for a better customer experience and superior order fulfillment.

This Industry Digest provides an overview of the health, beauty, and medical products industry from a retail and wholesale distribution perspective with insights into industry trends, critical software features needed to compete effectively, and a list of resources for additional information.



Discover How Retail and eCommerce Companies Grow with Acumatica

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INDUSTRY Overview



The health, beauty, and medical goods market faces evolving customer preferences for sustainable products and packaging, modern in-store buying experiences, and omnichannel options for purchases, returns, and exchanges. Whether in-store or online, technology is evolving rapidly with virtual reality (VR) and augmented reality (AR) to simulate and augment the shopping experience. Further, direct-to-consumer (D2C) business models create conflict between manufacturers and downstream distributors and retailers forcing businesses to focus on niche industry segments, expand product lines, and rethink customer service strategies.

Whether physical health, fitness, nutrition, spiritual health, or mental and emotional well-being, consumers are driving requirements for goods that support sustainability, customer experiences, technology-enablement, and complimentary services.

- **Personalization** is a strong factor in sales, as research shows that 80% of consumers are more likely to make a purchase if the company offers a personalized experience.¹
- **Wellness products'** forecast growth is expected to be five to ten percent annually.² Growth is driven by consumer trends including digital health (like smart watches and electronic blood pressure monitors), "clean" products, social media influences on purchasing decisions, and the rise of wellness services.

Retail companies are identified by SIC Codes within 5311, 5499, 5912, 5995, and 5999. Wholesale distributors are classified by SIC Codes within 5047-5048, 5122, and 5149. An industry breakdown for US companies by employee size is provided below.³

INDUSTRY SEGMENT	1-20	21-50	51-100	101-250	251-500	501+	TOTAL
Cosmetics & Perfumes	40,821	12,347	1,755	2,571	2,581	475	60,550
Distribution	2,651	723	140	59	14	25	3,612
Retail	38,170	11,624	1,615	2,512	2,567	450	56,938
Drugs & Nutraceuticals	27,243	8,198	942	630	80	40	37,133
Distribution	141	26	9	3	0	8	187
Retail	27,102	8,172	933	627	80	32	36,946
Health Food Products	13,800	746	249	251	65	37	15,148
Distribution	1,149	117	51	35	14	13	1,379
Retail	12,651	629	198	216	51	24	13,769
Medical Home Equipment	4,251	566	163	80	14	14	5,088
Distribution	1,571	239	66	29	6	4	1,915
Retail	2,680	327	97	51	8	10	3,173
Medical Office Equipment	10,045	1,531	509	504	115	122	12,826
Distribution	10,045	1,531	509	504	115	122	12,826
Retail	0	0	0	0	0	0	0
Medical Supplies	39,926	10,329	1,340	709	160	198	52,662
Distribution	21,411	2,124	703	517	130	167	25,052
Retail	18,515	8,205	637	192	30	31	27,610
Optical Goods	35,246	1,712	529	517	327	113	38,444
Distribution	1,260	154	71	58	25	24	1,592
Retail	33,986	1,558	458	459	302	89	36,852
Personal Care Products	13,294	58	14	18	8	18	13,410
Distribution	129	7	6	3	4	10	159
Retail	13,165	51	8	15	4	8	13,251
TOTAL	184,626	35,487	5,501	5,280	3,350	1,017	235,261
DISTRIBUTION	38,357	4,921	1,555	1,208	308	373	46,722
RETAIL	146,269	30,566	3,946	4,072	3,042	644	188,539

1. Source: [6 Beauty Industry Trends For 2022-2025](#), January 2022

2. Source: [Feeling Good: The Future of the \\$1.5 Trillion Wellness Market](#), McKinsey & Co.

3. Source: [Data Axle, March 2022](#)

ERP Features



The Acumatica [Retail System Evaluation Checklist](#) and [Distribution System Evaluation Checklist](#) provide a starting point to evaluate ERP requirements, including point of sale, eCommerce, accounting, purchasing, sales order, inventory, and CRM. The checklist below provides a shortlist of critical ERP features for the health, beauty, and medical industries.

FEATURE	BENEFIT	PRIORITY	Acumatica		
Inventory Management	Perpetual inventory with lot/serial tracking, expiration dates, physical inventory, transfer orders, and bins.		✓		
Matrix Items	Create product families using size, style, color, and other attributes. Create orders using matrix views.		✓		
Kitting	Create kits and disassemble kits into components.		✓		
Up-Sell/ Cross-Sell and Substitutions	Designate higher-cost items for up-sell and complementary products for cross-sell. Establish substitute items to improve fill rates and provide greater customer service.		✓		
Warehouse Management	Native mobile WMS with barcoding for pick, pack, and ship with directed paperless picking.		✓		
Prior Sales	Create orders based on the customer's sales history.		✓		
Stock Reservations	Reserve inventory for specific orders for fulfillment.		✓		
Shipments	Create drop-shipments directly from vendors to customers. Create shipments with packaging details, packing slips, and connections to shipping systems.		✓		
Commerce Connectors	Native connectors for Shopify, BigCommerce, and Amazon storefronts with bidirectional integration for inventory items, customer data, and order processing.		✓		
Personalization	Collect information such as names, monograms, and special instructions from buyers to personalize their products before shipping.		✓		
EDI Transactions	Connected EDI applications for invoices, purchase orders, advance ship notices, and other transactions.		✓		
Demand Forecasts	Native inventory replenishment formulas predict period demand using sales history and seasonality.		✓		
CRM	Embedded CRM for marketing and sales automation.		✓		
Omnichannel	Back-office order management, eCommerce store-fronts, and brick-and-mortar retail sales with omni-channel returns and exchanges.		✓		
Pricing and Promotions	Flexible pricing and promotions, including customer pricing, volume discounts, and date-specific promos.		✓		
Purchasing	Manage procurement with purchase orders, blanket purchase orders for long-term contracts, and native purchase order requisitions with vendor bidding.		✓		
Order Entry	Flexible order entry from SO screens, online store-fronts, point of sale apps, imports, and EDI.		✓		
Point of Sale	Native point of sale with connected cash registers, scanners, receipt printers, and credit card terminals.		✓		
Financials	Streamline and automate financial reporting with a full suite of native accounting applications.		✓		
Business Intelligence	Gain real-time insights with role-based dashboards, robust business analytics, reports, and inquiries.		✓		

“With the sheer capability of getting our sales reps online and giving them access to customer information through the CRM, Acumatica is allowing my business to grow.”

– JODI ANSTANDIG, FINANCE DIRECTOR, BIOPELLE

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INDUSTRY Resources



Resources are provided below to aid distributors, retailers, and e-tailers of wellness products in their digital transformation projects. Attend industry trade shows, read about ERP software and technologies in trade media and industry analyst reviews, network with peers in associations, and access Acumatica resources to learn more about ERP software to automate and streamline business and sales operations.

INDUSTRY EVENTS



- ADA SmileCon ([Link](#))
- America's Beauty Show ([Link](#))
- BioMedDevice ([Link](#))
- CosmoProf North America ([Link](#))
- Florida Int'l Medical Expo ([Link](#))
- Hygienix ([Link](#))
- Image Expo ([Link](#))
- Indie Beauty Expo ([Link](#))
- International Beauty Show ([Link](#))
- Int'l Esthetics, Cosmetics & Spa ([Link](#))
- iSPA Conference ([Link](#))
- MedTrade Expo ([Link](#))
- NatExpo ([Link](#))
- Natural Products ([Link](#))
- Newtopia Now ([Link](#))
- PBA ISSE Salon + Spa Expo ([Link](#))
- Premiere Orlando ([Link](#))
- RAD Expo ([Link](#))
- SupplySide Expo ([East](#)) ([West](#))
- Vision Expo ([East](#)) ([West](#))

INDUSTRY ASSOCIATIONS



- AdvaMed ([Link](#))
- American Association for Homecare ([Link](#))
- American Dental Association ([Link](#))
- American Health & Beauty Aids Institute ([Link](#))
- American Herbal Products Assoc. ([Link](#))
- American Med Spa Association ([Link](#))
- Consumer Healthcare Products Assoc. ([Link](#))
- Cosmetics & Perfumery Retailers Association ([Link](#))
- Cosmetics Alliance Canada ([Link](#))

- Cosmetic Industry Buyers and Suppliers ([Link](#))
- Council for Responsible Nutrition ([Link](#))
- Dental Trade Alliance ([Link](#))
- Fragrance Foundation ([Link](#))
- Health Industry Distributors Assoc. ([Link](#))
- Healthcare Distribution Assoc. ([Link](#))
- Healthcare Supply Chain Assoc. ([Link](#))
- Independent Beauty Assoc. ([Link](#))
- Independent Hair & Beauty Retail Assoc. ([Link](#))
- Independent Medical Distributor Assoc. ([Link](#))
- Independent Natural Foods Retailers Assoc. ([Link](#))
- International Spa Association ([Link](#))
- Nat'l Assoc. of Chain Drug Stores ([Link](#))
- Natural Products Association ([Link](#))
- Nutrition Retail Association ([Link](#))
- Opticians Association of America ([Link](#))
- Organic Trade Association ([Link](#))
- Personal Care Products Council ([Link](#))
- Professional Beauty Association ([Link](#))
- Salon Spa Professional Assoc. ([Link](#))
- Vision Council ([Link](#))

TRADE MEDIA AND ANALYSTS



- 20/20 Magazine ([Link](#))
- American Spa ([Link](#))
- Beauty Independent ([Link](#))
- Chain Drug Review ([Link](#))
- Cosmetics & Toiletries Online ([Link](#))
- Cosmetics Business ([Link](#))
- Dental News ([Link](#))
- Dentistry Today ([Link](#))

- Drug Store News ([Link](#))
- Eyecare Business ([Link](#))
- Global Cosmetic Industry ([Link](#))
- HAPPI: Household and Personal Products ([Link](#))
- Healthcare Distribution & Supply Chain Magazine ([Link](#))
- HomeCare Magazine ([Link](#))
- InVision Magazine ([Link](#))
- Medical Device & Diagnostic Industry ([Link](#))
- Medical Product Outsourcing ([Link](#))
- Natural Foods Merchandiser ([Link](#))
- Natural Products Insider ([Link](#))
- Nutrition Business Journal ([Link](#))
- Optical Business News ([Link](#))
- Organic & Natural Business ([Link](#))
- Personal Care Magazine ([Link](#))
- Repertoire Magazine ([Link](#))
- Salon Today ([Link](#))
- Spa Business ([Link](#))
- The Perfume Magazine ([Link](#))
- Vitamin Retailer ([Link](#))

ACUMATICA RESOURCES



Access the Resource Center to learn about Acumatica's Distribution and Retail Editions.

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Discover How Wholesale Distributors Grow with Acumatica

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ACUMATICA Benefits



Health, Beauty, and Medical retailers and distributors prosper with Acumatica Cloud ERP. Manage omnichannel orders through back-office ERP applications connected with B2B and B2C eCommerce storefronts and point of sale applications for in-store sales. Manage inventory and item data inside Acumatica with bidirectional connectivity with commerce and retail systems for order management, returns, and exchanges.

ACUMATICA FOR THE HEALTH, BEAUTY, AND MEDICAL INDUSTRY

Acumatica's robust inventory management application supports matrix items to create and manage large product families based on item attributes. eCommerce, point of sale (POS), and field service applications extend Acumatica for businesses that sell online (B2B, B2C, and D2C) or provide on-site services. Leverage automation, workflows, and document management to connect data and processes across departments for improved service, retention, and growth. With Acumatica, wellness business executives can:

- **Boost sales** with flexible pricing, promotions, up-sell and cross-sell suggestions, and integrated CRM for marketing and sales automation.
- **Simplify inventory** management with lot and serial tracking, kitting, native warehouse management, and configurable unit of measure conversions.
- **Optimize stocking levels** with robust inventory replenishment to avoid rush orders and stock-out situations with increased inventory turns and lower carrying costs.
- **Delight customers** with inventory stock reservations, omnichannel orders and returns, faster order processing, and streamlined fulfillment.

Attract and keep customers for life with Acumatica's Retail or Distribution Edition, business management solutions that readily integrate your eCommerce web store with a native point of sale solution, and robust applications for order management, fulfillment, inventory planning, and purchasing. Connect your storefront with a flexible back-office system that grows with your company, offers unique customer experiences, and provides valuable insights into your business.

"We had zero challenges from being on-site to all virtual because we are completely in the cloud . . . We don't even have a server in the building we're that cloud-based. We love Acumatica. We're looking to get some warehouse automation happening in the next year."

– JENNI ARANT, CHIEF STRATEGY OFFICER, JEFFREE STAR COSMETICS

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Acumatica Cloud ERP is a comprehensive business management solution that was born in the cloud and built for more connected, collaborative ways of working. Designed explicitly to enable small and mid-market companies to thrive in today's digital economy, Acumatica's flexible solution, customer-friendly business practices, and industry-specific functionality help growing businesses adapt to fast-moving markets and take control of their future.

For more information on Acumatica, visit www.acumatica.com or follow us on [LinkedIn](#).