ANTICIPATE DEMAND, REACT FAST

The fashion retail industry moves at breakneck speed meaning you need to do more than just react, you need to anticipate future trends.

The growth of global retailers, the consolidation of retail brands, and the consumer’s perception of sameness among retailers makes for tough market conditions. The retailer who can anticipate consumer demand and react faster than the competition will grow sales and increase margins.

This whitepaper takes a look at how technologies such as ERP and CRM can help you improve responsiveness and agility in bringing new lines to market, fast.

Because if you can, significant opportunity awaits:

- **£57.7 billion** was spent on clothing, footwear & accessories in 2015, forecasted to grow at a rate of **12.89%** between 2015 to 2020*
- **£12.4 billion** – how much the clothing and footwear market is forecasted to make in 2020**
- **£27 billion** – womenswear market sales in the UK in 2015, which is predicted to grow by **23%** by 2020 to **£32 billion***

BROADEN CONSUMER CHOICE

Traditionally, manufacturers, designers, and retail buyers determined the styles in store for the new season. As supply chains expanded and lead times grew longer, products were increasingly based on previous seasons’ trends.

The result was a limited choice for customers as retailers played it safe with their design decisions. Consumers became bored with the amount of sameness in stores and flocked to retailers that offered a broader product range. These retailers were beginning to buy what they could sell, rather than selling what they could buy.

However, this strategy brought its own issues around inventory productivity and high markdowns.

THE SPEED OF FAST FASHION

Fast fashion is the journey from design concept to the finished product reaching the high street. When a product arrives on the sales floor, it is scheduled to sell for a set period of time before a new item takes its place.
Once trading of an item gets underway, forecasts need to be accurate to show whether extra production is necessary. As sales data builds up, it is crucial to review the lines that turn out to be the bestsellers and identify the opportunities this presents.

Yet you still need to minimise stock and control supply chain costs while ensuring availability of high demand merchandise. This is where the latest ERP technology such as Microsoft Dynamics 365 can be used to give you the visibility you need to see trends and exploit successful lines whilst reducing production of slower selling items.

DEVELOP ACCURATE RETAIL FORECASTING

Nowadays, ERP technology plays a vital role in streamlining stock management processes.

By providing real-time information on products, you gain fast and accurate information on your live stock position. This allows you to plan and adjust accordingly, managing your stock availability across multiple depots, and finally into your stores and customer’s homes.

For fashion retail buyers, it’s all about negotiating the best price for supplies. And this can be made easier by a comprehensive view of merchandise planning and inventory fulfilment, allowing for accurate forecasting of order sizes.

The obvious way to increase stock availability is to increase the amount of inventory in your supply chain, and in each store. However, there is a cost involved in owning stock plus you run the risk that products will not be sold. All of this adds to the pressure to reduce the quantity of inventory you hold.

Yet a continuous supply of the correct inventory is a necessity for all retail operations.

- **10%** of retailers who offer ‘pick up-in-store’ orders cannot fulfil those orders due to inaccurate store inventory

So what can you do?

OPTIMISE YOUR SUPPLY CHAIN MANAGEMENT

To control stock levels, it is essential for you to see the status of orders all the way through the manufacturing and delivery cycle.

This is not always easy as, in a bid to lower production costs, supply chains can cover thousands of miles to overseas manufacturing facilities. With this additional distance comes the need to take into account time spent in transportation and customs.

Your supply chain management should integrate all the activities associated with the sourcing and transportation of merchandise, from its manufacture through to its arrival in the retail environment. This process naturally places an emphasis on reducing the amount of inventory over the complete supply chain.

In this environment, Microsoft Dynamics 365 can give you a complete overview of your activities. As some of the processes can run in parallel, having a consolidated viewpoint allows you to eliminate time overlap and reduce forecasting errors.
USE ERP TO EXPAND SHIPPING OPTIONS

The supply chain visibility you get from Microsoft Dynamics 365 means that changes can be made at any stage, including shipments by the manufacturer.

Instead of shipping in bulk to your warehouse for merchandise to be broken down by store and onward delivery, the visibility offered by ERP gives you the option of shipping directly to store from the manufacturer or combining this technique with a combination of pre-pack and bulk shipping.

To ensure this process works effectively, you should choose an industry-specific fashion solution that manages each step of your supply chain to maximise sales opportunities.

- 93% of surveyed retailers cited that enabling ship-from-store had resulted in a positive or significantly positive uplift in online revenue*
- 77% of surveyed retailers cited that enabling ship-from-store had reduced or significantly reduced their fulfilment costs*
- 88% of surveyed retailers cited that enabling ship-from-store had improved or significantly improved their customer satisfaction metrics*

INCREASE YOUR SPEED TO MARKET

- Increase sales
- Reduce markdowns
- Decrease product lifecycle cost of ownership
- Lower stock levels
- Improve asset productivity and cash flow

All of the above can be achieved using Microsoft Dynamics 365.

Speed to market compresses a series of activities into a short space of time. It allows you to react to trends and bring new products into stores fast.

Microsoft Dynamics 365 gives you the visibility you need to reduce manufacturing times and improve the accuracy of forecasting – providing the opportunity to increase sales and profits while decreasing markdowns and out of stocks.

As a result, consumers benefit from having the range of products to choose from that they expect. At the same time, you enjoy increased demand for your fashion lines and improved customer loyalty towards your brand.

45% of consumers would take up an in-store offer to ship an out of stock product to the consumer’s home for free†
ABOUT HSO

HSO is a Microsoft Gold Partner with over 25 years of experience in implementing Dynamics solutions. We’ve been named a member of the Inner Circle for Microsoft Dynamics partners for nine consecutive years.

Specialising in implementing, integrating, optimising and maintaining ERP and CRM solutions based on Microsoft Dynamics AX, Microsoft Dynamics CRM and Office 365, we’re ahead of the game when it comes to the introduction of Microsoft Dynamics 365.

Visit HSO.com to discover more about Microsoft Dynamics 365 for Retail.

SOURCES:
*Planet Retail, 2015
**Verdict Retail, 2015
***Mintel, 2016

Fabacus Overture: UK Fashion Industry Statistics 2015

Forrester Study: Consumer Desires Vs. Retailer Capabilities: Minding the Omni-Channel Commerce Gap