Technology that supports every link in the retail supply chain

ONLY 40% OF RETAILERS BELIEVE THEY PROVIDE AN EFFECTIVE OMNI-CHANNEL EXPERIENCE

As the consumer, your only concern is whether you can find what you want in store or if your online order turns up on time; not a thought is given to the processes involved in fulfilling those aims.

The logistics required to get merchandise to the right place at the right time is based on an intertwined set of processes that lead up to the purchase point.

This whitepaper takes a look at how the latest technology can positively support and enable each link of the retail supply chain to operate successfully and deliver goods to wherever they need to be, at the time they need to be there.

The contemporary consumer

Consumers have come to expect a consistent shopping experience across promotions, prices, products, delivery and returns policies, wherever and however they choose to buy.

A 2012 Gartner study reveals that 66% of consumers view cross-channel consistency as important.

Omni-Channel Retail - Customer's Perspective

Single view of the retailer across all channels:

RETURNS ANYWHERE
STORE
TV
FULFILLMENT ANYWHERE
E-COMMERCE
SAME PRICE EVERYWHERE
MOBILE COMMERCE
SOCIAL MEDIA SALES
KIOSK
MPOS

Source: OmniRetail-Experts.com

These expectations, coupled with seasonal merchandise fluctuations and pricing pressures, have made it vital for retailers to optimise their supply chains in order to meet customer expectations.

The addition of new shopping channels has further increased the complexity of the supply chain. Upholding customer service standards, keeping costs under control, and delivering the right products to the right place at the right time is a growing challenge for today's retailer.

Multi-channel inventory management

With the average consumer now expecting omni-channel services such as online ordering, click-and-collect, fast delivery and free returns through different channels, retailers are being forced to adjust their channel strategies.

In many cases, the infrastructure to support multiple channels isn't yet in place. EY and the Consumer Goods Forum Supply Chain Committee carried out a survey of 42 senior supply chain executives from the world's largest consumer goods and retail companies which revealed that

only 40% believe their omni-channel execution is effective.

Other findings include:

- Omni-channel represents the biggest growth opportunity for the consumer goods and retail industry.
- **74%** of senior supply chain professionals surveyed for this report think store-based sales will continue to dominate in the next five years.
- **88%** believe that consumer goods firms can no longer rely on traditional sales channels to drive growth.
- Annual global store-based growth is forecast to be just **5%** between 2014 and 2019, compared to online growth of **15%**.

Retailers that are lagging behind must soon decide how they can best fulfil different ordering methods and how they can handle the inventory behind the purchase; it's crucial their warehouse management systems are working together to allow inventory to flow through their entire network.

Increasingly, retailers are turning to Enterprise Resource Planning (ERP) solutions to give them the inventory visibility and flexibility needed to support an omni-channel sales structure. The elasticity demanded of supply chains is being provided by ERP, and this extends to transportation management where it offers real-time coordination to manage deliveries.

Cost-effective and customer-centric transportation

ERP systems not only give company-wide visibility of inventory they also help retailers to manage consumer-centric transportation management processes. The real-time visibility provided by cloud-based ERP solutions enables retailers to introduce aggregation into traditional transportation planning.
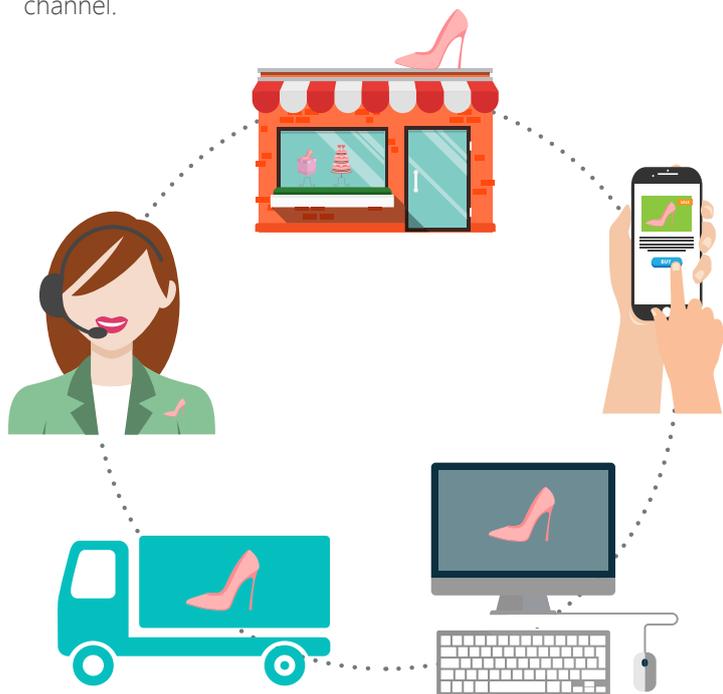
Rather than looking at each sales channel singularly, ERP solutions help retailers find ways to combine orders and mitigate the complexity, cost and risk of using one particular channel over another, by leveraging multiple channels. Instead of always delivering direct to the consumer from a central warehouse, retailers can consider alternatives such as in-store collection or local delivery from a store. When stock is already being delivered to a shop via existing transportation routes, it may be more cost-effective to then onward ship locally to the customer.

88% say they can no longer rely on traditional sales channels to drive growth

Only **40%** believe their omni-channel execution is effective

Only **38%** say omni-channel initiatives have a positive impact on profit margins

81% believe the supply chain is not fit for purpose for omni-channel

Source: EY and the Consumer Goods Forum Supply Chain Committee 2015

ERP solutions enable retailers to continually monitor and evaluate their transportation network, as sales channels change or are added. Retailers gain the technology to fine-tune their transportation plans and look intelligently at different trends and how these impact on each sales channel.

Aligning the supply chain with marketing

Retailers often overlook the necessity of aligning their marketing plans with their supply chain. For significant marketing campaigns or discount promotions, it's essential the supply chain is geared up to meet a rapid increase in demand.

The beauty of ERP solutions is their ability to link departments and share information. Supply chain teams are alerted to the timing and content of marketing campaigns and can determine how much product is needed and which channels they will use to transport goods to the consumer.

Rapid reallocation of returns

Multiple sales channels can present retailers with inventory challenges. When a non-standard item appears in the retail environment, the system needs the intelligence to decide what to do with it. For example, returning an online-only item to a store means the store must either keep it to sell or return it to the warehouse.

This can be particularly problematic for seasonal merchandise, which may be returned when demand for that product is falling.

In multi-channel environments where systems are disconnected, it can become more difficult and time-consuming to process a customer return. The retailer needs visibility of inventory to reallocate stock, and either facilitate an exchange with that customer or credit them for the item.

Cloud-based ERP technology gives retailers information on the original purchase and the ability to view inventory levels across a store network in real time.

This means returned goods can rapidly be redirected to a different store or to an online buyer. This strategy allows the retailer to easily absorb the item back into saleable stock and reduce the operation and transportation costs surrounding that return.

Source: Building the Business Case for a Unified Commerce Platform (October 2014)

Optimising for a fast and flexible retail supply chain

It's clear that today's retailers need to optimise their supply chains to keep up with the rapidly evolving demands of the multi-channel shopper.

Whether it's adding new sales channels, improving transportation management, aligning marketing campaigns with the supply chain, refining returns procedures or implementing new inventory strategies – new cloud-based ERP solutions provide retailers with all the tools they need.

A supply chain network in the cloud that tracks and manages changes in demand and inventory, allows retailers to respond and adapt to events like seasonal trends and other fluctuations. Adopting a modern technological approach with cloud-based ERP solutions enables retailers to provide everything their customers want, when and where they want it. Gone are the days of overstocking or understocking and delayed deliveries.

To compete in today's demanding trading landscape, retailers are looking at the latest, scalable technologies to create new contemporary supply chains that are flexible, faster, and more functional than their predecessors.

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