

Why Retailers Should Be Paying Attention to the Supply Chain

Pressures are mounting from consumers and the competition

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Efforts to increase supply chain efficiency are nothing new, but as retail ecommerce sales continue to grow, retailers need to be more flexible.

Orders no longer ship exclusively from a centralized warehouse, but also from stores and straight to shoppers with shipping times that would've been unthinkable a decade ago.

According to a [Retail Systems Research](#) (RSR) survey conducted in October 2018, 78% of retailers in North America said that supply chain management helps their company's performance.

The biggest challenge cited by retailers was keeping up with the speed of competitors' fulfillment, a concern that increased 15 percentage points from 2017. Changing patterns of consumer demand was also a challenge for the majority.

What Are the Leading Business Challenges Facing US* Retailers Around Supply Chain Management?

% of respondents, Oct 2018



Note: respondents selected their top 3; *95% headquartered in the US
Source: Retail Systems Research (RSR), "Supply Chain Management 2018: In Service Of The Customer" sponsored by Symphony Retail, Dec 4, 2018

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Consumer expectations are a large part of why retailers are fine-tuning the supply chain. Shoppers want to quickly **buy products in any channel and have multiple options for receiving them.**

An October 2018 **Boston Retail Partners** (BRP) survey found that the top planning priority among retailers in North America for the next 12 months is being able to integrate actionable customer data into planning activities. This priority tipped over the halfway mark (54%) this year, up from 31% in 2017. Point of sale transactions, online transactions and CRM data like demographics and past purchases were the leading types of customer data used for planning.

Inventory visibility plays an integral role in supply chain management for consumer-facing offerings and operational processes. Lack of needed inventory was the biggest frustration with in-store shopping among US digital shoppers, according to an April 2018 **Usabilla** survey. Retailers are responding by **increasingly using big data to optimize inventory and logistics.**

By many measures, retailers are making progress, but still have a way to go. When asked about inventory management processes by BRP,

most retailers (52%) said they worked with company-owned inventory shared across channels, but close to the same number (48%) said inventory was separated across channels.

According to RSR, 91% of retail winners (less than 4.5% annual sales increase) considered system-wide inventory visibility to have significant value, while 79% said they had "a lot" of visibility into inventory. Fewer average and lower performers (84%) placed value on system-wide inventory visibility, and considerably fewer (42%) had access to it.

This year, a majority of retailers (55%) had implemented online visibility into in-store inventory to their satisfaction, up from 40% last year. And close to half of all retailers had implemented various fulfillment options satisfactorily, including store-to-store transfer for pickup in-store, ship from store direct to consumer, in-store purchase of online inventory for shipment direct to consumer, and ship to store from a distribution center for consumer in-store pickup.

Newer models have emerged like Kroger Ship, which delivers nonperishable goods directly to consumers from warehouses and in-store kiosks offered by Kohl's. Shoppers have the ability to search for sizes and colors not available at a particular store and have items shipped free to their homes.