

Optimize Your Supply Chain

Be Highly Efficient and Responsive to Shifting Consumer Demand



FUJITSU

Times of crises – whether it's a pandemic,

a natural disaster, or something else – can bring uncertainty and disruption to an organization's supply chains. As a retailer or manufacturer, you can't control what happens in a crisis, but you can improve your supply chain to make it more responsive, enabling you to better manage the uncertainty.

Additionally, in the last decade, North America has experienced rapid and enormous shifts in consumer behaviors and expectations around the shopping experience. To keep up, supply chains have to evolve as well.

According to Nielsen Homescan data, about 40% of consumers overall have used buy online and pick up in-store services (BOPIS).¹ Over one six-month period, 67% of U.S. shoppers say they have used BOPIS.² Consumers are also now shifting to buying directly from manufacturers for everything from household items to shoes or eyeglasses. According to one study, 81% of consumers plan to shop direct to consumer (D2C) brands.³

Supply chain organizations have always strived to be highly efficient, but in today's climate, it's not enough. Changes in consumer shopping and fulfillment expectations have made it essential that supply chains be not only efficient but also highly adaptable to changing circumstances.

40% of consumers overall have used BOPIS.

67% of U.S. shoppers have used BOPIS in over one six-month period.

81% of consumers plan to shop from D2C brands.





Meeting Consumer Expectations

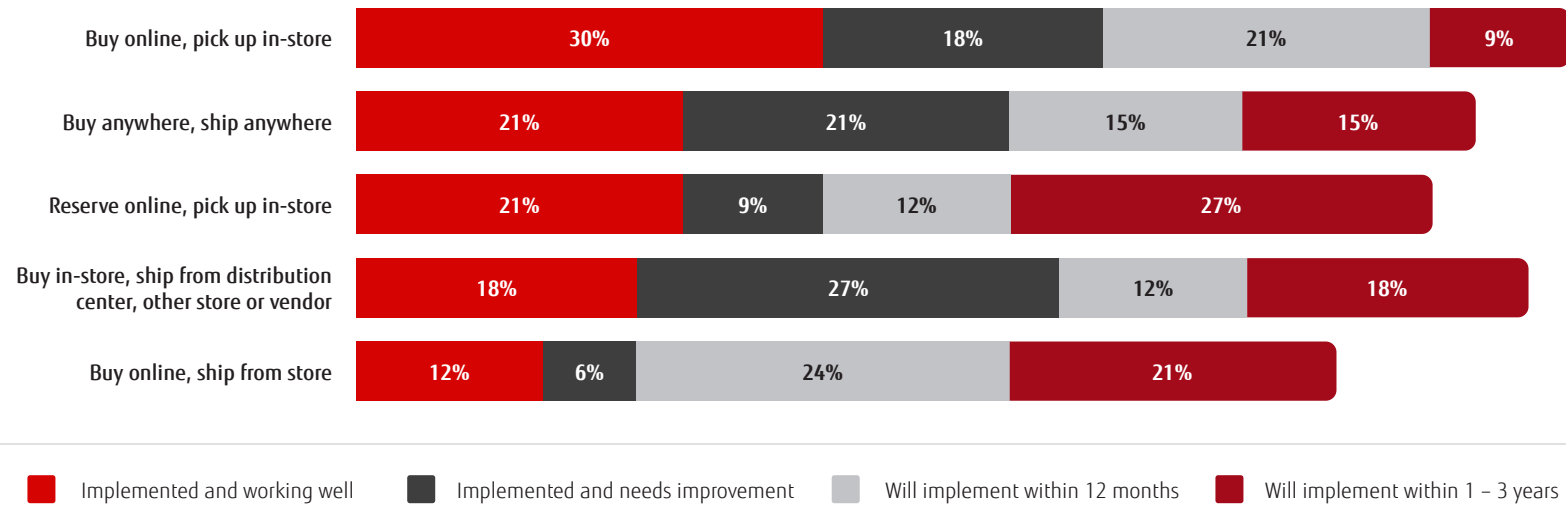
Consumers use more channels than ever to interact, buy and pick up purchases – and supply chains must respond to these expectations. Twenty years ago, most consumers relied on two touchpoints when buying an item, and only 7% regularly used more than four.⁴ Today, Think with Google has reported, the number of touchpoints for a shopping journey can range from more than 20 for something as simple as a candy bar to more than 500 for booking a flight.⁵ And often

these touchpoints go back and forth between mobile and desktop because customers start their search with mobile, view videos on YouTube from their desktop, head back to mobile for further research, and then back to their desktop to make the purchase.

As many as 60% of consumers say they want to purchase their favorite products “as they go about their daily routine” instead of having to visit a store.⁶ Additionally, 87% of consumers say they are interested in choosing the delivery time that is most convenient for them.⁷

For retailers and manufacturers, meeting these expectations is critical. Companies with strong strategies for omnichannel customer engagement see an average of 89% for customer retention versus 33% for companies with weak omnichannel strategies.⁸ “A lot of times, we see that companies may have excellent products but the customer experience may not match the product experience when they’re interacting with a company,” said Ruchir Patel, GLOVIA® OM practice lead at Fujitsu America, Inc.

North American Retailer Shipping Options Implementation 2017



Source: J. Clement, "North American Retailer Shipping Options Implementation as of December 2017," Statista, March 13, 2019.

Research from Statista found that only 30% of retailers have a well-functioning buy online, pick up in-store option (BOPIS). And even fewer have other options available, such as buy anywhere, ship anywhere (21%) or buy online, ship from store (12%).⁹

Manufacturers have the same – or even greater struggles – when it comes to delivering a strong customer experience. Only 9% of Americans say customer service from D2C brands is superior to that of traditional brands,

and 93% find their returns process more challenging.¹⁰ In fact, product manufacturers tend to score 50% less in customer experience index ratings than B2C organizations.¹¹

Expectations for a convenient multichannel experience are only going to grow. A responsive and efficient modern digital supply chain that delivers transparency and supports new channels, such as direct-to-consumer (D2C) and social purchasing, can help retailers and manufacturers with inventory availability, order

fulfillment, last-mile delivery, cross-channel purchases and returns, and accurately estimating time to delivery.

These capabilities are all essential to creating an end-to-end, seamless cross-channel customer experience as well as being efficient and responsive no matter the circumstances.

Here's a closer look at why these capabilities are essential and how to ensure you have a commerce platform to support them.

Achieving Supply Chain Transparency



End-to-end transparency in your supply chain is critical. Without transparency, it is difficult to place and serve product orders or know your inventory availability. Additionally, without a single system of truth, you will need to check and manage various scheduling systems, which can be complicated and time-consuming. You will also be left with limited visibility into your partners' services and schedules.

"There may be inventory lying in different locations, at different distribution centers – and without visibility, it's locked out of the supply chain," Patel noted.

Another issue is the need for visibility into demand so that your business users can discover opportunities to introduce new business models, new value-added services and new revenue streams. "If you're beginning to use any type of analytics or AI capabilities in planning, but you don't have systems that recognize real-time inventory and leverage customer demand across the different channels – such as rolling up into

an aggregate supply chain forecast – it will be difficult to trust the recommended orders or outputs," said Jason Stratton, managing partner at Ascent Enterprise Solutions.

Yet many retailers and manufacturers live with these challenges because internal processes and ERP systems are restrictive and expensive to change. But the opportunity cost of not having the transparency required to manage your supply chain efficiently and responsively shouldn't be overlooked.

"To improve the customer experience and provide a better level of service, retailers and manufacturers need an agile, responsive and intelligent platform that can leverage legacy systems and easily integrate with ERPs or CRMs," Patel said.

An Order Management Platform (OMP) that offers a single, accurate real-time source of information for all aspects of the purchase – from calculating shipping to applying promotions – provides retailers and manufacturers with the real-time visibility and agility they need into inventory across multiple locations to plan better and quickly respond to emerging needs. In some cases, manufacturers may also now be able to share their inventory with retailers and drop ship direct to consumers when orders are placed.

Additionally, when your OMP sits within your CRM platform, you can realize even more value. Having this type of integration allows you to connect to the customer and enable other customer-experience services across other platforms. For instance, your customer-care team can have direct access to this system so that when a customer is on the phone, they have full visibility of all the orders, inventory and information needed to communicate what's going on with a customer's order.

"By having a solution with some key capabilities and KPIs that you can track against inventory and supply chain pain points, you can improve the customer experience and provide a better level of service," Patel said.

Pet Food Manufacturer Gains Visibility and Agility

For one international manufacturer of pet foods, which said it was operating in functional silos before implementing a unified supply chain platform, getting full visibility across its entire network has allowed it not only to serve its customers efficiently but also to be agile and responsive to what products its customers need and where they need them. Whether it's a replenishment order, a partial order or a full truckload order, the company can now execute not only the inventory to the right place but also in a way that delivers the right experience.



Supporting New Channels



With the rapid pace of technological innovation, new channels – such as mobile, social, chat and now, voice – are constantly being introduced and adopted by consumers. New channels are also shifting consumers' shopping behaviors. Today, a growing majority of customers prefer to buy online, with self-serve information, direct from vendors. They expect to be able to use the channels they want and have an easy and intuitive buying experience.

“With the introduction of mobile and social platforms, we are now seeing Gen Z and Gen Y [Millennials] doing more shopping through new channels. They're leveraging platforms such as Facebook and Instagram, and even TikTok, to buy, and retailers are capitalizing on that,” Stratton said.

Outside of these consumer preferences, other situations may make one channel highly desirable over others.

To meet consumer expectations on every channel and have the flexibility to adapt to evolving needs or circumstances, retailers must integrate all business processes in a single platform. For instance, one of the world's premier catalog retailers, which had a combination of manual systems and a restrictive, expensive legacy solution for order management, found it was unable to react quickly to changing market and customer needs.

Similarly, manufacturers must also be able to support new channels, especially D2C, which is becoming an extremely important channel that allows manufacturers to introduce new e-commerce and subscription services to

customers. To support a D2C experience, one major imaging firm launched a marketplace for its dealers to drive value-added service. This end-to-end, user-friendly, automated portal enabled extended benefits such as the ability to effectively drive software sales as well as manage licenses and subscriptions to hundreds of channel partners.

Unified visibility across all channels allows retailers and manufacturers, especially those that want to incorporate D2C models into their business, to create compelling interactions at every touchpoint of the customer journey. For the catalog retailer, moving to a unified commerce solution across all channels enabled the retailer not only to ensure consistency across all channels, including phone, web, EDI and corporate-procurement systems, but also to increase agent efficiency and drive down average handle time.

Improving Inventory Access

Knowing what inventory you have, where it is, and how you can fulfill customers' orders is another critical component of delivering a convenient shopping experience for any type of customer – B2B or B2C, as well as being adaptable and flexible to new trends or circumstances.

However, for manufacturers, improving inventory access requires better oversight into your channel partners' business operations. This requires a platform that offers robust order and inventory management that can empower channel partners with critical real-time information and create a feedback loop to enable partners to share important information to aid forecasting, inventory management and future innovation.

Additionally, retailers and manufacturers need more than ever to strategically plan and execute based on rapidly evolving needs. But doing so requires evaluating key variables affecting your supply chain requirements.

“What KPIs are you reviewing, and what is the frequency? Do you have an agile way of adjusting your forecast and modifying existing replenishment routines in your systems depending on market and world events?” asked Claudia Ferrell, senior consultant with

“Having a unified commerce platform that allows you to leverage AI capabilities to accurately project and recommend orders is important to being able to make critical inventory decisions.”

– Jason Stratton, Managing Partner with Ascent Enterprise Solutions



Ascent Enterprise Solutions. “Are you redefining seasonality and adjusting selling curves? Are you able to carry over inventory into “shoulder” months for each season, or are you holding inventory year to year or having to liquidate in order to sustain a viable cash flow?”

Ferrell noted that understanding supply chain requirements and impact based on carryover inventory is essential for retailers at all times, but especially during world crises, when stores are closed and inventory is rapidly aging. In addition, “having a unified commerce platform

that allows you to leverage AI capabilities to accurately project and recommend orders is important to being able to make critical inventory decisions,” Stratton said.

As manufacturers become more capable of drop shipping D2C, retailers also need to know how this affects their supply chain requirements and how their systems and processes can adapt to these new efficiencies in D2C product delivery. Better understanding and insights into inventory access are also essential to building effective pricing strategies for moving “stale” inventory.

“Right now, inventory is aging as it sits in stores,” Stratton said. “In order to prepare for the next wave of incoming merchandise, retailers should consider taking margin reduction on high-ticket items or inventory that is significantly overstocked.”

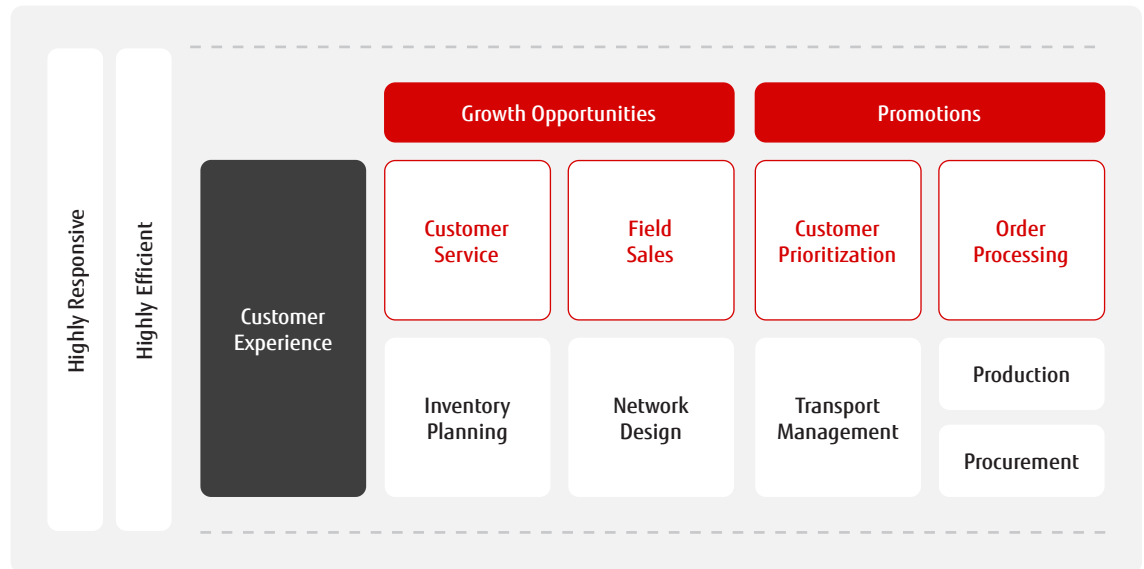
A unified platform, with complete visibility across your entire supply chain – customers, channels and partners – will give you the insights you need, to make critical decisions that will improve your inventory access and management and help you reduce inventory costs.



Make Your Supply Chain More Resilient

Manufacturers and retailers can improve their supply chain readiness now and for the future with a modern OMP that seamlessly integrates with existing systems, is easy to deploy and is affordable. With a single view of the customer, inventory and pricing across channels as well as the ability to route based on rules to the appropriate fulfillment center, retailers and manufacturers will find that their supply chain is well-positioned to be efficient and responsive to any crisis or evolving customer expectations.

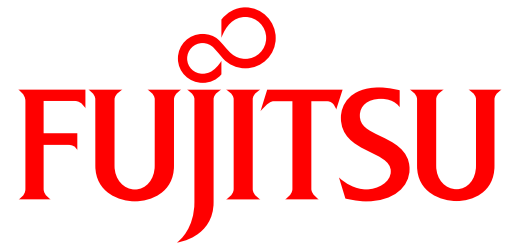
Customer-Centric Supply Chain Role





Sources

- 1 [“Curb Appeal: Are You Ready for Click & Collect,”](#) Nielsen, Feb. 14, 2018.
- 2 [“BOPIS=ROI: Tech Invest in Order Fulfillment,”](#) Radial and Napco Research, 2019.
- 3 Daphne Howland, [“81% of consumers plan to shop direct to consumer brands,”](#) Retail Dive Oct. 8, 2018.
- 4 [“Omnichannel Stats You Don't Want to Miss,”](#) Knexus, May 26, 2016.
- 5 [“How Intent Is Redefining the Marketing Funnel,”](#) Think with Google, accessed April 29, 2020.
- 6 Scott Lachut, [“Consumer Expectations for Retail Experiences in 2020 and Beyond,”](#) PSFK, Dec. 21, 2019.
- 7 Ibid.
- 8 Dennis Fois, [“Omnichannel CX: How to Overcome Technology's Artificial Divide and Succeed at Being Seamless,”](#) Forbes, June 15, 2018.
- 9 Source: J. Clement, [“North American Retailer Shipping Options Implementation as of December 2017,”](#) Statista, March 13, 2019.
- 10 Daphne Howland, [“81% of consumers plan to shop direct to consumer brands,”](#) Retail Dive Oct. 8, 2018.
- 11 Spencer Lin, [“5 Ways Suppliers Are Closing the Customer-Experience Gap,”](#) Industry Week, July 23, 2019.



Fujitsu is the leading Japanese Digital Transformation (DX) company offering a full range of technology products, solutions and services. Approximately 130,000 Fujitsu people support customers in more than 180 countries. We use our experience and the power of DX to shape the future of society with our customers. Fujitsu Limited (TSE:6702) reported consolidated revenues of 3.9 trillion yen (US\$35 billion) for the fiscal year ended March 31, 2020. For more information, please see www.fujitsu.com.

[Learn More](#)

