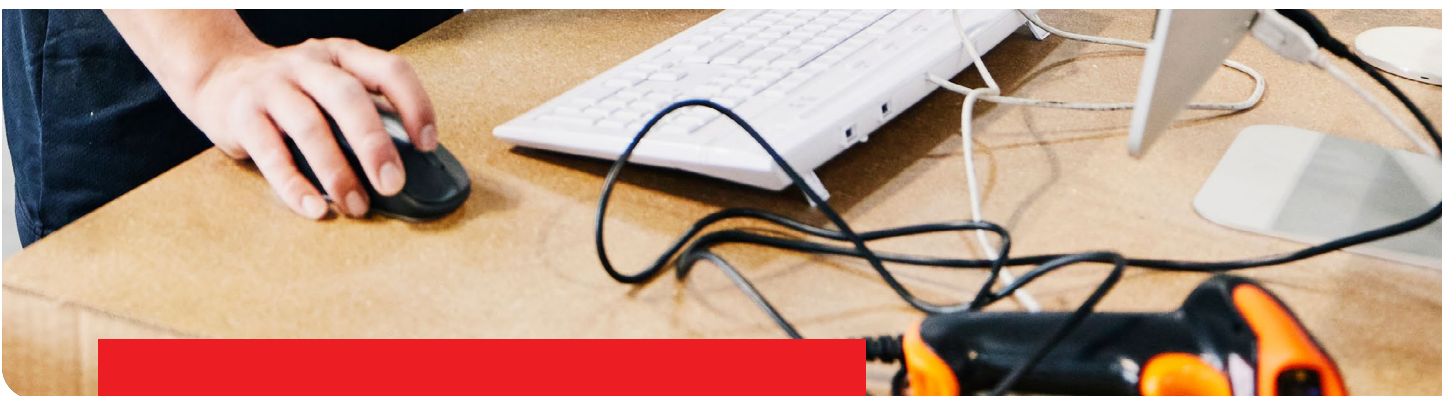




The Retailer's Guide to Optimizing Supply Chain Operations

HOW INTEGRATED TECHNOLOGY
CAN DELIVER FOR RETAILERS





Propel Your Operations Forward

With the Right Partner, Processes & Technology

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INTRODUCTION

The global supply chain has been disrupted by a confluence of factors, including labor shortages (e.g., warehouse workers, truckers), surges in demand for certain product categories, port delays, and inflationary pressures, among other issues. This disruption has, of course, impacted retailers' operations, leading to product shortages and/or outages, delayed deliveries and, ultimately, upset customers. These challenges have been exacerbated by the omnichannel shopping behaviors of today's consumers, forcing retailers to forecast demand levels across channels and ensure they have the right inventory in the right places at the right times.

And 2022 figures to once again test retailers' supply chain preparedness. The National Retail Federation (NRF) forecasted that [retail sales will grow between 6 percent and 8 percent in 2022](#) — meaning more goods to move through the supply chain.

Rising consumer adoption of online shopping and omnichannel fulfillment options such as buy online, pick up in-store (BOPIS); buy online, pick up at curbside (BOPAC); and ship-from-store is placing additional stress on retailers' supply chains — and the technology systems that support them. In addition to their behaviors, consumers' expectations of retailers have changed as well. Inventory transparency across channels, speedy delivery (from days to one-day or hours), and omnichannel fulfillment are now expected by consumers. Failing to meet those expectations will lead customers away from your brand and into the waiting arms of your competitors.

Experience is the battleground upon which retailers are fighting for customers' loyalty, and the supply chain has an ever-increasing role in that fight. Consumers have come to expect that the products they want will be available (in their preferred sizes, fits, colors, styles, etc.) in every channel they choose to shop. Furthermore, they expect to be able to purchase and receive their desired product(s) in the most convenient manner possible for them — and be able to track it every step of the process.

In order for retailers to meet these rising consumer expectations, they're relying on the help of technology. More specifically, they're investing in integrated solutions that enable seamless sharing of data (e.g., product/inventory data, order data, customer data) across the supply chain, facilitating the transport, fulfillment, shipping/delivery, and receipt of goods. Furthermore, technology systems are helping to optimize the customer's post-purchase experience, with particular attention paid to customer care and product returns.

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The retailers that have made technology investments to optimize supply chain performance are reaping the benefits. They're realizing cost savings from reduced shipping costs associated with the elimination of last-mile deliveries through BOPIS and BOPAC, as well as greater efficiency for picking, packing and shipping product, both at the warehouse and store level, leading to reduced labor costs. In addition, improved customer experiences, such as an on-time order delivery, a well-executed BOPIS transaction, or a helpful customer care interaction, generate repeat purchases. Those repeat purchases are the start of long-term relationships with loyal customers, who are the foundation of profitable retail businesses. Much like the modern supply chain, there's a domino effect to getting things right (or wrong) when it comes to customer experience.

TURNING CHALLENGES INTO OPPORTUNITIES



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As documented above, there are numerous external and internal challenges for retailers seeking to optimize their supply chains. External challenges include labor shortages, most noticeably hourly workers at stores and warehouses, inflation, geo-political tensions, port delays, and accurately forecasting demand levels in an environment where evolving shifts in consumer buying behaviors is commonplace.

As for internal challenges, many retailers are operating with legacy technology systems that are unable to integrate with other systems, leading to disjointed customer experiences — e.g., siloed inventory and order management systems that can't execute BOPIS or BOPAC orders. And even if they do have integrated technology systems in place to optimize supply chain operations, retailers are tasked with training employees new skill sets so that they can excel in their rapidly changing roles.

However, the good news for merchants is that these challenges also present opportunities. If your organization is able to overcome the aforementioned challenges and provide a first-class customer experience, from product discovery through to post-purchase support, it will differentiate itself from its competition. And customers will reward your business with their loyalty. There has been much written and said about the death of the brick-and-mortar store, but retailers with a physical presence have a distinct advantage over their online-only counterparts when it comes to the modern supply chain.

Physical store locations can be used as additional access points in the supply chain, giving consumers more choice in how they purchase and receive their orders from retailers. However, the experience must be seamless across channels to truly capitalize on such an omnichannel retail model. To create the types of seamless, frictionless experiences that can win the loyalty of today's fickle customers, retailers need to have integrated technology systems powering their supply chains.



THE ROLE OF TECHNOLOGY IN SUPPLY CHAIN OPTIMIZATION

An increasing number of retailers have made the decision to invest in technology that can help them better manage their supply chains. According to Total Retail's 2022 Retail Technology Report, which surveyed its audience of retail executives about their current and future technology budgets, spending on supply chain solutions topped the list. Sixty-one percent of respondents said they will be increasing spending in the next 12 months on automation tools, including for supply chain and customer service. Furthermore, 43 percent will be increasing their budget for inventory management software, with 40 percent doing likewise for order management systems.

This data tells us that technology is integral to retailers' ability to meet and exceed customers' expectations. Without integrated technology systems in place, retailers will struggle to keep pace with the merchants that are already giving their customers exceptional omnichannel experiences. As it relates to the supply chain and its effect on customer experience, this means providing inventory transparency across channels (i.e., showing stock levels, both for online and offline purchases), offering multiple order fulfillment and delivery options, and expediting the time between when an order is placed and when the customer has that product in their hands.

The rising adoption of automation, in particular robotics, within retailers' distribution centers speaks to the growing influence of technology on supply chain operations. Robots are helping retailers to speed up order fulfillment times by picking and packing orders. They're doing so rapidly, accurately and cost efficiently, complementing existing human workforces. Furthermore, robots are helping to fill the gap for retailers challenged by labor shortages within their distribution centers. Automated solutions such as robots are proving valuable tools to help retailers keep pace with growing consumer demand for speedy delivery.



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A key factor in the customer experience that's not to be overlooked is the support and service that the retailer provides post-purchase. Some of the most frequent types of customer service queries are related to the supply chain — e.g., Where is my order (WISMO)? This is particularly relevant given the growing percentage of eCommerce transactions we're seeing. Without supply chain transparency and the ability to track the lifecycle of each order, customer service agents and automated solutions (e.g., chatbots) won't be able to accurately answer that question. Therefore, it's critical that data (customer, order, inventory, etc.) is shared across the organization, including with customer care teams, to enable personalized, frictionless, predictive and proactive support experiences.

By having technology that can work together throughout the eCommerce cycle, customer service agents can be provided with real-time visibility into customers' previous interactions with the company. That level of integration leads to more streamlined conversations, quicker resolution times (i.e., happier customers), and less agents needed (i.e., cost savings).

With so many technologies in the market, retailers must do their due diligence to learn which systems can work together seamlessly. That upfront research and vetting can save them a lot of headaches and, more importantly, money down the road. A technology suite that can support the entire eCommerce purchase journey with integrated systems is an investment in both the customer and the organization.

Lastly, retailers must ensure they're protecting their businesses from fraudulent purchases, with rates of such activity rising as more shopping happens online. According to LexisNexis Risk Solutions' "True Cost of Fraud" study, each \$1 in fraud costs retailers in the United States \$3.60 in total expenses. Of those costs, 47 percent is related to replacing and or redistributing lost goods, which causes disruption to supply chain operations. Therefore, the ability to detect fraudulent transactions, as well as identify legitimate customers, through technology such as machine learning offers retailers multiple benefits. For example, an effective fraud solution can yield cost savings, maximized sales to approved customers, and a streamlined supply chain.

In addition to fraud protection, retailers must be thinking about the payment options they're offering on their checkout page. By offering more payment options, such as buy now, pay later (BNPL), mobile wallets (Apple Pay, Google Pay), and cryptocurrency, retailers can increase conversion rates and thus boost revenue. Creating a safe, secure, fraud-protected checkout page offers benefits to customers and retailers alike.



GYMSHARK BOOSTS SUPPLY CHAIN OPERATIONS TO MEET PEAK DEMAND

Gymshark, a fitness community and apparel brand based in the United Kingdom, has grown from a screen-printing operation in a garage into one of the fastest-growing and most recognizable brands in fitness with customers in over 180 countries. While a good problem to have, a business scaling so rapidly presents its own set of inherent challenges, chief among them ensuring the supply chain can keep up with increasing order volumes.

To address the challenges associated with its rapid growth, Gymshark sought the help of an expert third party. Specifically, the brand needed assistance in filling labor gaps in its warehouse, speeding up its product manufacturing process, and maximizing capacity with its third-party carriers.

These problems were compounded, of course, during peak season. Gymshark partnered with Radial, an eCommerce solutions company that provides, among other services, order fulfillment, to help it profitably scale its business. Gymshark's partnership with Radial has helped to ensure the fitness and apparel brand can keep pace with surging consumer demand for its products.

"A lot of brands get everything right through the customer journey until they get to the fulfillment and final mile elements," says Steve Hewitt, executive chair at Gymshark. "Really managing their expectations and effectively underpromising and overdelivering. Through this year's peak the feedback we got on all of our social platforms was ridiculously positive, and we certainly couldn't have done that as Gymshark in isolation. We're good at lots of things, but we're certainly not a fulfillment, final mile expert."

Gymshark relied heavily on the agility of Radial's network and its people, processes and technologies to help it overcome supply chain obstacles. A true partnership, Gymshark and Radial are in constant collaboration, and thus the brand was able to quickly pivot and adapt when faced with unexpected challenges and missed forecasts. The relationship has created a positive work environment for associates, a critical element to a successful retail operation.



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KEY TAKEAWAYS

Rising customer expectations for seamless, frictionless shopping experiences no matter the channel have forced retailers to re-evaluate their business operations. Experience is now the leading factor upon which consumers are making purchase decisions, and the ability to source, transport, fulfill and deliver products to customers across channels is becoming table stakes. If retailers are unable to meet this customer expectation, they will fail to keep pace in the competitive retail and eCommerce landscape.

The disruption of the global supply chain has made it imperative that retailers be adaptable in how they source and distribute their products. This has meant investments in automation technology, including robotics, to enable new modes of omnichannel fulfillment (e.g., BOPIS, BOPAC), payment options, fraud protection, and customer care. And those systems must be able to scale up and down depending on peak and nonpeak demand levels, ensuring optimal return on investment at all times.

A combination of people, process and technology are key to overcoming today's supply chain challenges. There are several steps within each of those three functions that retailers can take to improve their supply chains. Here are a few to consider:

- Develop a data strategy. Collect and store data from multiple channels in a single platform to query information however and whenever you need to. Once data is collected, segment it for insights. Data on individual channels and locations (stores, distribution centers) makes it easier to plan inventory availability and optimize order fulfillment for a specific segment of customers. Lastly, use historical order data to better predict future demand.
- Identify "hub stores," regional stores that can handle higher volumes to reroute inventory for retail, leading to shorter delivery windows and happier customers.
- Streamline product returns by connecting inventory held in each individual warehouse and store into a single network. There, when returns are logged back into inventory, they can be added back to an organization-wide total that can be viewed at any location.
- Build flexibility into your supply chain so that it can adapt to handle surges and shortages. Actions that retailers can take include setting maximum order quantities, increase customer service touchpoints (e.g., human and virtual agents, chat, SMS, social), and override AI models with manual adjustments when quick pivots are necessary.

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- Seek to automate processes when and where possible. Robots are helping retailers to speed up order fulfillment times by picking and packing orders quickly and accurately. They've proven to complement existing human workforces rather than eliminate them. Furthermore, robots can fill the gap for retailers challenged by labor shortages within their distribution centers. They can operate 24/7, don't call out of work or take sick days, don't need breaks, etc. Finding ways to introduce automation into your supply chain can lead to cost savings, service gains, and happier (and more loyal) end customers.
- Invest in technology systems, such as inventory and order management systems, that can better match supply with consumer demand. Furthermore, ensure those systems don't exist in a vacuum. To enable the omnichannel shopping experiences consumers increasingly favor, integrated technology platforms are a necessity.

While it may not receive as much fanfare as innovative in-store technologies, interactive marketing campaigns, or unique product releases, the supply chain is just as important, perhaps even more so, to the future success of retail organizations. While there are undoubtedly future disruptions to the supply chain, retailers can be better prepared to manage those challenges with the help of people, process and technology. The benefits of improving supply chain operations include cost savings, better customer experiences, and increased customer loyalty.



WHO WE ARE



Radial, Inc., a bpost group company, is the leader in eCommerce solutions. Premier brands around the world confidently partner with Radial to deliver their brand promises, anticipate and respond to industry disruption, and compete in a rapidly evolving market. The company's expansive network of fulfillment centers, flexible transportation services and advanced omnichannel technologies, help clients meet increasing consumer expectations and maintain market competitiveness. And with the company's personal customer care services and intelligent payment and fraud solutions, brands confidently deliver high-value customer experiences required today. Radial is flexible, scalable, and focused on its clients' business objectives. Learn how Radial delivers today's retail at radial.com and follow us on Twitter [@radialcorp](https://twitter.com/radialcorp).



WHO WE ARE

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Q&A with Laura Ritchey, COO, Radial

Recipe for a seamless customer experience: convenience, choice and speed with the backbone of product availability



In your opinion, what are the biggest challenges retailers face in offering a true omnichannel experience?

Disparate systems often drive siloed operations between different channels resulting in disjointed customer experiences. In order to provide a seamless experience for the customer, it's important to provide convenience, choice and speed with the backbone of product availability in a single, trusted view. This helps to streamline store operations and ecommerce fulfillment and supports evolving business demands with real-time visibility and control over inventory to fulfill every customer order on time and profitably.

What are some strong solutions for today's fulfillment and last mile challenges?

While some of the capacity constraints will be solved over the coming months, customers have embraced online and convenience shopping options going forward. Retailers need to make accurate delivery promises based on a clear view of product availability and optimize their fulfillment solutions including last mile by creating a healthy ecosystem where each part supports the other to create greater visibility and transparency for your team and customers. A partner like Radial can provide an expansive global fulfillment network and integrated last mile delivery services with a strong technology backbone enabling seamless integration, real-time end-to-end order visibility and business intelligence to deliver a best-in-class customer experience.

How important is post-purchase care (delivery, returns, customer service, etc.) to the customer experience, and what can retailers do to improve it?

Post-purchase care is extremely important to maintaining a great and seamless customer experience from click to deliver driving customer loyalty. It encompasses everything from accurate and timely delivery to ease of customer service tools and smooth return options. Convenience plays a big part in all areas here as well. Customers want simple ordering, fast delivery times, quick responses and easy resolutions. A global network, transparent data, trained agents with tools and tech at their disposal and a connected omnichannel experience can all help you improve the post-purchase care process.

What are some of the key benefits of taking a holistic approach to tech solutions in today's operating climate?

Evolving customer behaviors and shifting market conditions require retailers to scale operations on demand to thrive in today's operating climate. A holistic approach extends across multiple facets of a retail organization, but a true seamless customer experience starts with solid operational infrastructure and technology. Having core technology in place that is easy to use and integrate helps with data visibility and tracking, creates flexibility in the order journey, and reduces operational risks to deliver the best customer experience possible.

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