



4 top approaches for adapting to flexible retail

Editor's introduction



ALEX SWORD
Editor

Retail customers have embraced online shopping during the pandemic. In many sectors this has meant a welcome surge in online demand.

However, many retailers have not been in a position to truly capitalise on this surge amidst a simultaneous squeeze on supply chain.

Illness-related absences and warehouse closures, as well as social distancing measures, have reduced the efficacy of the ecommerce supply chain just as it is most in need.

The best-performing retailers have been those which have been able to adapt quickly while maintaining high customer service standards.

To adapt to this new environment, it is imperative that retailers have the right IT infrastructure in place. They need to be able to maintain performance, adapt rapidly to changing conditions and deliver on the level of service that customers expect.

While the pandemic has been the catalyst for this shift, it has been more of an acceleration than a change in direction. The changes that retailers make to serve customers in this environment will also serve them well in normal times.

This ebook will look at the tools and approaches retailers can use to deliver on strong customer service and reliability during the crisis and beyond. ■

Sponsor's introduction



CRAIG SUMMERS
Managing Director
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2020 was a year that changed how we shop and engage with retailer businesses profoundly. The traditional path to purchase and buying behaviours for consumers shifted through Covid-19 lockdowns and drove a surge in ecommerce sales and demand for home delivery and click

and collect services.

It was also not just our daily routines that were forced to change as a result of Covid-19, the pandemic fundamentally changed the way we do business too. Global CIOs and business leaders have had to quickly embrace new, iterative ways to engage with customers (and suppliers), adapting to new ways of working, investing in technology innovation, and revisiting their business resiliency and agility plans for long-term success.

For many companies, a dynamic, agile and flexible supply chain that can translate market feedback into rapid operational change is still aspirational. However, the recognition of the benefits microservices can bring and the development of cloud-native solutions means that a more agile and responsive supply chain is now more accessible than ever before.

Last year highlighted many shortcomings in all sorts of legacy models: from technology, to communities, to businesses, to global economies. And while there remain many challenges ahead, there have been positive developments, not least in the retail and supply chain spaces.

While challenging, the changed consumer and business landscape accelerated by the pandemic has underlined the multiple benefits of modular, scalable cloud and microservice models, especially when it comes to supply chain dynamism and agility.

Reflecting on the lesson learnt from 2020, the only thing that we can say with any certainty is that retail businesses who adopt a fluid, agile and flexible approach to their IT solutions will be able to pivot quickly and effectively enough to adapt to shifting consumer expectations and succeed against whatever backdrop they are presented with in the short and longer term. ■

About Manhattan Associates

Manhattan Associates is a technology leader in supply chain and omnichannel commerce. We unite information across the enterprise, converging front-end sales with back-end supply chain execution. Our software, platform technology and unmatched experience help drive both top-line growth and bottom-line profitability for our customers.

TIP 1: Focus on service to survive

The Covid-19 pandemic and resultant lockdown have accelerated the move online and the impacts will outlast the restrictions themselves. In the second half of 2020, online was still significantly higher as a proportion of UK overall retail than it was in February 2020.¹

This shift has happened a lot quicker than expected and means that questions around the efficiency and profitability of online retail need to be addressed immediately.

In serving an increasingly online customer base, retailers need to ensure that they maintain a high standard of service.

Online, delivery is the front line of customer experience and may be the difference between winning a customer and them going to a competitor.

The power of a brand is lessened in this new environment. Many customers shop using marketplaces like Amazon or price aggregation tools like Google Shopping or Kelkoo which present customers with direct comparisons of total price and delivery offering across hundreds of retailers.

Customers are foregoing the instant gratification and ability to browse and experience products offered by physical shopping. In return, they want delivery to be

1. <https://www.ons.gov.uk/businessindustryandtrade/retailindustry/bulletins/retailsales/september2020>



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as fast and cheap as possible, with visibility and certainty over when it will arrive.

Offering this kind of service is easier said than done at a time when not only is there more demand but supply chains are facing constraints. Throughout the pandemic, distribution centres and fleets have been hit by closures and illness-related absences.

Retailers need to offer the best delivery service they can while ensuring stock availability. This comes from building flexibility into the architecture of the supply chain. ■

KEY TAKEAWAY

Retailers need to cater to a more omnichannel-oriented customer. Retailers need to assure that products are available to ensure sales can be converted.

TIP 2: Work with partners to add in-demand capabilities

As well as shifts in how customers shop, the pandemic has changed the way customers wish to interact with retailers, with more demand for omnichannel-type services which let customers switch between channels according to convenience.

While customers have continued to go into stores when allowed to, the line between the physical and digital has been increasingly blurred, with many customers making use of click and collect services.

The pandemic has seen stores helping to serve online orders through the likes of click and collect, with 42% of consumers more likely to use this service since the impact of Covid-19.² Kerbside pick-up has also seen a boom, with customers appreciating the ability to remain in the safety of their cars rather than having to enter the store. According to a survey, 59% of respondents said they are more likely to use kerbside pickup following the coronavirus outbreak.³

Customers want the in-store experience to be supplemented with digital technology, including the ability to virtually “queue” on arriving at a store. Other examples that are gaining traction include checkout-free

shopping. For example, a solution allowing people to automatically pay for items with a smartphone has been deployed by some retailers.

Other possibilities include an endless aisle, where customers browse in a store to find their favoured product but then are able to order additional sizes or colours online while on-site.

The ability to offer these services is best offered not through off-the-shelf platforms but through collaboration between retailers and their supply chain partners. Together both parties can combine expertise and their analysis of where the market is heading to ensure constant relevance and innovation.

Through collaboration, even capabilities that are not available off the shelf can be developed according to the retailer’s specifications. ■

2. <https://www.qudini.com/resource/the-covid-19-uk-consumer-survey-retail/>

3. <https://www.commercehub.com/wp-content/uploads/CommerceHub-COVID-19-Consumer-Survey-Results-2020.pdf>

KEY TAKEAWAY

As well as good service, customers want different options both online and in store.

TIP 3: Build flexibility into your operations with cloud infrastructure

Offering new services and the additional capacity needed to serve the spike in online demand requires infrastructure which is both robust and flexible.

The current uncertainty over the pandemic, as well as the resultant economic impact and the challenges posed by the likes of Brexit, mean that retailers cannot plan for simple linear growth in sales. This was clear in discussions around 2020's peak period, where divergent estimates between different carriers projected parcel volumes being up to 50% higher than 2019.⁴

This is why many retailers are looking to the cloud to support their emerging business models.

The concept of the cloud is simple: one provider runs a centralised data centre hosting computing and data storage for multiple clients. The customer's IT team has an ongoing relationship with the customer service team of the cloud provider, backed by a contract which guarantees a certain standard of service.

- **The ability to run systems anywhere:** As all data is stored in one place, every operative within the retailer, whatever their location, can operate with the same 360-degree view of the customer.
- **Smarter order allocation:** Instead of channels, allocation of stock can be determined by pre-set rules which can take account of multiple factors such as

where stock is most available, where is nearest to the consumer and where staff capacity is highest. Retailers can fulfil online orders from stores or allow customers to order from the online range within the store.

- **Scalability:** When a service within the stack approaches its maximum capacity for computing power, the cloud can automatically add more computing power to it, rendering outages unlikely. At the same time, computing power can be subtracted from services when demand dips, reducing cost.
- **Micro-service architecture:** With this type of modular approach to software build, updates are added regularly & automatically as part of an ongoing cycle of version-less development. This means IT teams and their resources are no longer consumed by onerous update cycles.
- **Analytics:** Cloud-based models can offer machine learning and analytics capabilities to gain insights from historical data and optimise operations. ■

KEY TAKEAWAY

Retailers need to identify the right technology to provide the framework for the flexibility and agility they need to serve their customers in this climate. Using cloud-native products with built-in analytics and machine learning is one way of doing this.

4. <https://edelivery.net/2020/10/ms-prepares-digital-christmas-new-hires-dhl-predicts-historic-peak-volumes/>

TIP 4: Achieve omnichannel visibility and control

Ideally, the physical and online channels would operate symbiotically, with inventory in each channel available to the other to ensure availability. Store customers would be able to place orders online, while online orders can be fulfilled from store stock if this is more convenient.

Instead of both channels serving customers from a unified source of inventory, allocation of orders is usually hardcoded and channel-specific.

However, it is not necessary to completely overhaul supply chain models to achieve this visibility. Even if inventory is housed in different places, software can provide a single management pane for these different sources of data.

Having visibility and control of all orders and stock flows in one central dashboard allows retailers to:

- Achieve more sales, including across the whole assortment, due to higher availability.
- Fulfil orders more quickly and cheaply: Save on fulfilment costs by sourcing the order from closer to the customer.
- Gain additional use from store estates by using them as fulfilment centres: effectively providing a distribution centre in the heart of a city.
- Provide additional work for store staff during periods of low footfall.
- Take advantage of excess stock in a store without having to discount it.



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- Reduce the time to serve click and collect customers by fulfilling the orders within the store rather than from an ecommerce warehouse. ■

KEY TAKEAWAY

By achieving visibility over the supply chain and customer orders, retailers can ensure that products are where the customer wants or needs them to be, breaking down the silos between ecommerce and stores from both a supply and demand perspective.

Conclusion

The Covid pandemic continues to disrupt retailers' supply chains and overall business models.

From the beginning, the combined pressures of fluctuating product demand, staff absences, store closures and courier outages have forced retailers to innovate just to ensure they have the capacity to service customers.

While the initial imperative was simply meeting demand, these innovations have provided a springboard to better customer service overall. Many of these innovations, such as home delivery or click and collect, have long been on the agenda but have not reached top priority.

Now, many retailers are finding a more multichannel-oriented supply chain allows customers to shop across channels in the seamless way that they prefer, as well as receive quicker order fulfilment.

Making all of this work means breaking down silos using technology. It is not necessary to physically combine inventory for online and offline if software is in place which can treat the channels agnostically.

One weapon in retailers' arsenals to enable this is the cloud, which can offer centralised visibility and management of the different channels. It offers the flexibility to accommodate fluctuations in demand and supply chain capacity while delivering on service. ■

For more information about how the cloud can streamline supply chains and improve service, read the InternetRetailing and Manhattan Associates white paper [The Flexible Supply Chain](#).

In it we delve into the benefits of cloud-based supply chain management technology, including a case study with US retailer Pet Supplies Plus about how it used the cloud to launch new services during the pandemic.

We also explored these issues in a [webinar](#), with Manhattan's Craig Summers and Google Cloud's Mark Steel.

The webinar explores how cloud technology enhances an organisation's ability to respond to unexpected volume fluctuations, new regulatory pressures and greater consideration for our people resource.

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123 Cannon Street,
London, EC4N 5AU
Tel: 020 7062 2525

Printed in Great Britain.
ISSN 1759-0582



www.internetretailing.net

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