



# 5 Strategies to adapt your business to the future of retail

Today's consumer can find whatever they want, wherever they want. With so much choice and flexibility available in the supply chain, how do you stay relevant and profitable?

We've identified five useful strategies suppliers can implement to align business operations with goals for growth. Learn how to ditch the stale processes that are holding you back and embrace a better, more efficient way of doing business.



SPS COMMERCE

MO16679 ©2023 SPS Commerce

# 5 Strategies to adapt your business to the future of retail

## Table of Contents:

|  |                    |
|--|--------------------|
| <b>Strategy 1:</b> Identify common supply chain headaches .....                              | <a href="#">3</a>  |
| <b>Strategy 2:</b> Automate shipping and invoicing to optimize the fulfillment process ..... | <a href="#">4</a>  |
| <b>Strategy 3:</b> Optimize inventory levels using the power of sales trend data .....       | <a href="#">6</a>  |
| <b>Strategy 4:</b> Gain sales with improved product data .....                               | <a href="#">8</a>  |
| <b>Strategy 5:</b> Evaluate your fulfillment method .....                                    | <a href="#">10</a> |
| <b>Summary:</b> Revitalize your supply chain .....   | <a href="#">12</a> |

# 5 Strategies to adapt your business to the future of retail



## Strategy 1:

### Identify common supply chain headaches

Right now, there are more sales channels and more product options available to buyers than ever before. There's also more volatility in the supply chain, causing new bottlenecks in the order process. The push and pull of customer demand can strain growing businesses – many of which are too busy keeping up with orders to make innovative changes with the future in mind. Choosing the right ordering solutions can ease today's challenges while preparing businesses for what's next.

Aiming to reduce the number of steps in your order process is key to staying ahead, but that initiative can take different shapes depending on your challenges. To make sure you're taking actions that solve your particular problems, we'll take a look at some of the most common headaches that suppliers are facing and how businesses are refining their order processes to manage them.

#### Manual errors

Managing, tracking and accounting for orders with paper invoices often leads to complications. Whether it's printing problems, translating order details from one system to another, or cross referencing numbers and quantities by hand, manual order processes have natural vulnerabilities that can cause key pieces to get missed. Limiting how your business uses paper slips and manual inputs can go a long way toward keeping your order process fit for the future.

An order automation solution can cut down significantly on those user errors. Automation can create new efficiencies with your shipping solution, connect all your invoices, and implement a reliable inventory tracking process. Thinking about how your business can adopt solutions that accomplish more in fewer keystrokes will help you streamline your processes and take on more volume.

#### Lost time

One of the largest consequences of mistakes and inefficient ordering is the loss of time. With talent at a premium and customer expectations at an all-time high, lost time is lost reputation, lost loyalty and lost dollars. Simplifying the order fulfillment process can not only help you attract and retain new employees, it can help those employees do more with their time on the clock.

Being able to do more with less time will grow your business – but time-saving solutions aren't created equal. Evaluating how your organization is losing time and at which points in the order process will be critical to implementing the right tools to improve the issue. Look for solutions that can enable you to easily communicate with partners, optimize your shipping process, improve order visibility and manage your inventory.



# 5 Strategies to adapt your business to the future of retail

## Disjointed systems

It's time-consuming and frustrating to look for information on one system and then have to translate that data into another solution. By fracturing the order process into multiple pieces, organizations create more opportunities for mistakes – whether that's data that doesn't make it across from one system to another or an error in the way the data is entered. This also makes work considerably more complex for employees and anyone that needs to interpret (possibly incomplete) data to get insights.

Choosing a solution that can centralize your processes and information will be critical when tackling this issue. Opt for tools that bring more elements of your process into one place rather than a suite of potential best-of-breed solutions that don't play well together. User experience will also be a key differentiating factor, as a simpler way to work within a single solution can mitigate some of the other challenges like mistakes and lost time.

Evaluating your challenges and having a keen understanding of where you're losing efficiency will empower you to select the best solutions for your situation. In many cases, an order management system resolves all these challenges for a variety of suppliers. An expert can talk you through the possibilities to consider when managing emerging challenges.



## Strategy 2:

### Automate shipping and invoicing to optimize the fulfillment process

The retail industry has changed quickly in the last couple of years. It's no wonder, given the global pandemic. As the supply chain continues to evolve, consumer habits continue to evolve, too. Shoppers want a seamless experience across multiple channels, and retailers and their suppliers must keep up to stay relevant.

This is a tough task for a small business, especially when day-to-day order processes take so much time. After you receive an order and send status updates, the next steps of shipping and invoicing require patience and attention to detail. When done manually, these processes have many possibilities for errors. If you automate shipments and invoices, you reduce errors and have more time to focus on your business goals.

### Automate data entry across your shipping process to avoid errors

Shipping complexity varies by trading partnership and sales channel. Some trading partners require you to use their account or portal, while others will let you shop around for the best rates. Depending on your size, you may be able to get discounted rates with a trusted carrier. Or you may spend hours comparison shopping, switching between open tabs on your computer to compare rates and shipping times, and manually writing down tracking numbers. Any kind of manual data entry, into an ASN or BOL for example, leaves plenty of room for human error.

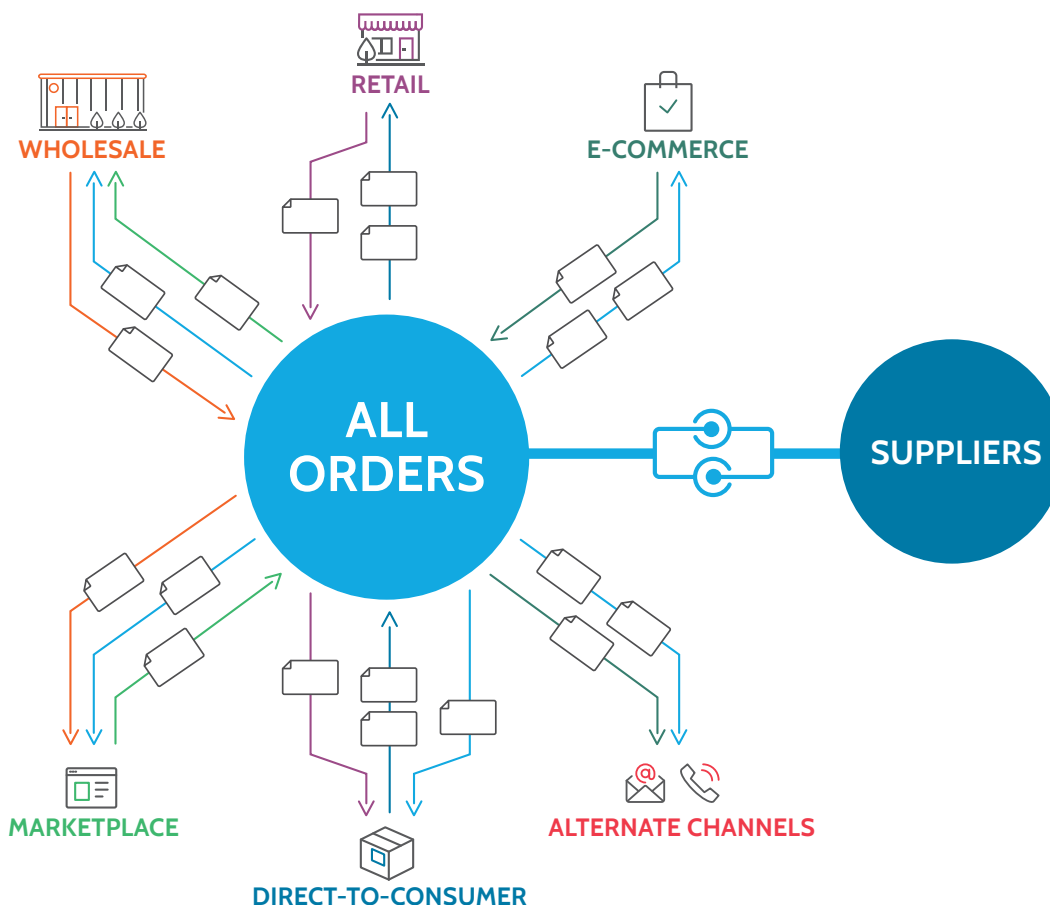
When you have multiple shipping methods, it is complicated to send your trading partners and consumers accurate, timely shipping information. Customers get frustrated when errors are made, leading to mistrust and damaged relationships. With new orders coming in every day and regular shipments going out, this complexity can stress out you and your team.

# 5 Strategies to adapt your business to the future of retail

Remove complexity from your shipping process with automation. An automated carrier service allows you to rate shop the providers you know and trust, showing you the fastest lead times and lowest rates. Rather than clicking through multiple tabs and taking notes, you select the best shipping options for your individual retailers in one place. When you remove manual data entry, you minimize human errors. When product information from orders is automatically populated into your shipping documents, you can't make typing mistakes. With some automated shipping platforms you can even print shipping labels and packing slips directly from the same portal.

Automated shipping also improves your customer experience by reducing shipment times and eliminating missed shipments. Shipment information is delivered to your trading partners and sales channels through a direct, digital connection, so you won't have to get on the phone for each order. Customers and consumers know when their shipment will arrive, which leads to greater trust and satisfaction.

Shipment automation maximizes your time, reduces errors and helps you achieve greater success with your retailers. Added efficiency in your shipping process will lead you to look for it in the rest of your workflow.



# 5 Strategies to adapt your business to the future of retail

## Automate your invoices to skip data entry

Invoicing, like shipping, is difficult to manage manually. Without automation, you probably handle invoices one at a time. With orders coming in regularly, the paperwork really builds up. On top of that, manual entry of invoices into your accounting system provides ample opportunity for errors. Plus, you have to stay on top of changes in your retailer's requirements.

The time it takes to go between systems, key in data and keep track of requirements, seriously slows down your order-to-cash cycle. Even if you have a smooth fulfillment process, whenever you enter data manually, your accuracy can suffer. Mistakes on invoices lead to extra time spent resolving issues and could mean chargebacks from your retailers or damage to your relationships.

Integrating your accounting, shipping and sales software is a game-changer. Rather than manually entering invoices and switching back and forth between platforms, you step back and have invoices automatically filled, populated and sent out after your shipments. You don't have to keep track of requirements or worry about accuracy. You'll always be in compliance and avoid chargebacks. Plus, you will free up time to focus on other important priorities for your business.

## Streamline your order fulfillment

When shipments are automated and invoices are connected across platforms, your business runs more smoothly. Your team makes fewer errors and the entire fulfillment process is streamlined, giving valuable hours back to your team.



## Strategy 3:

## Optimize inventory levels using the power of sales trend data

Well-managed inventory leads to higher profits while poorly managed inventory usually results in a loss. Whether that loss is financial in nature, a loss of customers or lost reputation, its effect is felt throughout the supply chain.

Suppliers need to maintain optimal levels of inventory to prevent stockouts and overstocks, but learning what levels are best and staying on top of evolving trends is difficult. To prepare for today's world of fast-changing demands, it's important for suppliers to evaluate sales trends when planning inventory.

## What are the disadvantages of stockouts?

As a consumer, you probably don't like to see the words "out-of-stock" on an item you want to purchase. When that happens, you might visit another site or store, or choose a different item altogether. Either way, someone is losing out on a potential sale.



# 5 Strategies to adapt your business to the future of retail

No matter where the fault lies, your business relationships suffer when there are stockouts. They result in a poor customer experience, which may keep consumers from coming back to your brand in the future. Your retail partners may receive the brunt of customer dissatisfaction when items are missing from their shelves or online stores, leading to a breakdown in trust.

Aside from the lost sales, stockouts cause an additional financial loss. In order to catch up with demand you may incur production costs, paying for things like overtime, production rush fees and expedited shipping.

## What are the disadvantages of overstocks?

On the flipside, it is just as risky to have excess inventory on hand. A warehouse full of slow-moving product ties up your open cash flow and paralyzes your ability to bring in new goods. Your aging assortment quickly becomes dated in the eyes of your trading partners, and they are likely to look elsewhere for in-demand products.

In order to offload excess and undesirable goods, you will be forced to look for discount partners and sell your inventory at a loss or even pay to move it to offsite storage. Nearly everyone in the world of trade has felt the pain of unequal supply and demand. It's a delicate balance that can quickly tilt unfavorably and be difficult and costly to correct.

## Evaluate sales trends to avoid inventory issues

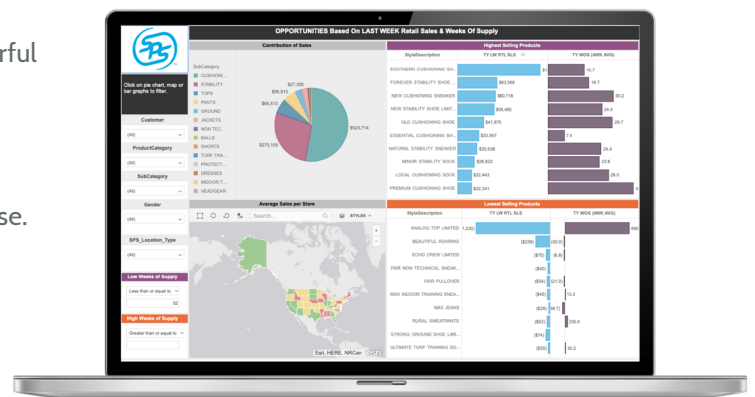
In order to prevent these and other costly inventory issues, you need to be proactive about evaluating sales trends. It's vital for you to understand the lifecycle of your product after it leaves your hands in order to make smart and proactive decisions in your inventory planning.

Accurate, applicable, real-time metrics will give you the power to easily identify sales trends and make business decisions for the future. With the right data in the right format, you can learn how geography, demographics and seasons are impacting your sales.

Keep an eye on market trends to ensure your products meet the demand at appropriate levels. In doing so, you can gain a greater understanding of the optimal amount of inventory to keep on hand. You may have to learn as you go, but there are options in the market that can help you monitor trends and inventory levels.

These tools will give you the full picture on your product's lifecycle, from purchase order to point-of-sale. With this powerful knowledge, you'll optimize your inventory, understand your market and be the expert in the eyes of your trading partners.

Don't be afraid to outsource if the logistics of collecting and evaluating sales and inventory data isn't within your wheelhouse. Take advantage of the expertise that exists in the market and bring on a third-party to assist where needed. You'll see increased efficiency across your business, giving you the tools and confidence you need to succeed.



# 5 Strategies to adapt your business to the future of retail



## Strategy 4:

### Gain sales with improved product data

If you've ever purchased anything online, you know how important it is to have comprehensive, accurate item descriptions. The attributes of an item, like color and size, can influence your decision whether or not to make a purchase. Item data gives you the confidence to make a purchase in the digital aisle, without being able to see items in person. When product details are lacking, it's likely that customers will go elsewhere, and retailers and suppliers alike can lose out on sales.

Suppliers and manufacturers can create a better customer experience by improving product descriptions and item data. This helps both the end consumer, buying from a retailer or receiving products shipped direct-to-consumer (D2C); and a buyer, purchasing for drop-ship or wholesale. Certain attributes, including dimensional data for packing and shipping, should be shared with a shipping partner like a 3PL.

### Evaluate your item data

Item data should be comprehensive and accurate. This sounds obvious, but how many times have you ordered something online with an expectation that wasn't met when the product arrived? Maybe the size was wrong, or the material wasn't what you expected. This happens more often than you'd think, and it's all due to inaccurate or incomplete item data.

Accuracy is a key element of item data. The end consumer will lose trust quickly if the product description says one thing and the delivered item doesn't match that description. If there are mistakes in your item data you could see more returns, and your customer satisfaction and reputation will suffer. It's likely that your customers and trading partners will look elsewhere for similar products.

Some items are so complex, their attributes number in the hundreds. For example, when buying a refrigerator, you need to know the height, width, depth, fridge volume and freezer volume. But there are also multiple attributes in categories like appearance, controls, filter details, refrigerator details, freezer details, icemaker details, dispenser details, refinements, compatibility, configuration and much more. Each attribute provides valuable information a customer needs to determine if the product is right for them. When there's not enough information about an item, buyers are reluctant to proceed with the order. Or they may be more likely to return items that don't work. According to data from Forrester, e-Commerce return rates can be 2 to 3 times higher than those of brick-and-mortar stores.

As a trusted business partner, it's important for you to support the key business challenges and priorities of your retailers. For example, they may require certain data points to improve their inventory management process. Retailers depend on you for accurate and comprehensive item data they can pass along to their customers. Without it, you'll miss out on potential sales and partnerships.

It's important for suppliers to regularly evaluate the state of their item data. Review product feedback from your partners for clues about item data that might be missing. You can also try looking at your item data through the eyes of your trading partners. Is it accurate? Is there enough information? Is every attribute accounted for? Evaluate your operations to identify where item data is stored, who manages it and how it gets updated. This process may be daunting, but the potential benefits of having great item data are worth the effort.





# 5 Strategies to adapt your business to the future of retail

## Benefits of better item data

Better item data leads to increased sales. It's as simple as that! When your item data, product descriptions, photos and videos are thorough and accurate, your customers are more likely to buy from you and to keep coming back.

Consistency in item data creates loyalty in your partnerships. That loyalty, in turn, leads to better reviews, more sales and fewer returns. When the product received matches the customer's expectations, everyone benefits.

## Item data management

Of course, that's much easier said than done. It's a challenge to manage all that data, and to figure out how to store and share it with partners and customers.

You might consider using a software solution to organize and store all your product data in one place. Some solutions have connections that make it easier for you to share item data with your trading partners. A third-party solution could simplify the complexity of your item data management, helping you to focus on other important aspects of your business. SPS Commerce, for example, is the leading network to store and distribute your item attributes to all of your buying organizations, logistics partners and across all channels.

When all is said and done, ensuring you have accurate and comprehensive data to share with your trading partners will increase sales, reduce returns and improve your business relationships.



# 5 Strategies to adapt your business to the future of retail



## Strategy 5:

### Evaluate your fulfillment method

Every business experiences growing pains. It's vital for businesses to look inward and examine current processes and systems as they scale. What needs to change to sustain growth?

Part of that examination should include a review of current warehousing and fulfillment strategies. As your order volume shifts or increases, you may need to pivot to accommodate the changes. For some, utilizing a micro fulfillment center could be a beneficial solution.

#### Where do you start?

The goal of an effective fulfillment plan is to get the right product to the customer as quickly and efficiently as possible for the lowest cost. For this process to go smoothly, you need to streamline order receipt, order processing and shipping. When these elements are optimized your fulfillment process will flow more easily and consistently.

#### Examine your inventory strategy

In order to give your customers the highest level of satisfaction, you need to make sure you have the right amount of products in the right places. Your inventory strategy should be supported by accurate sales forecasting and consistent order replenishment. Technology can be an effective tool to inform your inventory decisions and maximize warehouse space.

With actionable data, high-demand products are replenished regularly and stored in optimal locations, while slower-moving products are kept from taking up too much space. This approach helps you effectively manage warehouse space, reduce operational costs and boost inventory efficiency.

#### Fine-tune your warehouse operations

Your warehouse logistics have a big impact on your fulfillment operations. You can improve picking and packing by adjusting the warehouse layout to reflect inventory demand. Move those high-demand products to the most accessible locations to reduce picking time.

You might also consider utilizing micro fulfillment centers (or MFCs) as your order volume increases or shifts. Micro fulfillment centers are small-scale storage facilities or warehouses that are often located in densely populated locations, closer to a large amount of end consumers. These have a much smaller footprint than an average warehouse and are often operated out of an existing brick-and-mortar store.

With MFCs, packages have a smaller distance to travel, leading to reduced shipping costs. Returns, refunds and exchanges are also faster and easier with fulfillment locations in closer proximity to customers. Because of the small space, micro fulfillment centers have to be replenished often. They should be highly automated in order to operate efficiently.



# 5 Strategies to adapt your business to the future of retail

It can be costly to expand into huge fulfillment centers, and smaller brands or suppliers may not have the necessary budget or resources to operate or maintain fulfillment on a large scale. You should consider whether a shift in warehouse layout will solve your most pressing issues, or whether MFCs are the right strategy for your business. Be sure to weigh the potential benefits against the risks.

When you adjust your warehouse strategy, the benefits to the end consumer are simple but impactful. Faster shipping times result in higher customer satisfaction and loyalty.

## Get shipping right

The average consumer expects orders to be delivered as quickly as possible, often within 24-48 hours of placing the order. The businesses that can get products to consumers the fastest (and the most cost-effectively) are the likeliest to succeed.

That said, meeting consumer expectations regarding shipping times is a challenge. It requires close collaboration with carriers and 3PLs, and a robust logistics plan. This is another area where suppliers will benefit as they engage technology and partnerships to increase efficiencies.

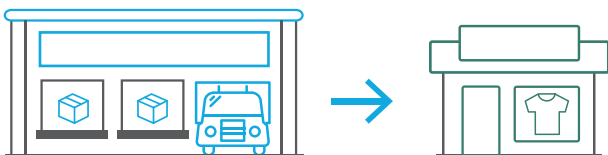
## Ease the transition to a new fulfillment process

Businesses can make the transition to a new fulfillment strategy easier by automating processes. It's important to have a connected system that can accurately predict inventory needs, manage the replenishment process and handle order fulfillment.

Leverage a technology solution to gain insight into your real-time and historic sales data. With the greater visibility into inventory provided by a centralized order management system, brands can easily track sales trends to predict demand and respond accordingly.

Connected systems also allow for more automation across logistics partners. Automation helps reduce operating and labor costs, resulting in fewer errors and faster order processing. If you determine that a new fulfillment strategy is needed for your business, it's well worth the time and investment to ensure you have the systems and automation in place to ensure an efficient operation.

### Ship from distribution center to stores



### Ship from distribution center to consumers

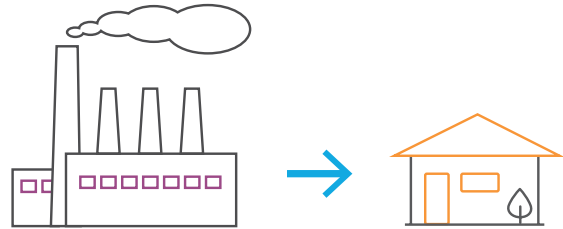


# 5 Strategies to adapt your business to the future of retail

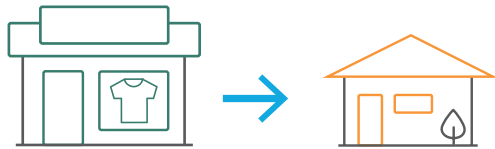
**In-store pickup**  
(buy online, pickup in store)



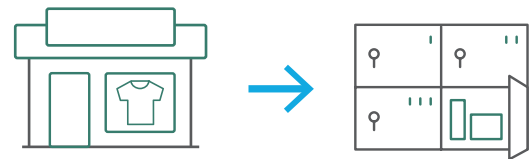
**Drop shipping**  
(ship from suppliers to consumers)



**Ship from stores to consumers**



**Ship to parcel locker**  
(or other pick-up location)



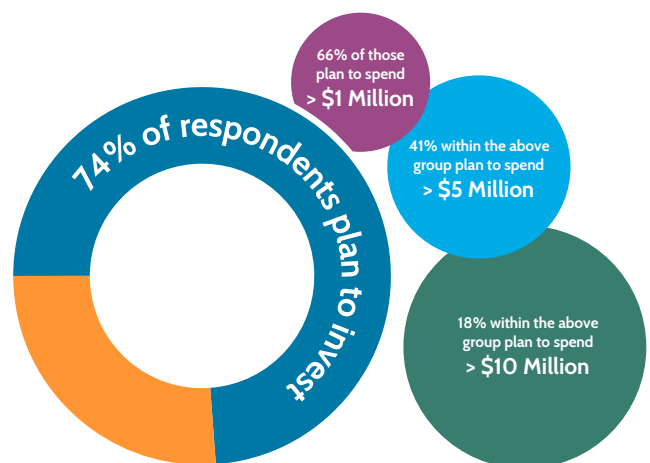
## Summary:

### Revitalize your supply chain

Consumers have more choices than ever, with an enormous number of channels to shop from and an endless stream of products. With so much choice and flexibility, how do you stay relevant and profitable?

According to the [2022 MHI Annual Report](#), a survey of over 1,000 supply chain and manufacturing leaders, many companies (around 74% of respondents) will be investing in inventory and network optimization tools over the next year. Businesses will also direct their funds toward cloud computing and storage, sensors and automatic identification, and predictive and prescriptive analytics.

At least [66% of respondents](#) will spend more than \$1 million over the next two years on these and other supply chain technologies. Within that group, 41% are planning to spend over \$5 million and 18% say they'll spend more than \$10 million.



# 5 Strategies to adapt your business to the future of retail

## Where to begin?

One place to start is to eliminate [common headaches](#) from your order management process, like the errors and lost time that accompany manual data entry and processing. You may have systems in place that automate some elements of your supply chain, but if those don't communicate with each other you're left switching between platforms, translating the data back and forth manually.

These gaps in your process present opportunities for greater efficiency. But where should you concentrate your investment? Each business is unique, and it may take some close inspection to identify your biggest opportunities for growth.

## Here are some of the best areas of supply chain investment for suppliers:

### Embrace an omnichannel strategy

Today's average consumer expects to be able to purchase exactly what they want from exactly where they want, and they're looking for a consistent experience across channels.

A good bet for suppliers would be to invest in your omnichannel strategy, including the technology that's needed to provide a consistent customer experience. Whether that customer is a retail partner, a marketplace or the end consumer, they're likely to return to a brand that provides a hassle-free and flexible way to place orders.

### Connect, maintain and optimize your channels

Once you've expanded and nurtured your omnichannel portfolio, consider how best to consolidate your back-end processes. A fractured ordering process will negatively impact your business. When individual systems don't share data, you're left interpreting the disparate pieces of information on your own. That lack of insight into your business hampers your decision-making process and leads to missed sales opportunities.

Instead, consider investing in tools that bring all the elements of your process into one place. When your data is centralized, you gain greater visibility into each aspect of your business, allowing you to see the overall picture and strategize accordingly.

### Maintain consistent item data

Accurate, comprehensive item data gives your customers the confidence they need to make a purchase in the digital aisle, without being able to see and handle the product. When product details are missing or inaccurate, retail partners and end consumers will likely turn elsewhere to get what they need.

Invest the time and resources needed to do a thorough evaluation of your item data. Where is it stored? Who manages and maintains the data? What technology is being used, and could it be improved?

[Better item data](#) leads to increased sales and stronger customer loyalty. It's worth the effort to improve and maintain across all your channels.

### Manage your inventory

Poorly managed inventory leads to lost sales, loss of reputation and lost customers. It's hard to stay on top of changing market demands and trends while avoiding overstocks and stockouts.

# 5 Strategies to adapt your business to the future of retail

You need real-time metrics and sales data to inform your inventory decisions. If the logistics of collecting, verifying and displaying this kind of data isn't within your wheelhouse, consider investing in a tool to monitor sales trends.

With applicable information about the lifecycle of your product in the market, [your inventory will become more flexible and responsive](#). You'll reduce the waste from overstocking and the financial loss of stockouts.

## Streamline fulfillment

You'll also want to consider your fulfillment and warehousing processes as you evaluate potential investments. How complicated is your shipping and warehousing situation? Are orders accurate and on-time?

Mistakes can be avoided through [automation of your shipping processes](#). An automated carrier service reduces the need for manual data entry and allows you to easily select the best shipping options from a centralized location.

If you're paying too much for warehousing or your order volume has shifted, you might benefit from moving to [micro fulfillment centers](#). These bring the products closer to your customers for faster delivery times, but also come with some potential risks to evaluate.

All in all, making an investment to improve your fulfillment strategy can have long-term benefits.

## The alternative – doing nothing

Think about the alternative option, which is to do nothing, making no changes to your current order management and fulfillment processes. What's the potential cost involved?

If you don't adopt an omnichannel strategy, your customers will have less access to your items, leading to lower customer satisfaction and strained partner relationships. Your overall strategy will suffer without consolidated data. Inaccurate and incomplete item data will lead customers elsewhere and you could see higher return rates. Without accurate sales data, your inventory levels will suffer, leading to an inflexible inventory and loss of profit. And longer ship times and unused warehouse space will cost you more in the long run.

Let's not forget your most valuable resource – your employees. You want them to be satisfied and productive, but with manual data entry, little insight and time-consuming processes, employees could become dissatisfied.

## Invest in expertise

As the supply chain continues to evolve, you could remain stagnant. Or you could analyze your business and invest in ways to grow and change along with your partners and customers.

Chances are, you got into business because you were passionate about your product. It's likely that you're not an expert in every aspect of the supply chain. The good news is that you don't have to be!

Hand the heavy lifting of automation, order management, fulfillment and sales data tracking over to industry experts like SPS Commerce. As you invest in the expertise of reliable technologies, you can focus on innovation, growth and the priorities that matter most to you.

## About SPS Commerce

SPS Commerce is the world's leading retail network, connecting trading partners around the globe to optimize supply chain operations for all retail partners. We support data-driven partnerships with innovative cloud technology, customer-obsessed service and accessible experts so our customers can focus on what they do best.

For additional information, contact SPS at 866-245-8100 or visit [www.spscommerce.com](http://www.spscommerce.com).



SPS COMMERCE

MO16679 ©2023 SPS Commerce