

Managing the modern retail supply chain

By [Paul Meyer](#)

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The *Wall Street Journal* (WSJ) reported in June this year, retailers are turning to new technologies and greater use of data across their supply chains in an effort to fix forecasting tools. These initiatives are aimed at closing gaps that emerged over the past three years as merchants veered between product shortages and overstuffed inventories in rapidly changing consumer markets.



Paul Meyer, security solutions executive at iOCO Tech. Image supplied

Now, even with those strains largely decreased, companies are looking for better ways to manage the flow of goods on the fly and ensure they have merchandise where it needs to be to boost sales and maintain margins. The WSJ report is a holistic global look at issues facing the sector. South African retailers, however, face myriad issues.

In mid-year this year, [Bizcommunity Retail](#) confirmed the South African retail industry is in for a rough year as it grapples with weak economic growth, constrained consumer spending power, and persistent load shedding that disrupts operations and imposes significant costs on businesses to mitigate its impact.



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The publication reports SA retail sales decreased by 1.6% year-on-year in March - the fourth consecutive monthly decline reported by Stats SA. Managing the retail supply chain is crucial if local retailers are to win their drive for cost reductions and competitive edge.

Greater visibility is key to managing the modern retail supply chain. It is crucial for retailers dealing with the twin challenges of volatile demand and spiralling costs. Disruption is the new watchword as retailers have seen customer demand increase (46%). At the same time, demand has become less predictable (31%). At the other end of the retail supply chain, suppliers are more expensive (53%) and less reliable (30%). In this environment, supply chain integration is more critical than ever.

Understanding of the role B2B integration

Recently, OpenText and IDC conducted global research aimed at acquiring a better understanding of the role B2B integration plays in building agile and resilient supply chains. The results from the retail sector revealed that supply chain visibility, alongside integration solutions, are significant weapons in this battle.

IDC advises organisations of all sizes need to speed up their supply chain digital transformation initiatives to increase flexibility, agility and visibility, and to ensure resilience.



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Supply chain digitalisation enables automated order-to-cash and procure-to-pay processes, improved stakeholder collaboration across the digital ecosystem, and increased end-to-end visibility. The research goes on to note digitising supply chains through modern integration, automation, and secure and connected ecosystems makes it easy to manage information flows and uncover insights. Moreover, it ensures continued operations, even in the face of major disruptions.

Disruption, alongside increasing economic pressure to decrease costs - without reducing business outcomes - is said to be driving the need for greater digital transformation and supply chain optimisation. But while reducing operating costs remains the most important benefit retailers receive from an investment in supply chain integration, it is not the only benefit.

Business-led benefits

However, increased market volatility requires greater business agility. So, today retailers are also looking for business-led benefits such as faster time-to-market or improved customer satisfaction when looking for supply chain integration.

The IDC says it's interesting to note just how much more crucial faster time-to-market is for retailers compared to the average in other sectors (46% vs. 37%). Improved inventory turn rates (37% vs. 30%) and data quality and accuracy (37% vs. 31%) also score well ahead of the overall business average. This reinforces the key finding of this research which is that retailers are focused on supply chain visibility – noting if you can't see it, how can you manage it.

The retail modern global supply chain is increasingly complex. Retailers understand that effective supply chain integration is essential to managing this challenge.

Retailers are reported to have already made significant investments in visibility with the research revealing only 4% say they have no visibility into their supply chain operations. Interestingly, almost one in five noted they had reached the most

advanced stage, using capabilities such as control towers and advanced analytics.



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Supply chain integration is the foundation for expanded and advanced visibility. For these retailers, that translates into seamless and secure data flows between all trading partners in the ecosystem.

More information translates into improved business performance. The global survey shows the more information types that a retailer digitally exchanges with its partners, the better the company's business performance. This result was shown to be especially pronounced when it came to business documents that underpin greater visibility. Retailers reported significant business boosts by digitally exchanging price information (86%), functional/order acknowledgements (86%) and shipping status (83%).

Retailers are said to be increasingly aware of the need to automate and optimise their supply chain processes. The research results endorsed this reflecting that over 50% of retailers already use automated supply chain integration when dealing with customers. This figure is predicted to rise to three-quarters of all B2B transactions within three years.

Cloud-based supply chain integration platform

The research investigated and revealed the underlying digital technologies enabling B2B integration. For 67% of retail companies surveyed, cloud represented the most critical technology. Improved supply chain visibility (53%), scalability (47%), compliance (44%), access to better system features (46%) and the latest software versions (48%) all featured highly with respondents.

The cloud offers an excellent foundation for building effective supply chain integration capabilities. The benefits include a high-performance and scalable platform to connect with trading partners nationally and globally.

A cloud-based supply chain integration solution can deliver a single, unified platform to connect all types of trading partners. It also enables rapid and effective onboarding and management of trading partners regardless of location. It delivers advanced AI and analytics capabilities which leads to improved decision-making capabilities and more.

Retailers are embracing supply chain integration. However, the research indicates that there is still much work to be done if they are to reap the full benefits of an effective cloud based B2B integration platform.

ABOUT THE AUTHOR

Paul Meyer is security solutions executive at iOCO Tech.

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