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Battling Costly Supply Chain Challenges with Advanced Analytics



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In this ebook we will examine:

- Four major challenges that impede retail supply-chain excellence
- How advanced analytics can identify their root causes
- Why actionability is critical to resolving them

Introduction

Maintaining a flexible, efficient, and reliable retail supply chain has never been more difficult. A combination of increasingly varied inventories, high consumer expectations, and new services and activities such as buy online ship from store (BOSS) / pick up in store (BOPIS) and curbside pickup have created immense complexity, and with it, new challenges to resolve.

To drive and reach supply-chain excellence, you need an advanced analytics solution that can easily assess demand and use any insights to make supply-chain decisions (e.g. supply and shipment) accordingly. With an advanced analytics solution (especially one that provides actionable insights, like prescriptive analytics), you can empower supply-chain employees to make meaningful improvements that reduce costs, drive operational excellence, and optimize the customer experience. Here are four of the biggest challenges in retail supply chain and how advanced analytics can help conquer them:



Four biggest challenges in retail supply chain

1. Increased shipping costs
2. Rising customer expectations for deliveries
3. Increasing complexity shrouding issues
4. Rising labor costs

Challenge #1

Increased shipping costs

Between fuel, taxes and duties, handling fees, delay and detention charges, labor, insurance, and more, the costs of maintaining and monitoring a supply chain increase every single year. The expenses are further amplified by the occurrence of operational bottlenecks and other inefficiencies, which create a huge drag on productivity. Not only are the effects of decreased supply chain productivity felt by the retailer, they are felt by customers as well, in the form of unreliable deliveries, higher lead times for ship-to-home orders, spotty on-shelf availability, and other effects that negatively impact the customer experience.

When supply chain costs increase, it is the retailer's responsibility to avoid any margin erosion by trimming expenses -- without passing on the costs to the consumer. A key benefit of advanced data analytics is increased visibility, which provides you with a full-picture view of your supply chain, including each node and the transportation routes connecting them. The visibility makes it easy to not only identify, but also quantify, any and all sources of inefficiencies, bottlenecks, waste, and other unnecessary expenses. The fixes for any detected issues are sent to the appropriate stakeholders via plain-text corrective actions, allowing for prompt resolution that quickly stems any further losses.



Challenge #2

Rising customer expectations for deliveries

The modern retail consumer's expectations have never been higher -- and they continue to increase. To maintain your competitive edge, you need to offer a near-perfect customer experience and a huge part of that is e-commerce. Customers expect their e-commerce orders to be packed and shipped accurately, efficiently, and affordably every time, and they have little tolerance for mistakes. This places enormous pressure on supply-chain professionals to satisfy those expectations with near-perfect product quality and exceptional on time shipment complete.

By analyzing and interpreting data automatically, advanced analytics can monitor all areas of your supply chain that affect the e-commerce experience for customers and alert you to any anomalies. It can determine most-efficient delivery routes, predict supply-chain disruptions and order inventory transfers to cover them, monitor on time shipment complete rates by carrier/picker/DC/driver, and more. This ensures that e-commerce customers receive exactly what they ordered, exactly when they need it, and in the condition they expect it, every time.



Challenge #3

Increasing complexity shrouding issues

There is a direct correlation between complexity of curated inventory assortment types and complexity of supply chains. As retail customers continue to demand faster deliveries, expanded products and services, and personalized experiences, supply chain professionals increasingly rely on collaborations with third-party partners. Unfortunately, every new partnership or node creates greater complexity, which in turn makes it difficult to trace issues to their source. Compounding the challenge is the inevitable political bias of supply-chain players, which can turn any improvement activity into finger-pointing and “blame games.” This is especially common when third-party logistics companies are involved.

Advanced analytics provides the accountability needed to cut through complexity and bias and identify issues at their source. A solution with machine learning and AI capabilities can perform advanced root-cause analysis, tracing any anomalies back to the problem that originally caused them. As an added bonus, some advanced analytics solutions, such as prescriptive analytics, dispense opportunities and corrective actions in simple, easy-to-understand language based on data-driven facts. This means there is only one version of the truth -- exactly what happened and exactly what to do about it. There is no room for bias or debate.



Challenge #4

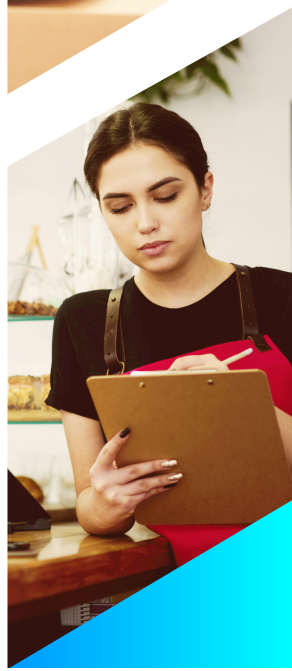
Rising labor costs

Wages are typically a retailer's single biggest expense and will likely increase soon, given recent movements to raise minimum wage. Labor can account for as much as 50 percent of your supply chain's total operating costs, which has a huge impact on your organization's already razor-thin margins. Thus, supply-chain managers are constantly under pressure from the corporate office to "do more with less." The industry's notoriously high attrition rate only compounds the challenges of satisfying your corporate office's expectations.

Numerous retailers are leveraging advanced analytics to drive labor optimization. The right solution can analyze demand patterns, order fulfillment execution, inventory movements, and more to inform you how to efficiently allocate labor. In addition, advanced analytics greatly accelerates the new-hire onboarding process by enabling on-the-job training. A solution can dispense reminders about standard operating procedures to your people via training videos and other materials, which can be sent to any enabled mobile device. Routine, automated compliance checks further ensure knowledge retention.

In addition, advanced analytics improves the value and ROI of your robot and other hardware investments by collecting and interpreting the data they gather and translating it into actionable opportunities. The result is new levels of efficiency and productivity with your existing staff levels, driving increases in revenue, margins, and profits.







Conclusion

Achieving and maintaining retail supply chain excellence requires smart investments in technology that drive efficiency, profitability, and accountability throughout the system. With advanced analytics solutions, like prescriptive analytics, you can empower your people to make meaningful improvements that directly lower costs and increase margins, profits, and revenue.

To learn more about prescriptive analytics and how it can help ayou drive supply-chain excellence, visit www.zebra.com/prescriptiveanalytics or reach out to us at fran@zebra.com.

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