A STRATEGIC IMPERATIVE FOR RETAILERS

Improve Speed to Market

How to Meet Consumer Expectations While Mitigating Costs in the Supply Chain
The Challenge

It's difficult to meet customer expectations in a complex, lengthy supply chain.

In today's retail environment, the consumer's need for speed and variety is at odds with traditional planning and production methods. Retailers must make purchasing commitments to suppliers before they can accurately predict consumer demand and trends. The large variety of products and the various stages of production for each can increase lead times and add costs throughout the supply chain, making retailers choose between an incredibly expensive way to meet consumer needs or lost sales due to a poor inventory mix.

When consumer demand changes often and quickly, there's no point in trying to predict it. Instead, use postponement and expediting strategies to build an adaptive, agile supply chain.

The Root of the Problem

Because of the changing nature of retail and the increased pressure to have many options always available, retailers are being pushed to get products to market more quickly. However, those that are using traditional software lack the visibility and agility to execute on their strategies.

1. Market and competitive pressures are on the rise

In retail, the need for perpetual newness and increasing consumer expectations call for faster speed-to-market. Companies need to balance diverse timelines for different products while delivering quickly and efficiently to the consumer. Without the right tools, a few problems arise:

- Suppliers fail to meet demand expectations
- Sales opportunities are lost as consumers look elsewhere for the latest trends

2. Commitments on end products are made 6-12 months in advance of demand

While order commitments are being made for two seasons ahead, consumers are busy changing their tastes. Retailers need to balance careful planning with fickle demand. If they can't, they end up with:

- Incorrect inventory mix
- Failure to sell at full price due to excess inventory

3. Growing complexity arises from smaller order sizes, increased style counts, more seasons, and more customer choices

Companies have a hard time dealing with the increased complexity in retail. They struggle with high rates of change in collections and assortments that strive to meet changing consumer demand. This often leads to:

- Missed sales due to wrong style, color, or size
- Longer lead time from multiple steps in the supply chain
The Solution

A cloud-based supply chain platform can provide retailers the visibility they need to use postponement and expediting strategies to meet consumer demand. Companies can use exception-based management to deal with previously unidentified delays in the supply chain and lower lead times. They can adapt quickly to the shifting nature of the supply base by easily switching supply sources and reallocating goods as needed.

By postponing decisions on factors like color and manufacturing details, retailers can adapt to changing trends and improve speed-to-market on their products.

Align supply and demand on a cloud-based platform to ensure the right inventory mix.
- Collaborate with multiple tiers of suppliers on capacity plans, forecasts, commitments, and work in process
- Gain visibility to status of factory and/or supplier production milestones
- Receive notifications of supply or demand changes and unexpected delays
- Manage time-phased commitments, enabling suppliers to position themselves allowing for later PO issuance and product decisions

How to improve speed to market and create a responsive supply chain:
1. Confirm capacity, forecast, and order expectations to ensure on-time delivery
2. Collaborate on proposed order changes to ensure available to promise dates are met
3. Monitor and track finished goods and material commitments to identify liabilities and re-use options

Value Propositions

Companies can use cloud technology to gain visibility into production and meet the demands of a complex retail supply chain. With a cloud-based platform, they can:

1. Increase sales and margins with the right inventory mix
   - Make quantity decisions closer to market, reducing stockouts and markdowns
   - Protect against brand erosion and increase loyalty

2. Reduce lead times
   - Manage commitments to suppliers in exchange for lead time reductions
   - Reduce buffer lead times by providing visibility to capacity plans and forecasts

3. Improve on-time delivery rates
   - Share forecasts and commitments — better position suppliers to meet demand
   - Receive alerts to potential delays and supply chain disruptions

4. Reduce costs
   - Reduce air freight based on confirming expectations with suppliers
   - Consolidate raw material purchases to negotiate lower material costs

Speed to Market and the Networked Company

To improve speed to market, companies must transform themselves from silo-based, inward-facing corporate operators to interconnected, highly agile business network orchestrators.

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GT Nexus provides the cloud-based collaboration platform that leaders in nearly every sector rely on to automate hundreds of supply chain processes on a global scale, across entire trade communities.