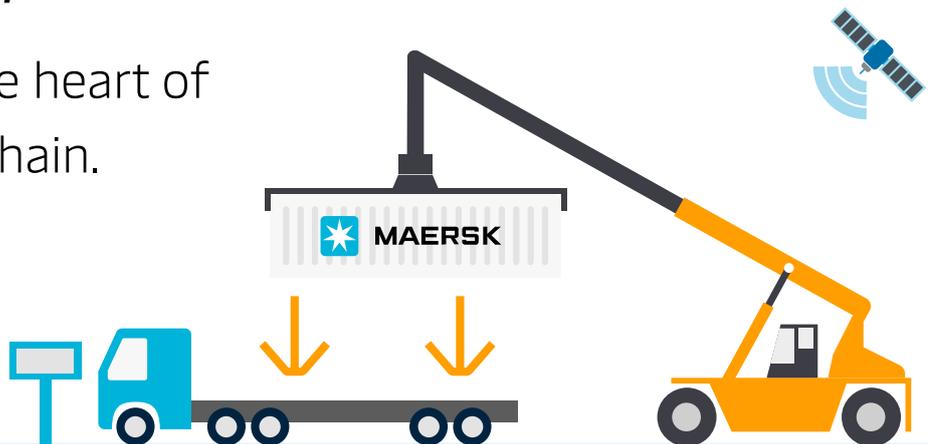




MAERSK

Balancing product availability through **unbreakable** inventory management

Putting data at the heart of the retail supply chain.



The economic pressures on retail supply chains have rarely been greater. Amid soaring energy prices and the cost-of-living crisis, consumers are “significantly more price-conscious” and looking to get more value for money from their purchases.¹ As a result, they’re shopping around to find lower prices and better deals. What’s more, higher energy costs are also contributing to a surge in warehousing rents, increasing the costs of holding inventory. This is tucking into the bottom line on two ends.

Coupling these trends is a marked change in buying behaviour in the wake of the pandemic. During the COVID-19 crisis, consumers increased their spending on discretionary retail products like garden furniture, board games and charcoal grills. These non-essential products either upgraded their domestic environment or provided greater entertainment for stay-at-home restrictions. However, as consumers are no longer restricted to home life, they’re spending less on these types of discretionary products.

To combat these issues, today’s retailers are rebuilding their logistics towards efficiency while ensuring the right products are available at the right time. Herein lies the challenge: product shortages motivate nearly half of all brand switches, but at the same time, retailers want to reduce excess inventory that they’ll find difficult to sell given the economic climate.³

The answer, therefore, lies in data-led and sophisticated inventory management, helping retailers balance inventory in a smart way and focus on flowing goods through a lean supply chain. In this eBook, you’ll learn how and why a tech-first approach to this essential part of the supply chain can help retailers become unbreakable.

Nearly all executives in our survey expect consumers to be significantly more price-conscious, making consumers more likely to shift from source to source, powered by peer recommendations and price comparison shopping as they go.²



CHAPTER 1

How has retail changed?

In recent memory, the retail landscape has been in flux. From the pandemic to the Ukrainian conflict to the cost-of-living crisis, a range of macro conditions have forced the industry to twist and turn like never before. So, what's the current state of play, and how is this affecting both the adoption and efficacy of tech-led inventory management?

The rise of omnichannel

During the pandemic, retailers bore witness to a meteoric e-commerce boom. While that unprecedented increase in online demand has now eased, e-commerce still represents a significant share of sales outlet.

Furthermore, the uptake in e-commerce during the pandemic appears to have had an enduring impact on customer expectations. Nearly 90% of consumers now expect brands to offer omnichannel experiences across their preferred online and in-store channels and touchpoints, while 60% of global consumers expect same, next, or two-day delivery.⁴

Selling via several channels offers more opportunities to increase revenue, but it also makes end-to-end visibility harder to achieve. Failing to provide a seamless experience will only serve to frustrate customers and give them more reason to shop around. In fact, almost 6 out of 10 companies report lost sales from products being out of stock.⁵ The ability to track inventory across multiple channels, see the sales and returns data in real time and analyse trends at a SKU-level is vital to optimise operations.

Nearly 8 in 10

executive leaders from our survey foresee enhancing the omnichannel experience as a top growth opportunity in 2023.⁶



Upstream vs downstream

For omnichannel retail to work smoothly, upstream and downstream operations must work closer together. Yet, in most cases, warehousing and inventory management are handled by multiple parties, making end-to-end visibility more elusive. To build a cohesive picture of the supply chain, and deliver the resilience and agility needed to operate effectively, retailers increasingly need to bring these operations closer together.

That's why many have adopted one company to manage the supply chain on their behalf, overseeing supply, delivery, return and more as a whole rather than a series of independent moving parts. Increasingly the line between up and downstream has become less vital, with a broader view of the entire stream from end-to-end offering the best opportunities.

Lean supply chains are back in fashion

After the pandemic and multiple global black swan events, many retailers changed tack to avoid disruption by holding more inventory and adopting more of a just-in-case model. But that approach can be expensive, which isn't desirable in the current economic landscape.

To maintain competitiveness, retailers are returning to the lean and efficient approach. 41% of UK companies, for example, plan to rationalise and streamline operations to bring down operating costs.⁷ Putting data at the heart of your supply chain helps you understand the cost of logistics, informing your strategy to drive efficiency.

Nearshoring

With trade tensions brewing, and retailers in search of ways to improve sustainability, many businesses are looking to relocate operations closer to market to mitigate risk and reduce Scope 3 emissions.

This shift reframes the challenges around manufacturing, material supply and building new networks across the supply chain. Technology is an essential part of the response as retailers aim to balance the complexity of new moving parts.

All these challenges are compounded by a lack of visibility at the inventory level. If retailers can tackle this accurately and efficiently, obstacles can be overcome and ensuring the right products are available in the right place at the right time, without overstocking, can become a reality on a global scale.

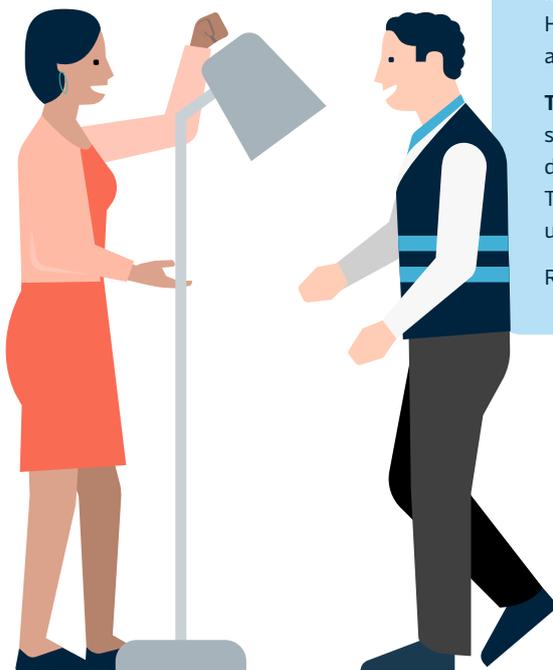
USE CASE: LESS IS MORE: BUILD A MORE EFFICIENT SUPPLY CHAIN WITH FEWER PARTNERS

The changing face of retail, in practice

The problem: A large discount retailer in Europe focuses on high inventory turnover. This means that supply chain efficiency is critical. However, their extensive global network of suppliers and manufacturers adds complexity to their processes and slows down their logistics.

The solution: The retailer decided to adopt an integrated supply chain solution, including ocean, air and customs, equipped with connected digital tools, to improve control and boost operational efficiency. This streamlines their supply chain operations, helping them to avoid unnecessary charges.

Read more on this case study [here](#).



CHAPTER 2

The current tech-led inventory management solutions

Inventory management is an existential question for retailers; it's the lifeblood of operations. But with more complexity than ever, tech is increasingly carrying the operational load in supply chains.

Although technology itself isn't a silver bullet, how it's applied makes a huge difference. So, we've spoken with a panel of Maersk's leading retail logistics experts to understand some of the ways technology is changing inventory management today. Below are some of their insights.

While Maersk's inventory management system can't deliver all of this functionality at present, please do get in touch to see how it can work for your business.

End-to-end visibility

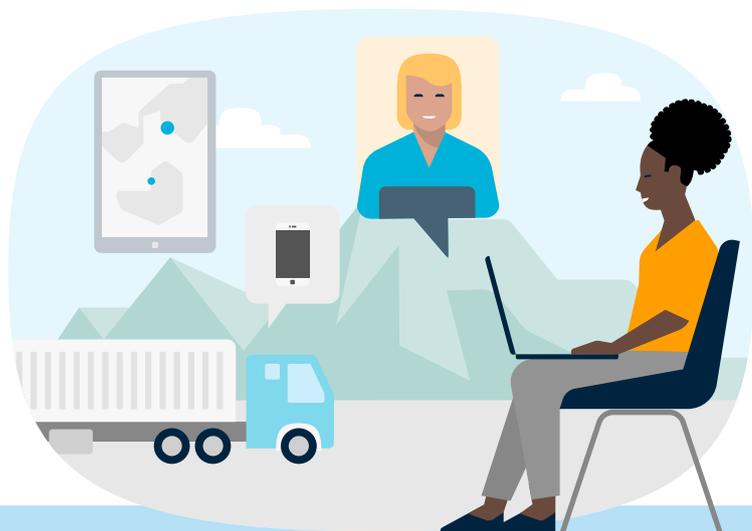
All technologies in the inventory management space exist to support end-to-end visibility. This helps to optimise inventory levels across the entire supply chain. Add supply chain management to the equation for better transparency, connectivity, control and decision-making.

A single source of truth

A central platform provides all users with the same real-time insights to help manage inventory more accurately and in alignment with colleagues and partners up and down the supply chain. Powerful dashboards and reporting software support order fulfilment and provide a coherent view of your logistics management.

Marrying upstream and downstream operations

Current technology pairs upstream and downstream operations, collecting data from each. Returns, for example, are currently a big challenge for EU retailers. Those using technology to bridge the gap between upstream and downstream can collect valuable returns data and use this to encourage exchanges.



Reporting

Performance reporting supports the improvement of logistics from end to end and has a critical part to play in inventory management. From customisable reporting through a central dashboard to hundreds of reporting fields and user-friendly systems, these provide control, ease and speed.

Single integration with existing systems

Technology is now available that integrates with retailers' existing systems and gives full access and visibility to marketplaces, global warehousing and delivery network. This saves time and money while simplifying the entire inventory management process.

API-first

Modern applications now allow for easy access to data in one place, making forecasting more accurate and often facilitating real-time insights – helping retailers flex to demand quicker.

USE CASE: TECH-LED INVENTORY MANAGEMENT, IN PRACTICE

Go with the flow

The problem: One of the top global fashion companies was battling intangible logistics costs and concerns over cargo arriving 10 days too early, leading to overflow capacity issues.

The solution: Maersk needed to devise an inventory flow control system to reduce costs and deliver at the right time. So we designed a supply chain methodology allowing cargo to be shipped based on the required delivery dates using the most cost-efficient speed-to-market solution.

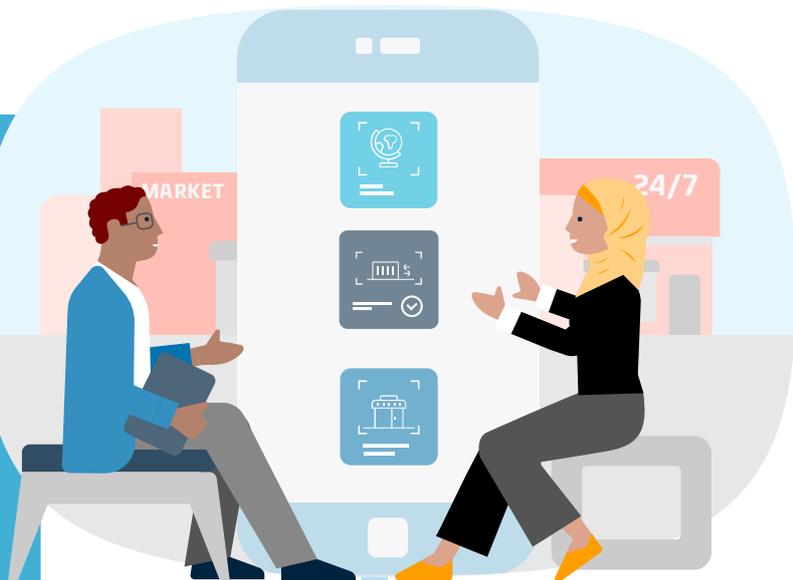
THE RESULT:

26%
reduction in
logistics costs.

99.99%
delivered in full on time

Read more on this case study [here](#).

Although we're focusing on technology here, it's worth noting the human aspect too. As adoption rates increase, staff will have to be retrained – a challenge for retailers looking to bring inventory management in-house.



CHAPTER 3

The next chapter in inventory management

So, what about the future of tech-led inventory management? Technology, visibility and data will continue to play a crucial part in fuelling retailers' efficiency and successes. As data insights become more ubiquitous, the importance of a partner with the means to action these insights will grow. There'll also be important new technological advances

Here are four predictions on the future of inventory management from our internal retail logistics experts. However, please note that these capabilities aren't yet included in Maersk's inventory management system.

1. Personalisation

This goes beyond simple inventory management, acting as a pre-emptive measure to future purchases by allowing retailers to stock and suggest relevant products to end consumers. Data will be collected and actioned to boost sales and deliver a seamless customer experience.

Amazon's recommendation algorithm accounts for 35% of its online sales. That's how powerful personalisation can be.

2. Predictive picking

Predictive picking software uses data to help businesses initiate fulfilment before an order has even been placed. As more retailers gain real-time data insights, accuracy will only increase.

Predictive picking can suggest changes to stock based on customer perception. For example, as sustainable buying becomes more popular, retailers' items that meet these credentials are prioritised.⁸



3. Hybrid warehousing

Although not strictly data-led, hybrid warehousing will alter inventory management in the future. By combining multiple activities, such as storage, picking and shipping, hybrid warehousing can reduce logistics costs – as the line between retail location and warehouse blurs.

Some big bag stores have converted unused warehouse space into drop-ship locations, saving time and money via a more creative approach to warehousing.

4. Distributed inventory

Retailers understand the importance of having products close to end consumers. However, future success of this hinges on accurate data analysis about where orders come from versus where stock is located. For higher success rates, companies will start to manage more, smaller warehouses rather than fewer, larger locations.

Amazon now offers consumers in a number of markets the ability to shop up to 3 million items and receive orders in only a few hours, largely thanks to distributed inventory.⁹



Conclusion

A tech-first approach to inventory management is key to ensuring the right products are available at the right time and in the right place.

This helps prevent customers from switching to competitor brands or shopping around for better deals. As technology continues to enable a simplified and holistic view of the global supply chain – upstream and downstream operations included – retailers with a logistics partner able to act upon this data will benefit.

Maersk's integrated supply chain pairs technology and real-time data insights with our owned operational assets to ensure accurate forecasting and smooth and efficient movement of goods around the world. At the inventory management stage, this means optimisation and collaboration.

- **Optimise** materials and finished goods at all stocking echelons while improving customer service and operating efficiencies.
- **Collaborate** to gain multi-tier visibility into materials, manage expectations and meet customer demands consistently.

If you'd like to talk about how Maersk's integrated logistics can enable better inventory management for your business, please contact your Maersk Sales Representative or [contact us online](#).

For more information, visit:
<https://www.maersk.com/retail-europe?campversion=A1>

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Supply Chain Management by Maersk – global presence, local expertise

- 5,200 members working out of 158 locations
- 200 global customers
- 20,000 global suppliers
- SCM volume of around 72 million CBM.¹¹

