



WHITEPAPER 2021

Territory Planning is Here to Optimize Your Sales Operations





Content

SECTION 01

Overview: Making Way for Modern Retail	01
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SECTION 02

Impact of the pandemic on consumer behavior	02
--	-----------

SECTION 03

The Old, The New, and the in-Between	03
---	-----------

SECTION 04

Locus offerings for brands looking to modernize - FieldIQ	05
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1. Overview: Making Way for Modern Retail

The face of the retail industry is changing and businesses that don't change with it can expect struggles in the coming years.

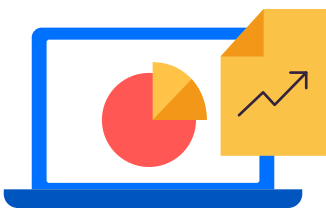
Ever since online shopping has made its way into the lives of the modern customer, traditional retail is seeing slow days. Its decline is made even more prominent with the *coming of the pandemic*, which changed the face of retail completely in 2020 and continues to do so. What is being touted as online shopping trends are steadily bringing a permanent shift in consumer behavior.

The face of the retail industry is changing and businesses that don't change with it can expect struggles in the coming years. Businesses attempting to carry out all operations manually while paying no heed to current trends and still sustaining themselves might seem admirable right now but will soon prove to be unyielding.

Agility and the ability to adapt to meet customer demands are vital for businesses, and especially so, with the coming of the pandemic. Traditional and modern approaches in retail are vastly different from one another and both come with their benefits. While the answer may not mean a complete transition from the former to the latter, a reliable yet flexible fulfillment framework is the need of the hour for brands.

Omnichannel order fulfillment is this hybrid or middle ground. It is a material handling fulfillment strategy that treats the inventory as a single unit and uses it to fulfill all channels from one location. The whole process ranging from the customer placing an order to the time when the order gets delivered to them comes under omnichannel fulfillment.

To enable this, agile *territory planning* for sales executives is a crucial first step. This whitepaper will delve into the changes that have happened in the recent past and how technology can help with the right fulfillment strategy.



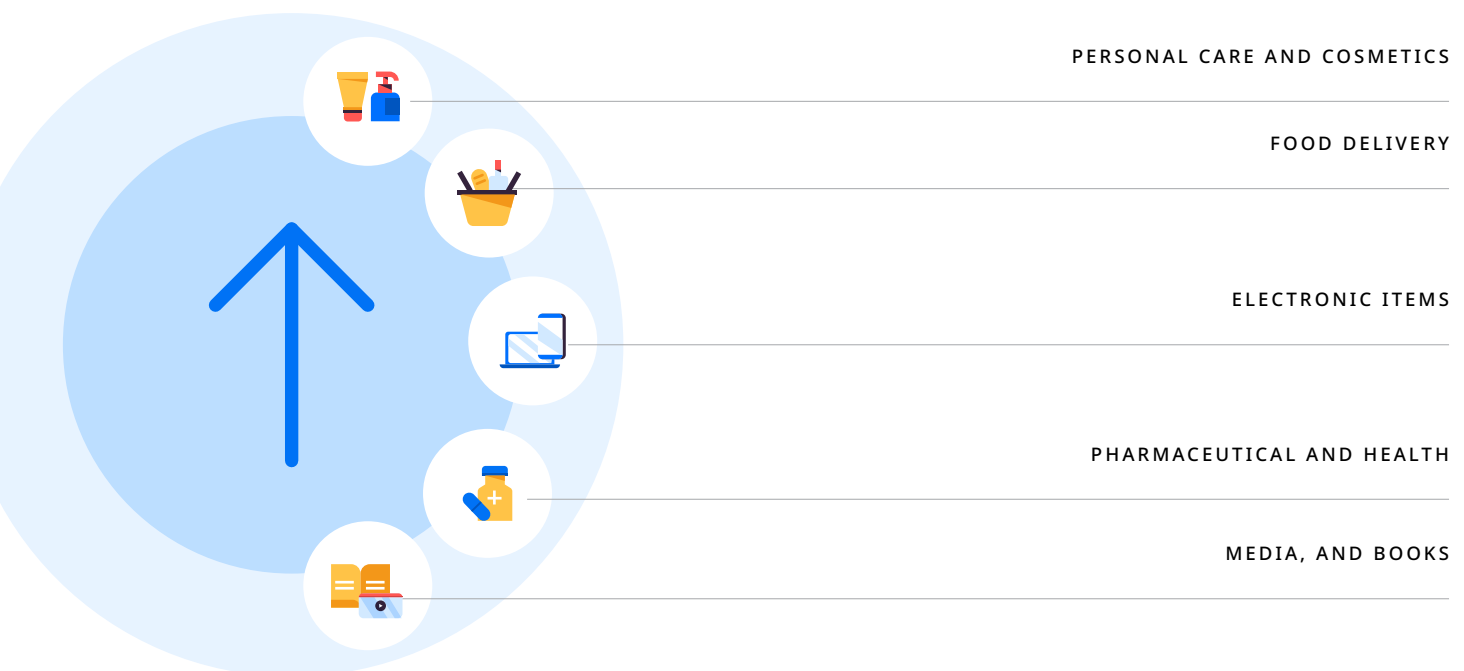


2. Impact of the pandemic on consumer behavior

COVID-19 has had the lasting effects of war—and, like in war, its impact will last for several decades. According to a market update by [Morningstar](#), habit and fear are two of the means through which these shifts are carried out. An example of habit is the growing popularity of Earth Day over decades, which was first celebrated in 1970 and made popular the slogan of ‘reduce, recycle, reuse’. Between 1970 and 2015, the recycling of municipal solid waste went up from 6.6% to 34.7%, as reported by [The Environmental Protection Agency](#).

Similarly, studies in the 1960s showed the various health risks in cigarette smoking and caused a permanent reduction in sales. Whereas [42% of US adults smoked in 1964, 19% did in 2011](#). How does this relate to the situation we are in right now, you may ask. **While the stay-at-home practice introduced new habits as well as new ways and means of consumption, COVID-19 resurgence is the cause of fear among many, and can determine new buying trends.**

While restaurant and travel brands suffered, personal care and cosmetics, [food delivery](#), electronic items, pharmaceutical and health, media, and books among others had much to gain. Whether the demand for these items will remain is dependent on how far the current stay-at-home and work-from-home model can sustain. What is certain though, is that the disruption is here to stay.





3. The Old, The New, and the in-Between

The distribution network of small retailers, distributors, open-market traders, wholesalers, and stockists constitutes traditional retail. Regular orders with short lead times are characteristic of traditional trade, which builds on interpersonal relationships between the customer and the retailer.

Retailers directly interact with field agents who take orders on behalf of distributors or sometimes brands themselves. Distributors deal with manufacturers, and are responsible for a good fulfillment rate. The trouble with traditional trade is that it has to deal with fluctuations in demand bringing complications in schedule planning and delivery operations. Thus, traditional retail is prone to run out of stock and is less organized when compared to its modern counterpart.

What its modern counterpart brings to the table is flexibility. This approach is more planned and organized. The key differentiator in modern retail's approach to distribution and logistics management is that it deals with demand across a diverse range of products.

Traditional Retail	E-commerce
Fluctuating demands that lead to a shortage of stock	Demands in modern trade are consistent
Order is placed depending on current stocks	Order placement is strategically planned
There are not too many products to choose from	There are innumerable products to choose from
Direct interaction with the customer	The customer enjoys the convenience of picking and choosing items of their choice. They can also compare multiple products before purchase.
Short lead time	Lead time is preempted
Order can be accommodated at different times	Order fulfillment has to adhere to pre-decided slot
Short credit cycle	Long credit cycle
Product is sold at maximum retail price	Retailers can offer discounts



As is evident, the benefits of modern over traditional retail are too many to count. Customers opt for the former to enjoy the variety of options in goods that can be purchased at a great price.

An efficient logistics management system helps to create this excellent buying experience. Modern retailers are able to keep a minimum stock in place at all times and minimize ordering costs, both qualities that have customers coming back. Smart technology keeps the number of missed or delayed deliveries to a minimum with the help of strict time-slots.

It is important to see that traditional and modern retail is not an either/or situation. However, change is inevitable, and traditional retail will have to embrace new tech and methods with open arms in order to thrive.

3.a. Adapting to Increasing Market Demands

As markets continue to evolve, demands will only increase. An ecosystem of digital solutions that is focused on improving global supply chains and logistics networks can unlock the power of intelligent automation in the *retail supply chain*. Following are the ways in which businesses can evolve with increasing market demands:

3.a.1. Flexible Scheduling and Dispatch



Rising customer expectations mean service operations must innovate to maintain flexible operations while offering seamless cancellation and scheduling options. Flexibility in service operations is a priority for organizations that want to continue to meet and exceed customer expectations.

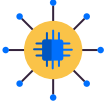
3.a.2. Efficiency Through Automation



Dynamism in supply and demand requires critical business decisions to be made daily. Continuing to rely on human interventions in your decision-making process leaves your operations vulnerable to planning errors and poor resource utilization.



3.a.3. Intelligent Forecasting



Service operations in the past did not focus on maintaining and utilizing operational data, turning operations rigid in the face of shifting demands and customer preferences. Today, forecasting demand and resource utilization is key to building a competitive advantage with a focus on execution-oriented applications and real-time decision support.

3.a.4. Virtualization and Remote Collaboration



With stakeholders scattered across various geographies, businesses are increasingly virtualizing their service operations to enable remote collaboration with dispatch managers, executives on the move, and the end customer. This helps bring harmony and transparency to field service operations.

4. Locus offerings for brands looking to modernize - FieldIQ

The transition from traditional to modern retail by adopting an omnichannel fulfillment model is the way forward. Since customers are using multiple channels for shopping, brands need to be present where the customers are. Omnichannel retail success is dependent on understanding customer journey and behavior to integrate channels and provide a good customer experience. This change in landscape is brought about as historical data throws light on consumer patterns. This data-driven analysis uses Artificial Intelligence to predict upcoming trends in omnichannel retail.

Locus FieldIQ is an intelligent platform that makes use of AI to provide long-term planning solutions for retail fulfillment. It aims to *improve resource utilization* and operational efficiency of the retail supply chain. The platform divides your service areas into strategic territories based on market, cost and service level constraints. You can maximize resource utilization and maintain fairness across territories with automated order allocation and *dynamic route planning*.



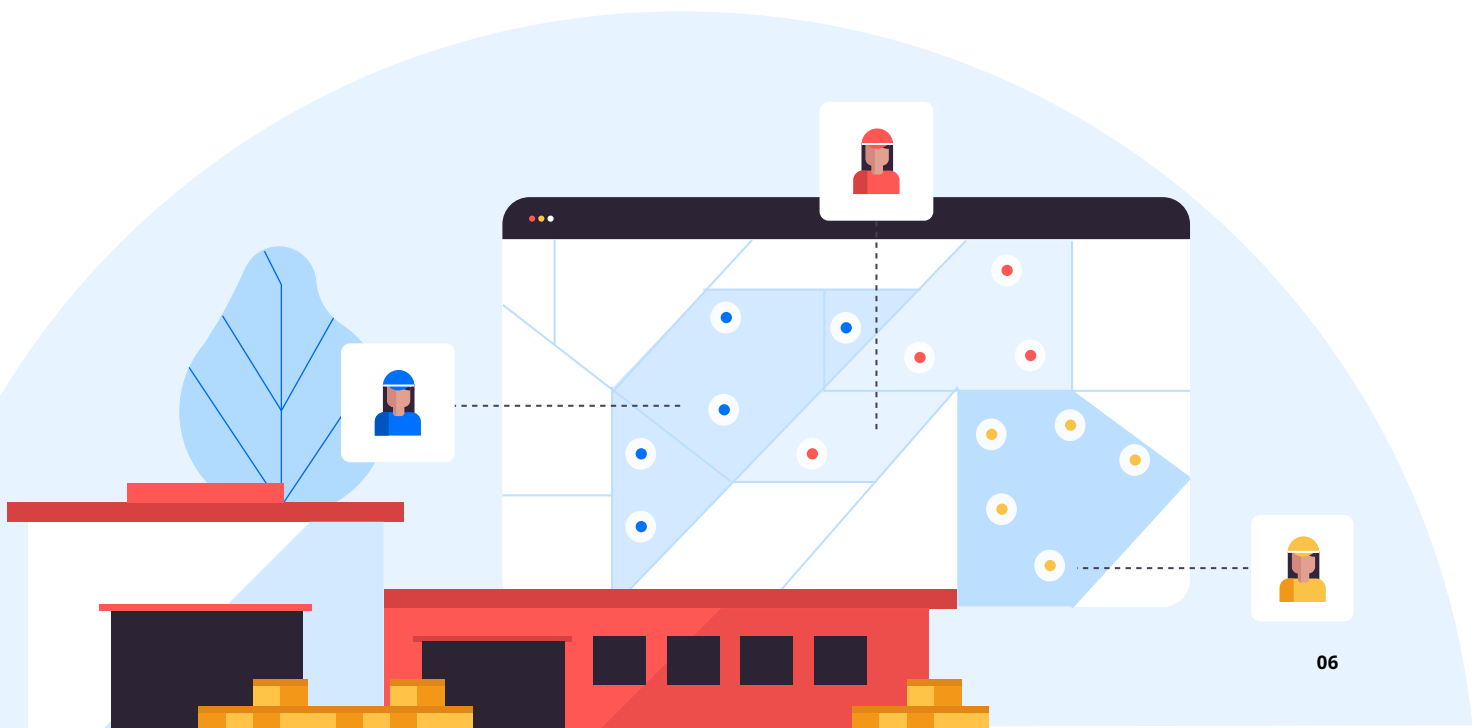
Also, the platform offers *Permanent Journey Plan* (PJP), and Permanent Dispatch Plan (PDP), each of which can be customized to meet the needs of the business at hand and bring about a seamless fulfillment process.

This is the perfect way to divide your service areas based on custom metrics including serviceability ratios, resource availability, shifts in demand and SLAs. It aims to optimize all existing delivery, service, and sales routes and transportation costs by allocating resources and reducing the time and management involved in planning deliveries.

Locus also offers resource-efficient mapping of retailers and other entities to their respective territories using aggregated metrics from running PJP, and PDP simulations. This territory planning solution gives a detailed map view for each of the entities to enable intelligent business decisions.

What makes Locus stand apart from other territory planning solutions is that it can manage PDP, PJP and territory planning in a single step. Businesses can choose just territories and study them based on revenue, the number of outlets, and fairness or they can opt for territory planning that drives dynamic dispatch routes and plans.

Each territory operates under business cost constraints as well as fairness levels for executives on the ground based on the number of tasks, distance traveled, and more. Geo-fencing service areas help you stay updated on breaches and route deviations that take place on the ground in real-time.





It is an optimized static plan for the delivery of goods from warehouses to distributors and modern trade stores and distributors to general trade stores.

Find the right sales beat for every field executive taking into consideration historical patterns, transaction and transit times, trip costs, as well as real-time routing constraints and route restrictions.

3.a. Optimized Static Plan with Operational Flexibility

Permanent Dispatch Plan is a frequency-based activity for static route planning that makes use of Locus's AI-powered geocoding engine to help businesses come up with the most resource-efficient PDPs.

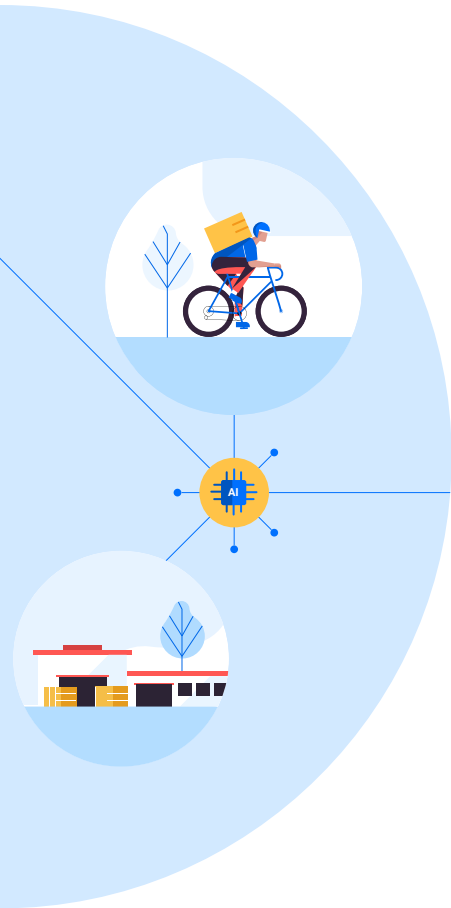
Its advantage is that it comes up with the best permanent dispatch plan routes. The algorithms work seamlessly with a heterogeneous fleet to unlock additional operational flexibility. It works by taking historical operational and sales data into account to find out the ideal frequency of visits and generate flexible plans for efficient fulfillment operations. By enabling van sales operations with the help of PDP, potential customers' buying habits can be predicted.

3.b. Resource-Efficient Plans

Permanent Journey Plan is the part of FieldIQ that maps an entity to a warehouse, office, or distributor, to optimize for control, dispatch, and sales functions. The AI-powered geocoding engine and its proprietary routing and allocation engines ensure improved field executive efficiency.

Simultaneous order fulfillment and capture make the most resource-efficient sales beat plan to perform van sales. By factoring in multiple business constraints such as executive skills, real-time traffic, customer time-slot preferences, coming up with sales beat plans becomes easy. Finding the ideal beat frequency with the help of PJP increases the productivity level of on-ground staff.

With changing times, businesses need to evolve, adapt and become more agile to survive. While brick-and-mortar stores are not going anywhere in the coming years, businesses that stick to traditional methods alone will not be able to stand their ground unless they embrace change. Omnichannel leaders that wish to grow will have to go beyond the established structures and actively devise innovative ways of working and be mindful of how people and processes are brought into play.



Optimize your business with • AI-backed technology from Locus.

Get in touch with our experts for a quick tour of our offerings.

Sources

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LOCUS

Locus is a deep-tech SaaS platform that uses machine learning and proprietary algorithms to automate supply chain decisions. Its smart logistics solutions enable enterprises to enhance operational efficiency, reign in costs, streamline the customer experience, and provide end-to-end visibility.



\$100

MILLION

Logistics costs reduced

100+

YEARS

Planning time saved

6300+

TONNES

GHG emission reduced

Traveling together with



**Power-charge your
logistics now!**

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