Supply Chain Weekly Blast

#005 : Future of Retail Supply Chains

vekia
The Enhanced Forecasting & Replenishment

1. Demand driven supply chains

Why

- A shift from “on shelf availability” towards “on demand availability”.

- Focus on both product quality and service level at lowest cost.

How

- Ensuring sufficient visibility and execution.

- Sourcing and replenishment decisions are driven by actual demand.

- Exploiting AI and advanced data analytics to improve forecast.

Challenges

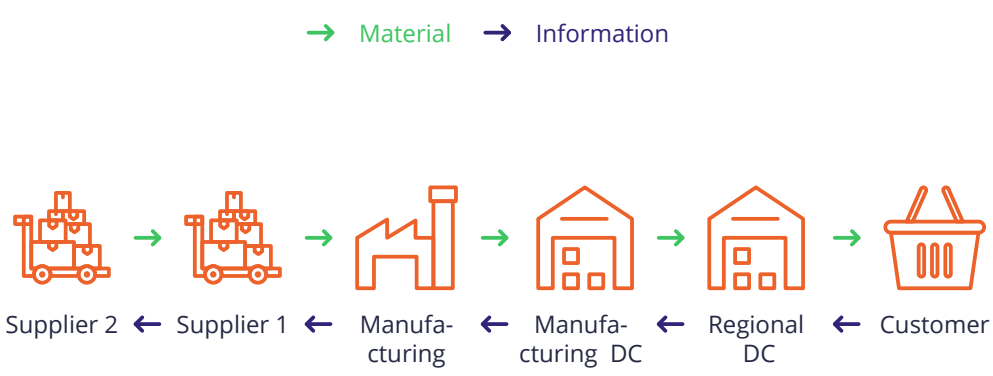
- Proliferation of product varieties.

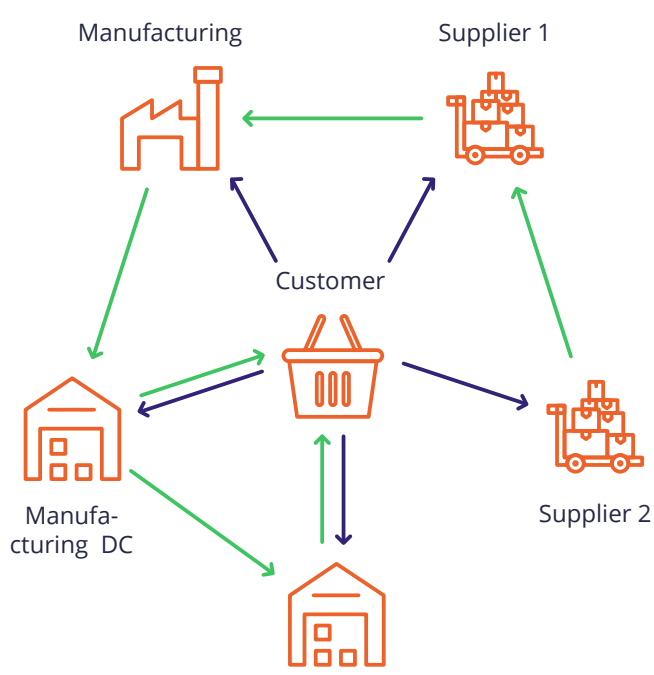
- Increase in distribution and customer channels.

Potential benefits over traditional models

↑4%	↓5–10%	↓20–30%
Sales	Operational Expenses	Inventory

Traditional ----------> **Network-based model**





2. Renewed procurement strategy

Why?

Emergence of more cost-effective suppliers.

How?

- Evaluation of existing suppliers and new supplier destinations.

- Consideration of “Total Cost of Sourcing” while evaluating suppliers.

- Evaluation of non-product related consideration such as taxes, duties, logistics costs, customs fees and speed of moving products across borders.

3. Environmental consideration

Why?

Customers are becoming more aware about the ecological impacts of the products they buy. Example: In UK “Food miles” which refers to the distance food is transported from the origin till the destination.

How?

Example: Correct technology for better forecasting can result in reduced number of product returns, thereby reducing the carbon footprint. Also, planning with carbon emission as an optimization parameter can be explored.

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