

Putting customers first

What is the right supply chain strategy for your business? Experts met last month to discuss the streamlining of operations against a fast-changing backdrop

In a world where everything is “needed” yesterday, the customer proposition is intricately linked to a retailer’s ability to deliver on their promise. The supply chain, therefore, is no longer just an enabler but a strategic advantage for a retailer. In response to market trends, retailers are stretching their online cut-off times for next-day delivery and reducing delivery lead times. This has major implications, not just on the supply chain, but also on customer experience and profitability.

Last month, *Retail Week* and Avanade gathered a group of retail supply chain decision-makers to discuss the optimum strategy in a world of changing customer demands and expectations.

Avanade UK’s head of retail, Krishnan Rajaram, kicked off the discussions with his European-wide experience of best practice. He notes three main supply chain trends:

- Customers don’t care what happens behind the scenes – they associate the store, online, mobile and contact centre as one entity and brand and expect a seamless experience.
- Internal systems have evolved organically, one product or channel at a time, or through M&A and have become rather complex.
- Trying to deliver a seamless experience with the current set-up is a race to the bottom as the fastest-growing segments (online, mobile, click-and-collect) are often the least profitable.

While this can be overwhelming, the answer isn’t to embark on another multi-year transformation but to fundamentally rethink the way supply chain and related systems are organised, with adaptability as a key design principle, and go back to roots by putting customers at the heart of it all. This change is best executed one workload at a time.

WHO IS AVANADE?

Avanade is a joint venture between Microsoft and Accenture. It works with retailers across the globe, helping them in three key areas:

- Bringing to life a seamless omnichannel customer experience
- Improving in-store experience for both customers and employees
- Streamlining supply chains and helping IT teams to bring about business agility



Retailers should focus on the requirements of their core customer, rather than taking a universal approach

Diminishing brand loyalty

The consensus in the room was that customer expectation is driven by developments they see throughout the retail sector. There is a perception in some quarters that all elements of the fulfilment process must be exceptional, especially since brand loyalty is not as prevalent as it once was. But the million-dollar question is whether the supply chain promise to customers is aligned with the brand promise? Are retailers taking a closer look at their brand’s unique audience and assessing what really matters to them?

No one-size-fits-all solution

Discussion moved to the need to go back to basics and understand what the brand promise is. For instance, if I am a mid-market high-street retailer, do customers really expect same-day delivery just because a premium brand may be offering it? Asking these tough questions will help to avoid herd mentality.

Finding the individual sweet spot

To ease the transition from a product- or channel-centric model to a customer-centric one, the key is to focus on the individual requirements of the retailer’s core customer, instead of competing to please consumers universally. The perception that everyone wants everything the moment they order it is not necessarily true; it’s dependent on the product. Express services make up a very small percentage of sales. Customers are often less demanding of speed when they are getting a bargain too. There is a feeling

that many customers don’t mind when things go wrong and are more interested in how the mistake is dealt with.

Continued investment

The journey towards a truly customer-centric supply chain will never end. Just when retailers think they have developed systems that place them ahead of their competitors, it is possible to quickly fall behind again. Key for retailers is to keep abreast of what customers want and to remain agile. They do not have to do the same as everybody else, but it is vital to continuously invest. However, the difficulty is knowing where to invest; the sector cannot predict what the next channel will be. Agility and flexibility remains vital, leaving the channel mentality behind and ensuring all streams of the business are integrated and not conflicting.

Key takeaways

The debate brought out the following themes:

- Moving to a customer-centric supply chain is complex and it is easy to get overwhelmed.
- The solution isn’t another 12- to 18-month transformation; taking a workload approach helps deliver short-term results and sustains the momentum.
- Many of the erstwhile mid-tier Enterprise Resource Planning (ERP) Solutions are coming of age and it is important to look beyond the usual suspects.
- There are major business change implications in this journey and it is important to carry people along.