

white paper

Single LSP's Deliver Efficiency to Complex Retail Supply Chains



Introduction



The coronavirus pandemic proved that something as simple as toilet paper can represent a complex supply chain challenge.

Shortages and empty shelves lead to panic buying, and panic buying creates shortages, back-orders and an overall disruption of supply and demand, leaving customers unsatisfied and companies struggling to meet demand. Some of that disruption can be attributed to a fragmented supply chain.

Retailers rely on the speed to market factor to get their products to the stores. Yet, the more players are involved in the supply chain, the slower the process can be. The intersectional nature of a single logistics provider can better support a retail corporation in light of changes in market conditions and new challenges arising from operating on a global scale.

Challenges

Modern retailers typically make a variety of strategic level decisions including the type of products, stores, markets to be served, the optimal product assortment, customer service, supporting services and the store's overall market positioning. With almost 15-20 retail seasons throughout the year, the ultimate goal for retailers is to move products fast: to the stores and on and off the shelves.

Stores operate on strict schedules and timelines to make room for new products depending on the retail season. For example, stores have about 60 days to sell Halloween products, making on-time deliveries extremely paramount to capture sales during the limited period.

Retailers themselves vary in their attitude to logistics. While some have large in-house capabilities, others outsource resources to a greater degree. Yet, when faced with limited resources and a limited understanding of the entire supply chain, inefficiencies emerge resulting in product delays. As a retailer dealing with multiple logistics providers, challenges may include inefficiencies, lack of warehousing, lack of sufficient space and dealing with multiple layers and/or middlemen in the supply chain.



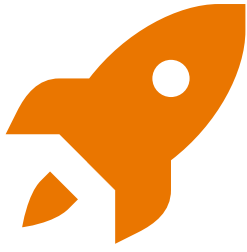


A Singular Solution with Multiple Advantages

Having one logistics provider can offer retailers with complex supply chains the confidence of a streamlined, well-connected and integrated process.

Rather than a fragmented approach, with different providers for freight forwarding, brokerage, consolidation, and distribution, retailers can entrust their selected logistics provider with managing the various components of their supply chain. This way, retailers can enjoy the benefits of cost savings, full visibility and speed to market.



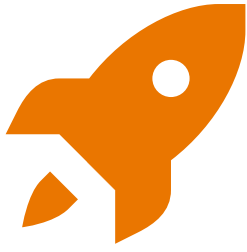


Singular Solution can Improve Speed to Market

SPEED TO MARKET is a critical competitive advantage to have, especially as consumer products and trends change quickly. As companies fight for market share, they're also facing e-commerce competitors.

Working with a logistics provider with a global footprint can ensure that products move quickly throughout a predetermined process, known agents, and a trusted network. This can take the burden off of the retailer, so they can focus on their core capabilities.

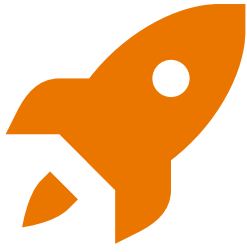
A retailer's logistics partner can focus on order management systems, provide accurate predictions and manage ordering expectations to ensure on-time delivery.



Singular Solution can Reduce Cost

COST REDUCTION automation tools have proven their cost-saving benefits in the logistics industry. LSPs can provide customers with solutions to fit their needs, no matter the complexity of their supply chain. Underpinned by powerful technologies, LSPs can seamlessly integrate with all partners in the supply chain to enhance reporting, forecasting and planning. In addition, automation tools can reduce risk of manual entries and errors, maintaining data integrity and keeping costs low.

With the ability to manage multiple accounts, provide PO and vendor management, a logistics partner can ensure the customer receives a valuable end-to-end process. High volume/high utilization road freight networks can be designed by retailers in partnership with their logistics service providers. This results in lower end-costs for the retailer. The evolution of transport management by retailers has resulted in a shift in power between retailers and suppliers.



Singular Solution can Enhance Global Visibility

VISIBILITY in the logistics industry refers to providing live freight forwarding shipment tracking and status via browser or mobile app, in addition to reports and data extracts relevant to the business account. Working with dynamic retailers with weekly shipment schedules coming from all over the world calls for accurate information, real-time end-to-end visibility, and configurable reporting options to help control and optimize the supply chain.

Retail customers don't have to be in the dark when it comes to their supply chain. Working with logistics providers with strong technology capabilities can enable and empower a company, improve collaboration, mitigate errors and increase efficiency, all while better managing costs and inventory.

A Collaboration Story with a National Retailer

A U.S. based retailer specializing in domestic and international, designer and name-brand closeout merchandise with a focus on closeout home goods, operates within a very complex supply chain and network of suppliers, vendors, and manufacturers.

Not only does this company sell a range of household items, cleaning products and beauty goods (a number of which may be classified as hazardous), they also sell appliances, linens, collectibles, household goods, and an ever-changing variety of seasonal merchandise.

Add in a mix of national and overseas production, and the logistical requirements are vast.

This complex model needed a customized logistics solution. Consumer durables manufacturing is dominated by Asia, namely China and Vietnam, which means that sea and air gateways to Europe and North America have evolved into important logistics nodes for the distribution of imported goods.





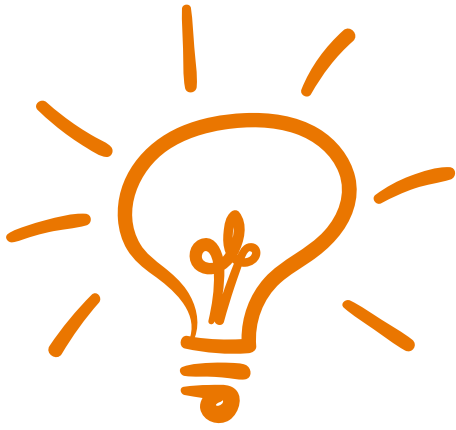
Working in partnership with a single logistics service provider like Agility helped this retail company apply analytics to find improvement opportunities in cost and transit times, design customized solutions, manage implementation, and provide quality assurance.

For example, one of the company's challenges was that their products went through at least 27 touch points in the supply chain before they arrived at one of their 700+ stores in the United States. With a consistent flow of weekly products, having this many layers from where the goods come from all the way to the store shelves was problematic.

Scale demands that the logistics infrastructure is high capacity, with large distribution facilities. A further implication of the scale of such operations is the resulting impact on economic location. Such large facilities need to be optimized in terms of location, either to optimize transport or inventory. Working with Agility helped the company identify inefficiencies in the process, lowering the number to 12 touch points in key locations by introducing a Distribution Center Bypass.

Warehousing is another core competence for retailers as it has a direct impact on inventory management and store utilization. The largest retailers have very substantial in-house warehouse management capabilities. These may be augmented by LSP capabilities and the mix of in-house to outsourced resources is one of the key questions in any large retailer's logistics strategy.

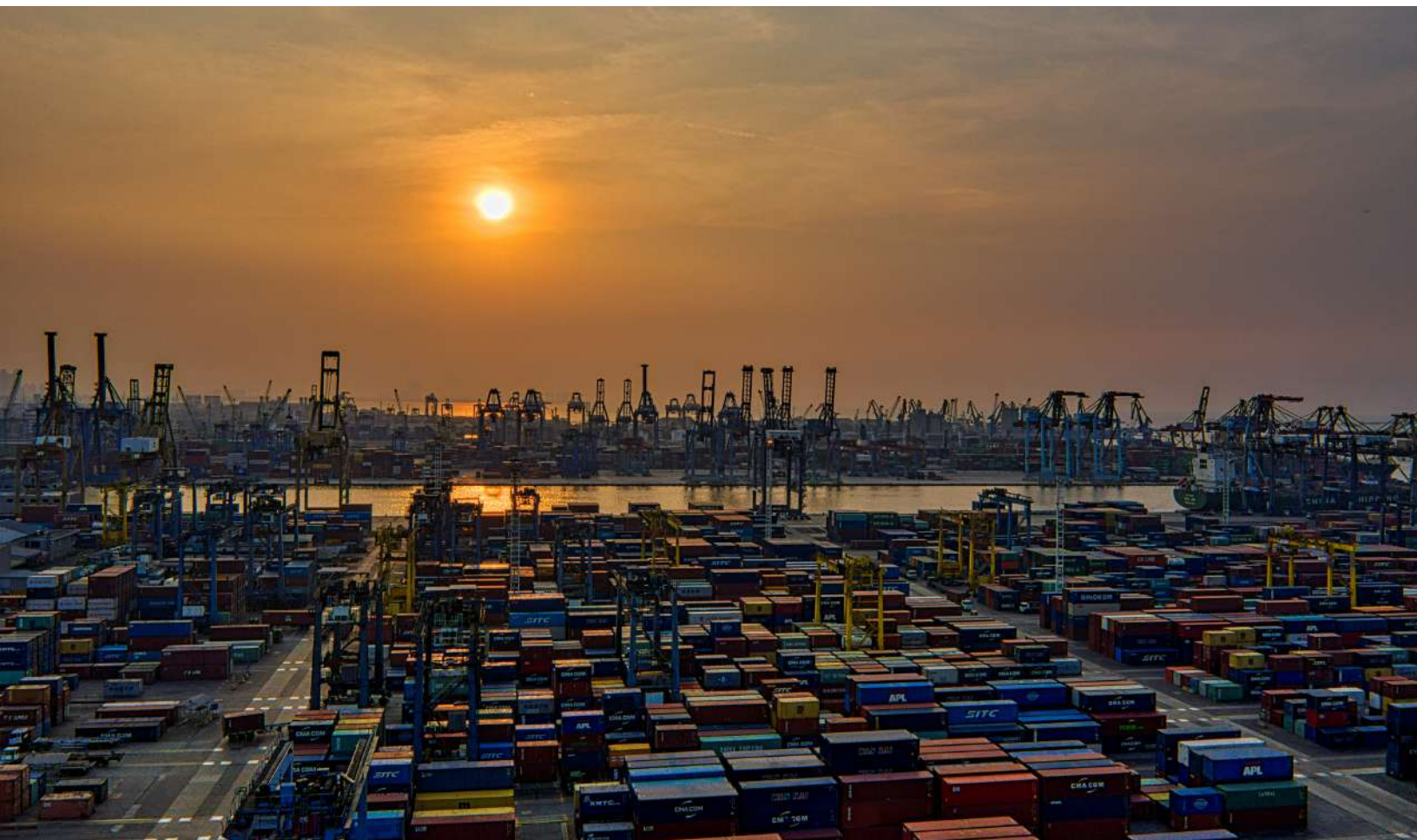
Often, the retailer will choose a core of in-house capabilities complemented by a secondary level of outsourced warehouses or transshipment depots. Warehouses are also the location for significant 'added-value' operations, including packaging or labelling, which can also be managed by a logistics partner, as an extension of the retailer's operations.



conclusion

Retailers with complex supply chains and multiple suppliers all over the world can benefit from partnering with a single logistics provider to manage their logistics process, handling tasks on behalf of the retailer so they can better focus on their products and customers. With this approach, retailers can gain advantages such as cost savings, full visibility and speed to market.

For more information on how this can benefit your retail company, visit the [Agility USA](https://www.agilityusa.com) website or contact USA@agility.com.



Sources:

Transport Intelligence / GSCi 2020 - Retail: Market Fundamentals Report 2020

Transport Intelligence / GSCi 2020 - Consumer Packaged Goods: Market Fundamentals Report 2020

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