



DYNAMIC SUPPLY CHAINS:

Winning strategies designed for tomorrow's consumer

RWRC 
BY ASCENTIAL

In association with

 **Manhattan**
Associates.

AT A GLANCE

Make no mistake about it, the consumer habits developed during lockdown will have a long-lasting impact on the experience shoppers demand from retailers in a post-pandemic landscape. In the space of just one trading quarter, the entire way retailers operate and customers shop has been turned on its head.

As the recovery from Covid-19 continues, experts predict trends that took root during the pandemic will become even more deeply embedded in the shopper psyche.

And with a renewed interest in social responsibility and brands with purpose, retailers must ensure their supply chain investments also focus on brand equity for the future. This calls for digital supply

chains that are dynamic, responsive and above all, interconnected.

RWRC, in association with Manhattan Associates, surveyed 1,000 UK consumers aged 18 to 64 to gauge how consumer spending and sentiment has changed as a direct result of the coronavirus. We reveal the key factors that will influence consumer spending and CX in a post-pandemic world and zero in on how retailers should be adapting their supply chain strategies for tomorrow's shopper.

Combining this exclusive consumer research with retail case studies, this report will act as the go-to resource for retailers to understand what consumers want and the steps they must take right now across people, processes and technology to deliver a first class customer experience.



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SURVEY RESPONDENTS

Male 49%
Female 51%
Aged 18 to 64 from regions around the UK

RWRC: DYNAMIC SUPPLY CHAINS

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PARTNER VIEWPOINT



CRAIG SUMMERS
MANAGING DIRECTOR, MANHATTAN ASSOCIATES UK & IRELAND

On average, it takes around two months before a new behaviour becomes automatic, while the time it takes to form an entirely new habit can vary depending on the type of behaviour, the person and the circumstances.

It's certainly fair to say that the past six months classify as 'exceptional circumstances' and we've all had plenty of time on our hands to form new habits around the use of ecommerce and mobile commerce.

While there are few signs that the explosion in ecommerce, or the increased popularity of curbside collection and online delivery accelerated by the pandemic are going to retreat any time soon, it's reasonable to also think that the changes to consumer psychology witnessed over the past six months are here for the long term too.

Effective ecommerce and hybrid fulfilment

methods, true omnichannel capabilities and a relentless pursuit of customer experience – through social media channels, apps or physical in-store experiences – will prove essential for retail brands in a continually shifting, post-pandemic retail landscape.

If we have learned anything from the daily briefings from around the world over the past six months, it is that predictions about how things might develop during this pandemic – or what we should expect next – are impossible to make with any degree of certainty.

The only thing that we can say with any authority is that retailers – online and physical – that adopt a fluid, agile and flexible approach to their IT solutions will be able to pivot quickly and effectively enough to succeed against whatever backdrop they are presented with in the shorter and longer term.



Changes to consumer psychology over the past six months are here for the long term



MANHATTAN ASSOCIATES

Manhattan Associates is a technology leader in supply chain and omnichannel commerce. We unite information across the enterprise, converging front-end sales with back-end supply chain execution. Our software, platform technology and unmatched experience help drive both top-line growth and bottom-line profitability for our customers.

Manhattan Associates designs, builds and delivers leading-edge cloud and on-premises solutions so that across the store, through your network or from your fulfilment centre, you are ready to reap the rewards of the omnichannel marketplace.

Topline findings



53%

of shoppers are more likely to continue to shop online now that non-essential shops have reopened, versus 32% who are more likely to shop in store



CONTACTLESS COMMERCE IS HERE TO STAY

Only 35% of shoppers want a traditional sales counter with a fixed point of sale when paying

12% have used apps such as Deliveroo, Uber or Just Eat for delivery – peaking at 21% for 25- to 34-year-olds and 20% for those in London

70%

of consumers believe sustainability and environmental credentials are very or quite important post-pandemic



MORE THAN HALF (60%)

of consumers want more store-based retailers to launch online delivery and ecommerce options post-pandemic

70%

of 18- to 24-year-olds are more likely to shop online even though stores have reopened

85%

of consumers used some kind of home delivery or click-and-collect service during the pandemic



OVER A THIRD (38%) used contactless delivery where an item is delivered outside a property or by the kerbside

43%

are less likely to shop with a retailer that did not pay their suppliers during the pandemic



28%

of shoppers want to see next day home delivery as a standard delivery option as we emerge from lockdown



CHAPTER 1

KEEPING UP WITH CONSUMER DEMAND

As lockdown restrictions came into force in March and people became fearful of venturing into public spaces, millions of shoppers turned to the internet – many for the first time – as the primary means to secure the supplies they needed.

By mid April, online sales soared 129% week on week across the UK and Europe, as lockdowns were imposed over much of the continent. Demand for veg boxes and meal kits accelerated, speeding up adoption of a pre-pandemic emerging trend for subscription services. Grocery retailers added hundreds of thousands of online delivery slots to meet the demand for the estimated 500 million extra meals consumed in the home each week during lockdown, according to Kantar.

For non-essential retailers, their success or otherwise during lockdown has been linked to the scale and sophistication of their online business, particularly in

fashion. While online fashion giant Asos recorded a 10% increase in group revenue to £1bn during the four months to June 30, multichannel retailer Burberry's sales declined 45% year on year in its first quarter. For Primark, meanwhile, which has stoically bypassed having an online transactional website, like-for-like sales during its third quarter from March 1 to June 20 fell 75% to £582m.

Despite the recent reopening of stores and shopping centres, thousands of jobs are being cut at retailers such as John Lewis and Arcadia Group.

Online sales soared 129% week on week at the height of lockdown



Prediction of 160% increase in future ecommerce purchases from new or low frequency users

(ACCENTURE)

Adaptation in the recovery phase

Changing patterns of consumer demand have had an impact on how retail supply chains function. Tesco hired a small army of workers to pick online orders from stores. Sainsbury's began making home deliveries from 'dark' convenience stores, while numerous retailers partnered with last-mile delivery providers such as Deliveroo and Uber Eats to get essential supplies to local customers.

As we emerge from lockdown and find ourselves moving through a recovery phase, experts predict there will be a flurry of short-term disruption and a need for significant strategic realignment of operations and brand repositioning.

A recent Accenture report states that "the consumer you thought you knew is no longer", adding that prior customer segmentations and the insights they are built on will need to be redefined as consumers adjust to new personal circumstances.

Digital capabilities, in particular, will be critical to retail recovery. Emerging social phenomena such as home working, coupled



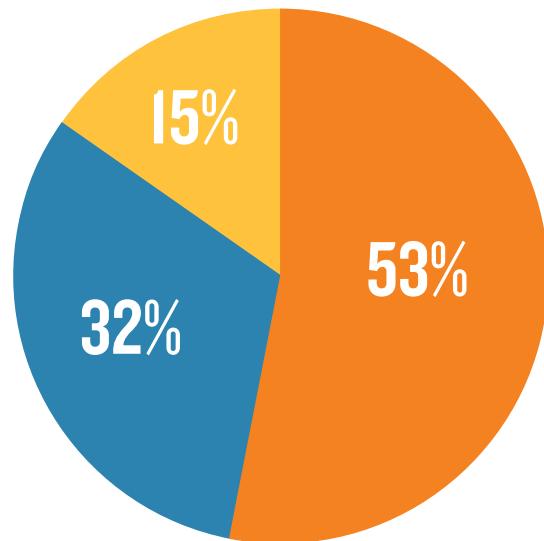
with a new wave of online adopters – IGD found that 13% of all shoppers had their first grocery ecommerce experience during the lockdown – are set to accelerate the shift to online. Accenture predicts a 160% increase in future ecommerce purchases from new or low frequency users.

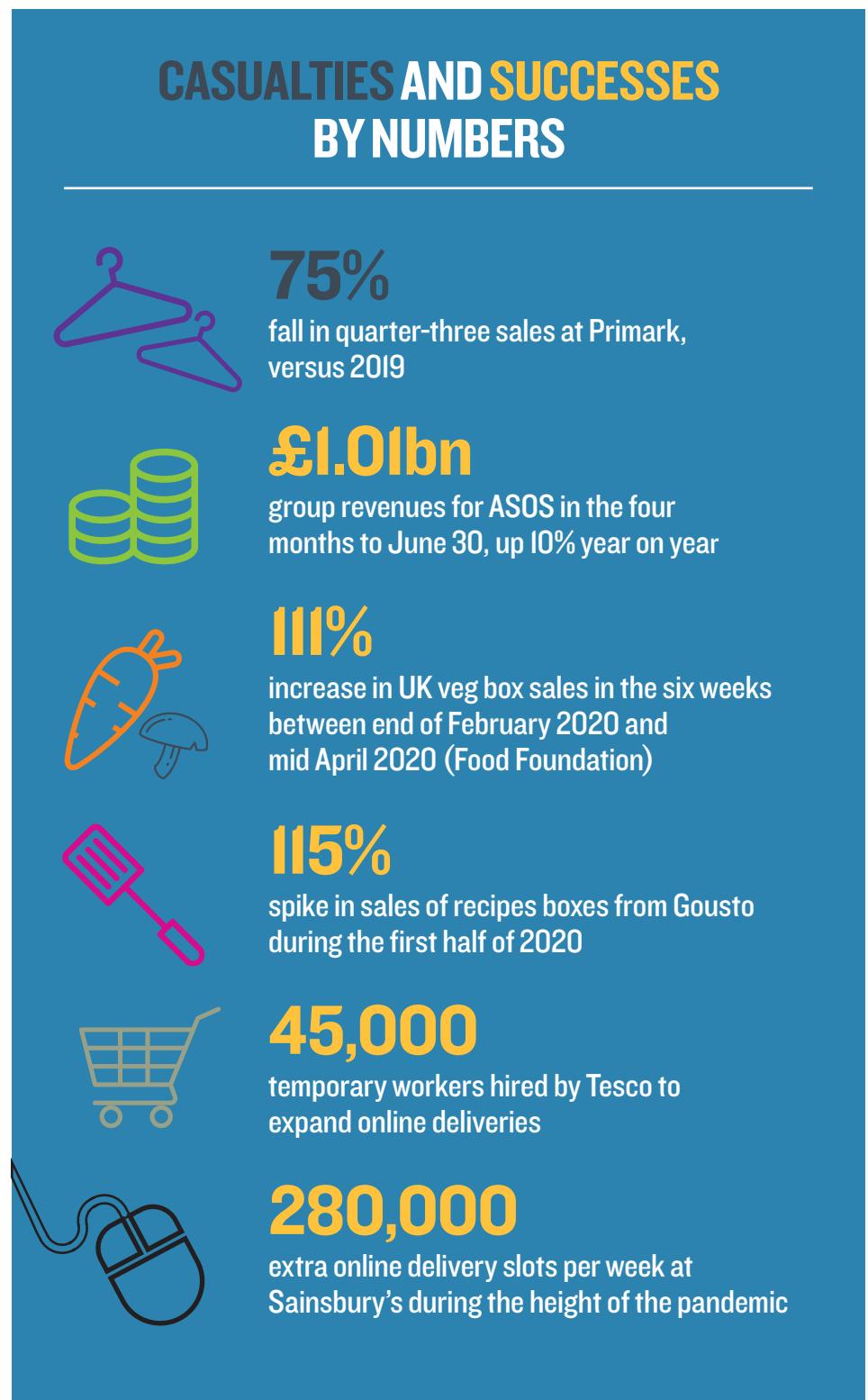
Retailers must move quickly to adapt supply chain strategies to respond to this new consumer normal. Those that don't risk losing their relevance in a dramatically different post-pandemic landscape.

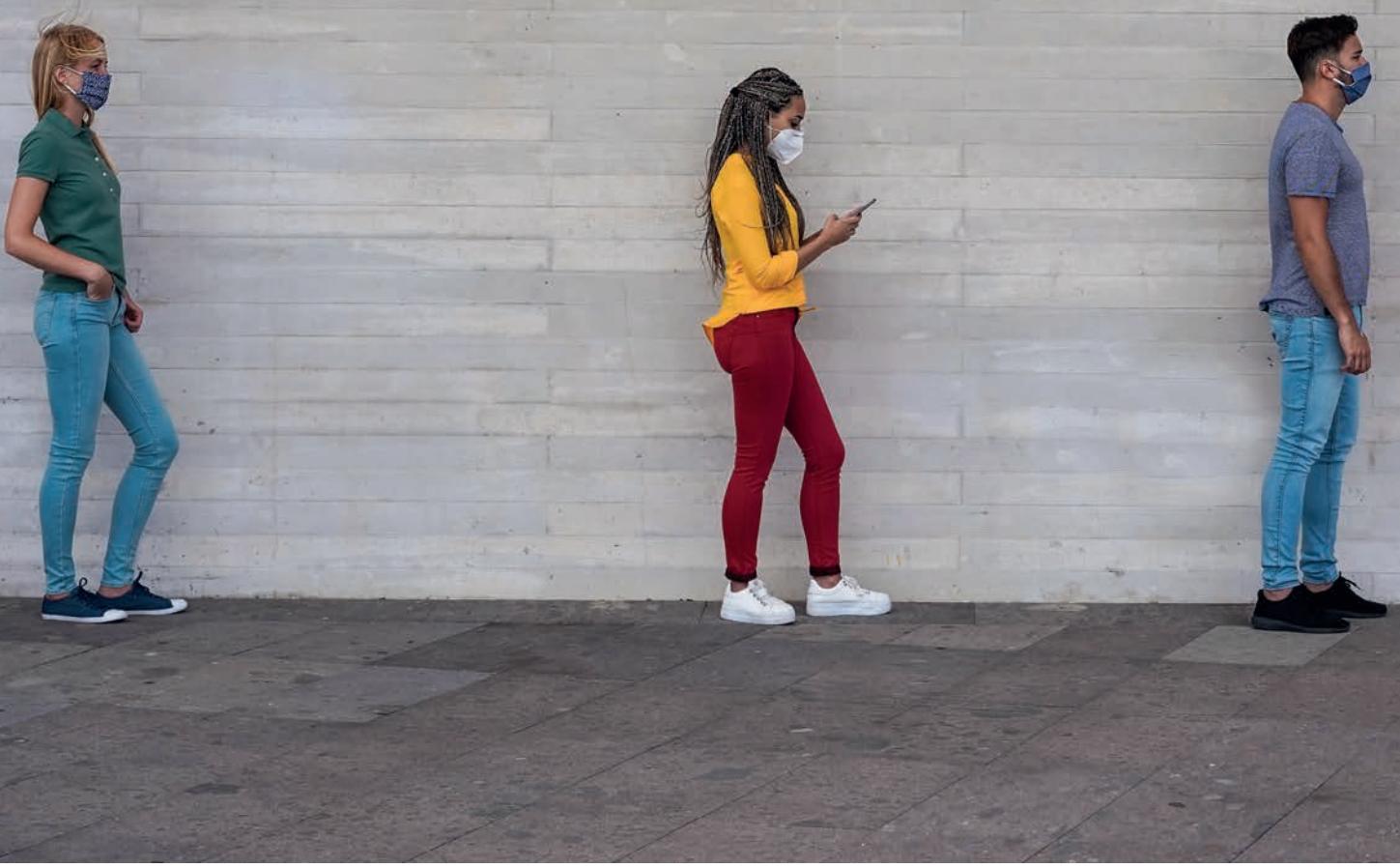


Will you be more likely to shop online or in store now that non-essential shops have reopened?

- More likely to shop online
- More likely to shop in store
- Don't know







CHAPTER 2

THE CONSUMER AFTER COVID-19

Shopping behaviours have been transformed during the pandemic, with the shift from stores to digital the most manifest trend.

As a consequence, retailers have needed to adapt their supply chains quickly by integrating in-store and digital experiences, “all the while ensuring greater efficiency online and offline to improve the customer experience”, says Craig Summers, managing director of Manhattan Associates UK and Ireland.

But what do consumers really want from retailers in the wake of Covid-19? Retail Week, in partnership with Manhattan Associates, surveyed 1,000 UK consumers to gauge how their spending and sentiment has

changed because of the coronavirus, and the key factors that will influence how and where they spend their money in future.

At a macro level, the growing propensity to shop more online is among the most significant of findings.

More than half (53%) say they are still more likely to shop online even though non-essential shops have reopened, versus 32% who are more likely to return to shopping in stores. The split is weighted even more in favour of online among 18- to 24-year-olds, at 70%, but even among the 65+ group 44% opt for internet shopping, versus 33% for stores

When asked for the top reason why they would go to a store rather than shop online



“

The positive experience gap enjoyed by fashion stores versus online has been closed by the pandemic

”

now that lockdown has eased, 24% say to get the product there and then and 23% want to try the product before buying it in store, with a further 12% citing seeing an item before purchasing online. Significantly, only 8% would go to a store for the social experience and enjoyment of shopping.

This shift has major implications for the retailers that during recent years have invested heavily in the experiential side of physical retail in a bid to keep footfall from declining. While social distancing restrictions remain in place and customers are prevented from trying on clothes, store shopping is set to remain less appealing.

What we want from brands now

Writing in Retail Week, Andrew Carlisle, managing director for retail at Accenture notes: “Not too long ago, the talk of the town was all about reinventing retail to make it more of an experience. We were obsessed with building in more reasons to make people stay longer, putting everything from crèches to barbers into stores. Now it’s about getting people in and out as quickly and safely as possible.”

Partner at McKinsey Anita Balchandani, who leads the consultancy’s fashion and luxury practice, tells Retail Week that the “positive experience gap” enjoyed by fashion stores versus online has been closed by the pandemic, adding that “the shift to digital and people getting more comfortable shopping online is something that will sustain”.

Faced with these challenges, retailers with store portfolios will need to find new

ways to build brand loyalty and deliver an outstanding customer experience.

The survey results provided insight into the features and needs the respondents would like to see in the months and years ahead. When asked to rank which factors would make them more loyal to a retailer or brand and more likely to shop with them post-pandemic, value for money emerges as a clear number one at 36%, ahead of great products at 19%.

Convenience and great customer service were consistently important factors, however personalised experiences, loyalty schemes, multiple delivery options, favourable reviews and excellent social media presence rank as less significant drivers of loyalty.

Personalisation has been a key focus for many retailers in recent years and may at some point return as a driver of customer loyalty, but in the wake of the pandemic those surveyed suggest it is not of huge importance right now. When shopping in store, 43% say they are happy to be anonymous and 16% say they would find it invasive if the store associate was able to access their purchase history. Just 14% want an assistant to be able to see a full history of their orders with the retailer and only 17% say they would want them to make shopping recommendations.

Touch-free transactions

One trend that Covid-19 looks certain to accelerate is towards contactless commerce as consumers adopt the habit of using personal devices for making transactions.

SOCIAL RESPONSIBILITY MATTERS

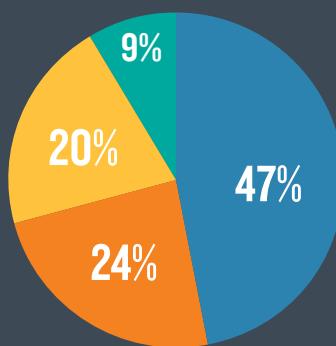
There has been keen debate during lockdown around how far businesses will be penalised by consumers for actions deemed irresponsible during the crisis. A significant number of those surveyed take a dim view of retailers that have not paid suppliers because of cash-flow issues, with 43% saying they are less likely to shop with a retailer as a result.

Asked to name a retailer they consider to have delivered a poor customer experience during the pandemic, Sports Direct is among the names most commonly cited with respondents mentioning its initial decision to keep shops open for as long as possible and a perceived lack of care for customer and staff welfare.

Environmental concerns, meanwhile, have not diminished, with 70% saying sustainability and environmental credentials are very or quite important.

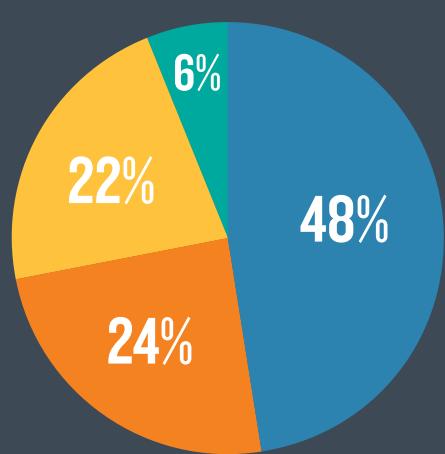
"The mindset of conscious consumerism was growing pre-pandemic and will continue post-Covid-19," says Craig Summers, managing director of Manhattan Associates UK and Ireland. "Consumers are demanding more sustainability, whether that's through minimising waste, transparency in the supply chain or shopping locally. It is therefore up to retailers to tap into these demands by highlighting local services and redefining relationships with the communities they serve."

PRE-PANDEMIC



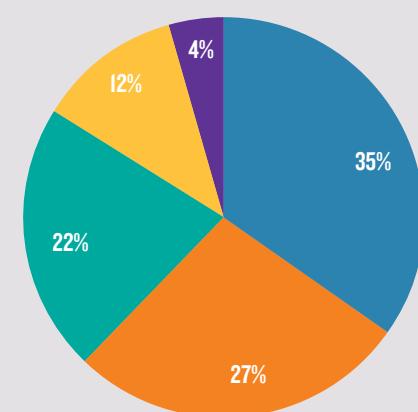
How important are sustainability and environmental credentials as part of your purchasing decisions?

POST PANDEMIC

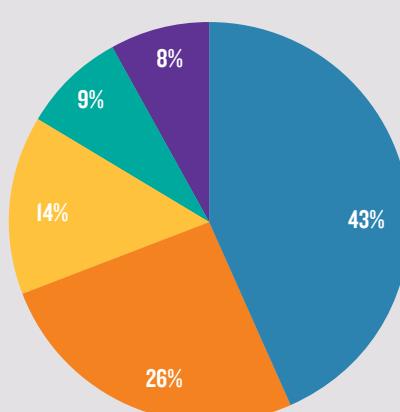


AT CHECKOUT, HOW DO YOU PREFER TO PAY?

POST PANDEMIC



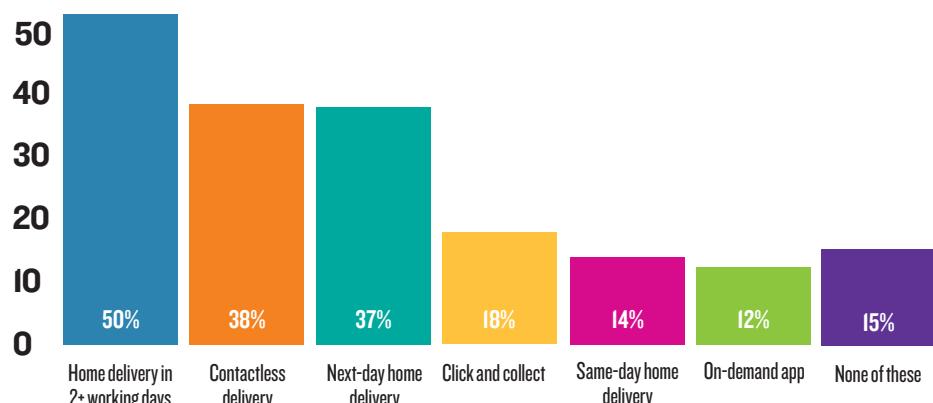
PRE-PANDEMIC



■ Traditional sales counter with fixed point of sale
■ No preference
■ Scan and go

■ Checkout on the shop floor with a store associate and a mobile device
■ No opinion

WHICH DELIVERY SERVICES HAVE YOU USED WHEN SHOPPING DURING THE PANDEMIC?



When asked about the checkout scenario in store, 35% say a traditional sales counter with a fixed point of sale would still be their preferred option; checkout on the shop floor with a store associate and a mobile device is favoured by 12%; while scan and go is the preference of 22%, a significant spike from the 8% who said they favoured scan and go when surveyed by Manhattan Associates before the pandemic, suggesting a growing demand for a contact-free experience.

Apparel retailers such as H&M and Nike have had in-store modes on their apps since 2018, and these features are likely to become commonplace as consumers avoid personal interactions.

Contactless apps that use audio communication, such as Minfo, allow users to do all sorts of tasks, including payments, from two metres away, a greater distance than near-field communication. These are set to play a greater role in the stores of the future as retailers encourage customers to go contactless as much as possible.

Covid-19 is also set to leave a lasting legacy on delivery and returns.

When shopping during the pandemic 85% say they used home delivery or click and collect; more than a third (38%) have used contactless delivery, where the item is delivered outside a property with limited contact with the courier, and 12% have used an on-demand app delivery such as Deliveroo, Uber, or Just Eat, a figure that peaks at 21% for 25- to 34-year-olds and 20% for those in London.

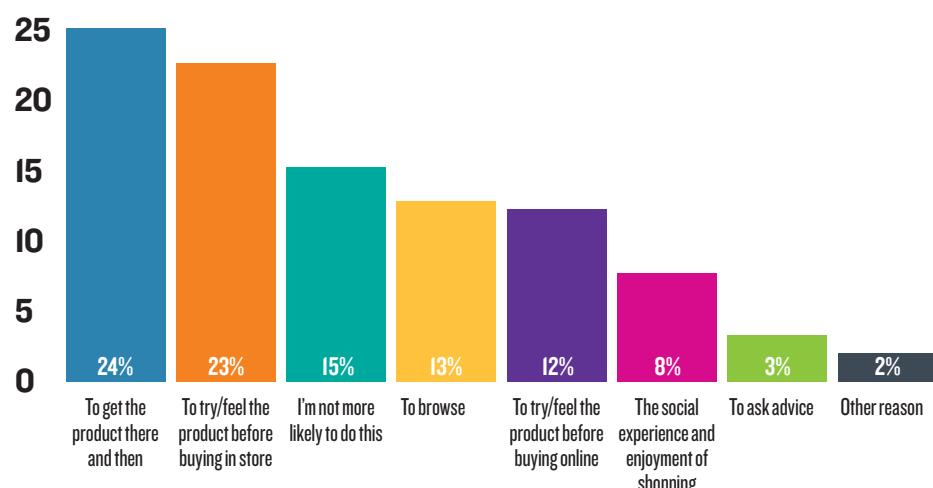
Where returns are concerned, 13% have taken advantage of extended returns policies, while 15% have used contactless drop-off and 11% courier collection from home or roadside.

As more retailers adopt contactless technology it looks set to become a hygiene factor – both literally and figuratively – for consumers in the future.

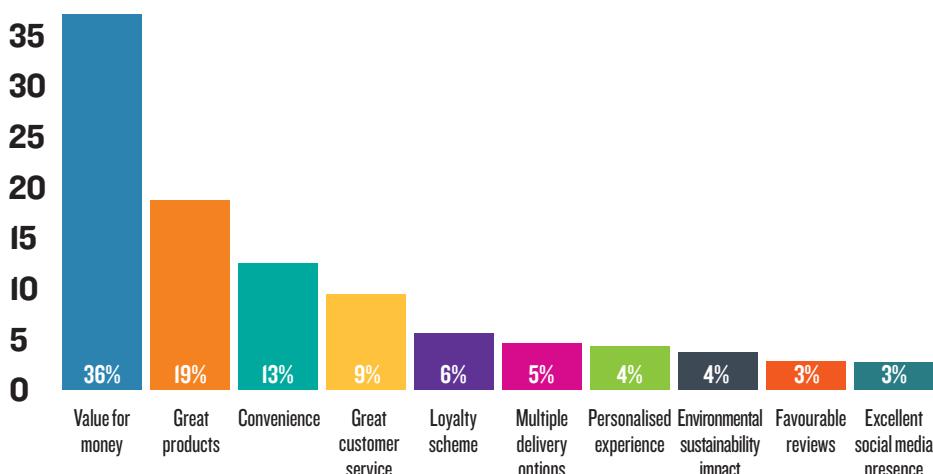
With budgets set to be stretched as retail spending takes time to recover to pre-pandemic levels, targeting investment in the right places will be critical to future success.

The survey results help shine a light on where businesses should be focusing their supply chain investments to deliver an optimal customer experience – for instance while personalisation and virtual AI assistants are low down the list of consumer priorities, contactless delivery and payment options are seen as increasingly desirable.

WHAT IS THE TOP REASON YOU WOULD GO TO A STORE RATHER THAN SHOP ONLINE NOW THAT UK LOCKDOWN HAS EASED?



WHAT FACTORS WOULD MAKE YOU MORE LOYAL TO A RETAILER OR BRAND AND MORE LIKELY TO SHOP WITH THEM POST-PANDEMIC?



HOW THE DISRUPTED HAVE BECOME THE DISRUPTORS

The speed at which the coronavirus crisis unfolded made planning for lockdown near impossible. But many retailers showed an impressive ability to adapt their operations rapidly to meet changing patterns of demand.

"Retailers that have been successful in responding to the Covid-19 disruption are those which reacted quickly to the situation by transitioning to a different structure," says Craig Summers, managing director of Manhattan Associates UK&I. "For example, retailers that were able to quickly develop dark stores, protecting the health and safety of their employees inside while maintaining the customer experience outside."

From a supply chain perspective, three themes characterised the response: collaboration, localisation and data-driven insight.

Swift to deliver

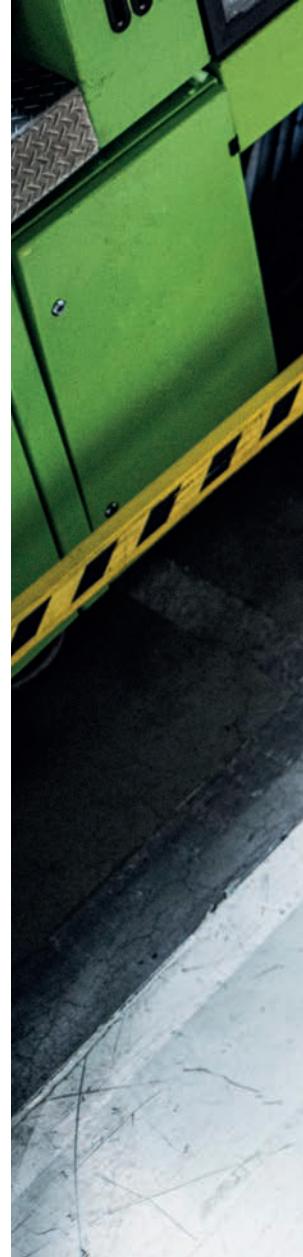
In grocery, where the closure of the food service sector heaped huge pressure on supply chains, there has been an acceleration in partnerships between retail giants and tech innovators to provide food quickly to those isolating at home.

Asda launched a home delivery partnership with Uber Eats from two stores in Leeds and Birmingham, offering 30-minute delivery on more than 300 of its own-brand and branded everyday products.

Aldi piloted on-demand grocery deliveries enabling customers to order from around 200 products to be picked and packed in store and delivered by Deliveroo's network of riders. Following a successful launch in eight stores across the Midlands, the trial was extended to London and Manchester.

M&S, McColl's, Holland and Barrett, Booths and Morrisons also joined forces with Deliveroo to bolster their customer reach, while the food delivery company's introduction of contactless delivery at the start of lockdown meant orders could be dropped off without the need for any contact with a courier.

Sainsbury's reintroduced its Chop Chop service to meet local demand for essential groceries. Initially trialled in its Blackfriars store, the service allows for up to 20 products to be ordered through the app for delivery in as little as an hour, and has since been extended to 20 different UK cities. The innovation supported Sainsbury's efforts to increase the total number of online grocery delivery slots across the UK to over 600,000 per week.





Whitehouse says collaboration among different supply chain partners is owing to "a growth in the number of supply chain capabilities required to operate effectively and efficiently to create flexible, asset-light networks".

Non-grocery retailers have shown similar willingness to form partnerships that improve their digital capabilities and make the shopping experience easier and more convenient for customers.

John Lewis recently announced plans to extend its click-and-collect delivery and returns partnership with the Co-op to more than 500 Co-op stores before the end of the summer. Explaining the move, John Lewis executive director of operations Andrew Murphy says the retailer has seen a significant shift to online shopping throughout the pandemic and expects the trend to continue. "As a result, we are dedicated to providing more choice when it comes to how our customers receive their purchases, helping our customers shop how and when they want us. This includes providing more locations for collection and returns for online shopping."

Many retailers responded to the challenges facing customers isolating at home by adapting their returns policies.

Online orders placed with H&M between March 1 and June 7 were eligible for an extended return policy of 100 days, more than three times the normal term. Delivery promises were also adjusted to account for the strain on warehousing and logistics networks and worker shortages.

With available labour in its European and UK warehouses at 45% and 63% respectively of planned capacity, Asos took the decision to remove next day delivery at the height of lockdown before restoring it as capacity was restored.

Safety first approaches

Throughout lockdown, there was a need to adapt supply chain operations to focus on keeping people safe.

During an 18-day period when Next temporarily closed its UK warehouses and distribution networks, the retailer re-engineered all aspects of its warehousing including the flow of pedestrians and adapting exits, entrances, congregation areas, rest areas and workstations to ensure social distancing and improved sanitation.

Next limited sales to the number of items that could be picked safely on any given day, and when that was reached, it switched its website to browse-only mode, reopening the following morning.

Next gradually increased the numbers of people working in its operations meaning its sales capacity could go up.



GLOBAL NETWORK HELPS MITIGATE DISRUPTION FOR SPAR

Managing and meeting consumer demand amid local lockdowns and social distancing has required a sophisticated understanding of data. With detailed category plans uprooted, Spar has leveraged its global network during the pandemic to share information and allow country teams to prepare and scale up mitigation strategies.

Spar International analysed sales data in markets that went into lockdown at an early stage, such as China and Italy, to identify shopper trends and the impact they were having on sales patterns and the supply chains of key product categories.

Across Europe, Spar country teams reported challenges in procuring grocery items such as pasta, tomato products and

other tinned goods. Spar International responded by using its global sourcing network to purchase from both own-brand and A-brand suppliers.

Prior to the crisis, Spar had online grocery platforms in 12 countries, but within only four weeks this was almost doubled.

By rolling out online capabilities Spar has also managed sales declines in city centre convenience stores and forecourts by offering a greater range of fulfilment solutions, including click and collect and drive-in pick-ups, WhatsApp orders, shop for a friend apps, as well as the creation of essential grocery boxes or care hampers for home delivery to those most in need.

KENDRA SCOTT IMPLEMENTS STORE FULFILMENT WITHIN SIX DAYS

The impact of coronavirus has been keenly felt by retailers across the globe. As shelter-at-home and social distancing measures were implemented in the US, jewellery and accessories brand Kendra Scott was forced to shutter all 108 of its stores, while its main distribution centre in Austin, Texas, was limited to minimum operations.

The retailer responded by working with Manhattan Associates to implement its store order fulfilment solution, which enabled Kendra Scott to start leveraging stores to fulfil ecommerce orders after just six working days.

Switching on the technology meant that 13 stores had the ability to shift more than 95% of allotted capacity without any problems. And focus was also diverted to

optimising the customer website shopping experience. The two companies also collaborated to develop a 'buy online, pick up in store' (BOPIS) and kerbside proposition for customers.

Jim Dunlap, chief information officer at Kendra Scott, says that the store order fulfilment solution was critical in enabling the retailer to manage through Mother's Day, one of its key peak seasons.

He also explains that Kendra Scott intends to continue using store fulfilment once all of its shops are able to reopen as it supports better customer service owing to fewer items being out of stock on the website and order lines cancelled. It also reduces cost with fewer split shipments, and improves customer convenience through BOPIS and kerbside pickup.



NAME ONE RETAILER THAT YOU FEEL HAS DELIVERED AN OUTSTANDING CUSTOMER EXPERIENCE DURING THE PANDEMIC, AND SAY WHY

'Tesco had good measures to protect staff and customers'

'Amazon's service has been as good as before'

'Waitrose has kept me informed at all times'

'Next has been reliable, easy to use and a great returns policy'

'Morrisons was great at social distancing and providing hand sanitizer in its shops'

'Just Eat had fast contactless delivery'

'Marks & Spencer offered extended returns'

'Lidl staff were always helpful and polite'

'I got my New Look delivery within days'

'Iceland has always made delivery slots available and delivered on time'



CHAPTER 4

SUPPORTING SUPPLY CHAINS OF THE FUTURE

Some habits formed during the pandemic are likely to disappear over time, such as social distancing. Others will become a permanent feature of the new consumer landscape. Supply chain strategies must evolve in kind to adjust to new ways of shopping and new expectations of the customer experience.

In a recent blogpost, analyst at market research firm Forrester Michelle Beeson writes that businesses not already embracing ongoing transformation, or delaying it altogether, will suffer the most: “The crisis will force businesses to bring forward the execution of strategic plans for digital operational excellence. As brands and retailers struggle to manage disrupted supply chains, the need to evolve to a connected digital supply chain is highlighted.”

For fashion retailers facing the prospect of suppressed in-store demand for the foreseeable future, the new normal is likely to involve a higher mix of online sales and,

for many, a much smaller store portfolio.

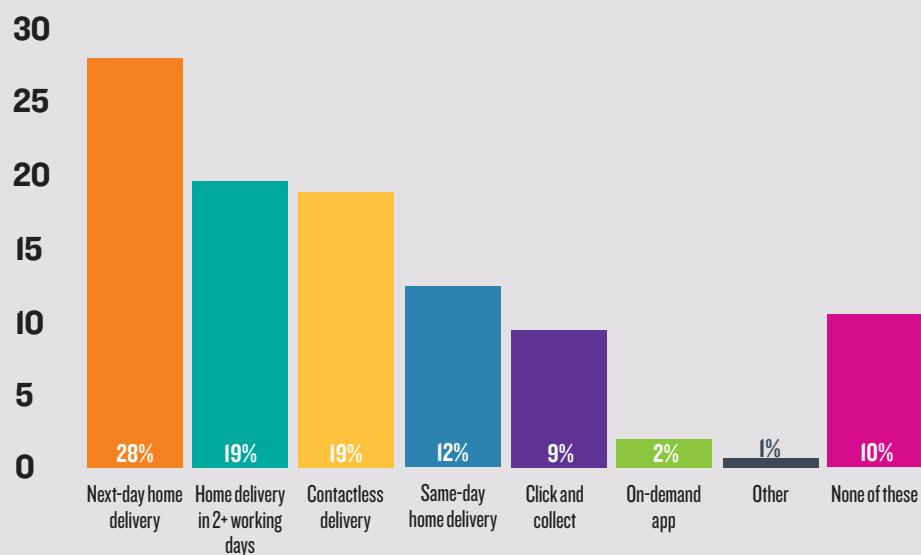
McKinsey’s Balchandani says: “The fashion industry needs to wake up to and solve the problem of overproduction by creating flexible, fast supply chains and stronger collaboration with suppliers based on greater use of analytics, and really understanding what the customer wants.”

Technology will play a key role. Manhattan Associates’ Summers says future supply chains must be more adaptive with analytic driven capabilities to manage increased network complexity and improve decision-making across both planning and execution functions. With the support of predictive technologies such as AI or machine learning, he identifies an emerging focus on retail supply chain control towers that enable better execution, decision-making and reactivity by providing real-time (or close to real-time) visibility of products, people, performance and costs.

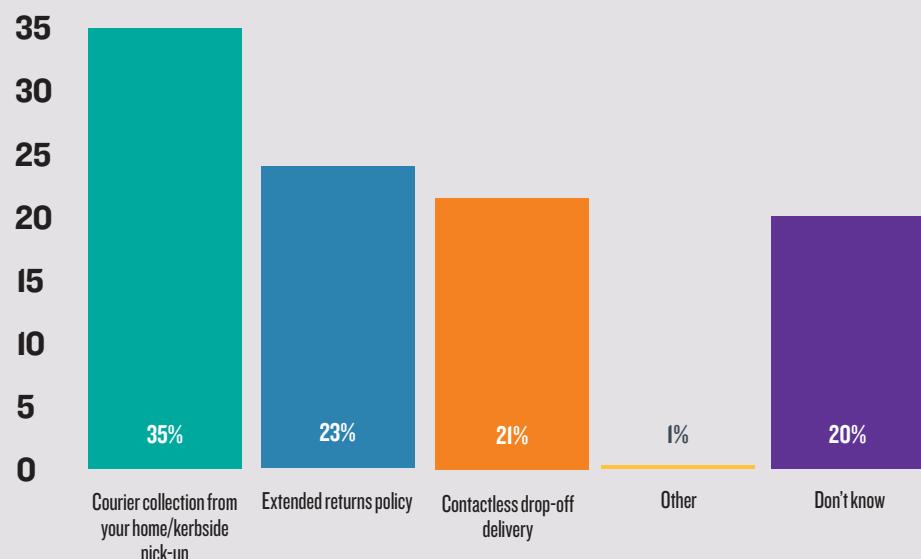
Following a period when measuring



WHICH ONE OF THESE DELIVERY SERVICES WOULD YOU LIKE TO SEE MORE RETAILERS OFFER AS STANDARD POST-PANDEMIC?



OUT OF THESE RETURNS OPTIONS, WHICH WOULD YOU LIKE TO SEE MORE RETAILERS OFFER AS STANDARD POST-PANDEMIC?



supply and demand has become extremely difficult, Summers says supply chain networks will need redesigning based on segmentation to fit a more flexible structure that can quickly adapt moving forward.

"It's time for retailers to assess the role that each distribution centre and store plays in their business," he says, adding that trends include converting traditional stores into dark or partially dark stores and establishing market-based micro-fulfilment centres.

To illustrate the point, in the US Walmart recently went fully operational with a new micro-fulfilment solution that uses robots to pick orders for customer collection from a Walmart supercentre in Salem, New Hampshire. The system is housed in a 20,000 sq ft extension connected to the store, which also serves as a dedicated grocery pick-up point. Autonomous carts retrieve ambient, refrigerated and frozen items ordered for online grocery and deliver them to a workstation from where an employee takes them to the collection point.

Delivery redesign

There's likely to be a lasting impact on delivery and the technology that supports it.

Our survey results suggest the pandemic has not yet accelerated demand for same or next day delivery. While 40% say they would like more retailers to offer these as standard post-pandemic, this figure closely aligns with research carried out by Manhattan Associates before Covid-19 struck.

There is, however, a strong majority (60%) who want more store-based retailers to launch online delivery and ecommerce options. This has potential implications for businesses that have resisted the development of online commerce.

Contactless delivery and returns are also set to become a permanent feature of future fulfilment propositions. While social distancing measures have forced couriers to forego the process of taking a signature on delivery of items, leaving packages unsigned for on doorsteps leaves significant room for human error.

Future technologies, such as biometric mobile systems, promise to speed up the delivery process while reducing the number of incorrectly delivered parcels.

Nuggets is an identity verification app that uses biometric security protected by blockchain to provide proof of identity. A delivery driver can send the customer's digital ID to them and get them to confirm who they are using the app – a process that is both contactless and protected against fraud.

Where to flex your tech

A challenge moving forward for all retailers will be to determine which technologies they should invest in and which will fail to deliver a sufficient return on investment.

Before the pandemic hit, Forrester compiled a list of the top retail technology investments in 2020 based on interviews with more than 60 retail and brand professionals. While AI and machine learning solutions and automated payment technology scored highly, technologies such as augmented reality and home delivery robots were identified as low investment priorities.

"It's very easy to become excited by a new technology solution without understanding if it's the right one to address a retailer's needs," notes Summers, who says retailers need to understand their own potential value proposition, what they're trying to leverage and their expectations and aims.

"It's a case of looking at the providers in the market, evaluating where they are in the development cycle and determining if it's a match for the value proposition you are trying to solve," he says. "If there is a match, the next step is to pilot the potential solution. The key for piloting is establishing and tracking the criteria and metrics, whilst not being afraid to fail. It's important not to continue with a pilot if it's not working – determine the lessons learned and move on."

Contactless delivery and returns are not yet a priority among a majority of consumers – only 19% of those surveyed say they would like to see more retailers offer contactless delivery as standard post-pandemic with the figure rising to 21% for drop-off returns.

However, as more retailers adopt the technology it seems likely to fast become a consumer expectation. Standing still in this new post-Covid19 world just isn't an option.



It's very easy to become excited by a new technology solution without understanding if it's the right one to address a retailer's needs



SIX KEY TAKEAWAYS

1

The coronavirus pandemic has brought about a rapid acceleration in the shift from stores to online. Retailers that have been successful in coping with the disruption have moved quickly and effectively to adopt new technologies and build new supply chain capabilities.

2

Collaboration is a trend that is here to stay. Rather than spend time and money building their own supply chain capabilities, retailers should access flexible, asset-light networks by partnering with third parties and other non-rival retailers.

3

With uncertainty over future levels of customer demand, data and analytics will be key in managing inventory and getting product where it is needed quickly and in a way that is convenient for the customer.

4

The crisis has helped crystallise which technologies are ‘nice to have’ and which are fundamental to the customer experience. Retailers should identify those technologies that will add future value and set their investment priorities accordingly.

5

Retailers must assess the role that each distribution centre and store plays in their business. Expect to see greater volumes of traditional stores converted into dark or partially dark stores and a growing number of micro-fulfilment centres.

6

As we move into the recovery phase, retailers should look beyond the immediate challenges and see the pandemic as an opportunity to rethink their supply chain strategy for the long term.



MANHATTAN ASSOCIATES ACTION POINTS

Rather than the last mile, think first mile.

From click to dispatch, first-mile represents the journey from the point at which a consumer places an order to the time it is picked, packed and dispatched, including every aspect of the supply-chain process that makes this possible. Two fundamental areas stand out in the first mile of the supply-chain journey that ensures success and drives customer satisfaction:

- **The warehouse.** Focus on the role of technologies to maintain the efficiency and productivity of the click-to-dispatch process. The technology that operates a warehouse during the first mile of a product’s journey is key.
- **Inventory.** Address visibility across the supply chain. If you have visibility, you should be able to sell it. Open-architecture IT, including cloud and microservices, as well as machine learning and AI can ingest more data and predict demands on the supply chain. In turn, you can be more effective in allocating inventory and rolling out new delivery models (like click-and-collect or curbside pick-up).



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Why not book in one of our experts to present the findings to your team, examining what they mean for you and your business.

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