INCREFF

Retail and Ecommerce

Merchandising and Supply Chain Solutions Toolkit

As the ecommerce industry evolves, layers of complexity in handling operations, managing warehouses and picking the right inventory are being added to the business. To stay ahead of the competition, leveraging technologies like AI, Machine Learning, Predictive Analytics and Data Modeling has become a necessity.

The number of channels through which ecommerce companies reach out to their markets is ever expanding, and so is the product breadth and depth. These complexities have to be handled keeping in view the dynamics of the local and regional markets, product trends, competitive tactics and buying patterns.

Ecommerce companies are increasingly investing in Warehouse Management Systems to:

Simplify their operations

Ensure that their offerings and deliveries are always in line with customer expectations.

Enable them to strategize better

The global warehouse automation market is expected to grow from **$15 billion in 2019 to $30 billion by 2026.**

This growth is propelled by the increasingly globalized supply chain networks, growing competition in the industry and higher order fulfillment expectations of customers. This highlights the growing importance of Warehouse Management System as an integral component of the retail supply chain.

Using WMS for Top-Notch Customer Service

Growing ecommerce businesses are rapidly leveraging the various components of a warehouse management system to enhance efficiency, increase asset utilization, monitor orders with great transparency, improve accuracy and reduce errors. A WMS enhances operational efficiency by closely monitoring work processes. It enables you to make the most of your labor and optimize the utilization of physical spaces in a warehouse. **Here we discuss some of the key features of Warehouse Management System.**

KEY FEATURES OF WAREHOUSE MANAGEMENT SYSTEM

Optimizing warehouse layout and flow

Labor optimization

Real-time inventory tracking

Picking and Packing efficiency

Shipping and order fulfillment

Forecasting and reporting

Optimizing Warehouse Layout and Flow

An ecommerce warehouse management software system allows you to optimize your warehouse layout so that you save space, streamline your processes and waste no time in fulfilling orders. Scanning devices that are integrated with your WMS indicate the best areas to shelve your product in the warehouse. It also suggests strategies for better slotting based on the type of goods. WMS comprehensively handles order management, that is, receiving and creating sales orders, putawayput away, picking, packing, shipping and returns.

Labour Optimization

As ecommerce companies grow in size, managing the staff can become a serious challenge in terms of scheduling, payrolls and performance control. This becomes all the more important in the context of dynamic demand or peaks and trough of seasonal variations in business. Schedulers help predict the number and type of labor required on a given day. By keeping a track of essential performance KPI's of the workers, managers can monitor them, and identify their training needs or plan rewards for out-performers.

Real-Time Inventory Tracking

Inventory warehouse management systems use RFID tags and barcodes to keep track and gain visibility into your inventory throughout the supply chain over any device —smartphone or computer. This allows you to keep tabs on your operational efficiency, identifyefficiency, identify bottlenecks in your supply chain, and enables you to keep a running total of the status of each product or SKU.

Picking and Packing Efficiency

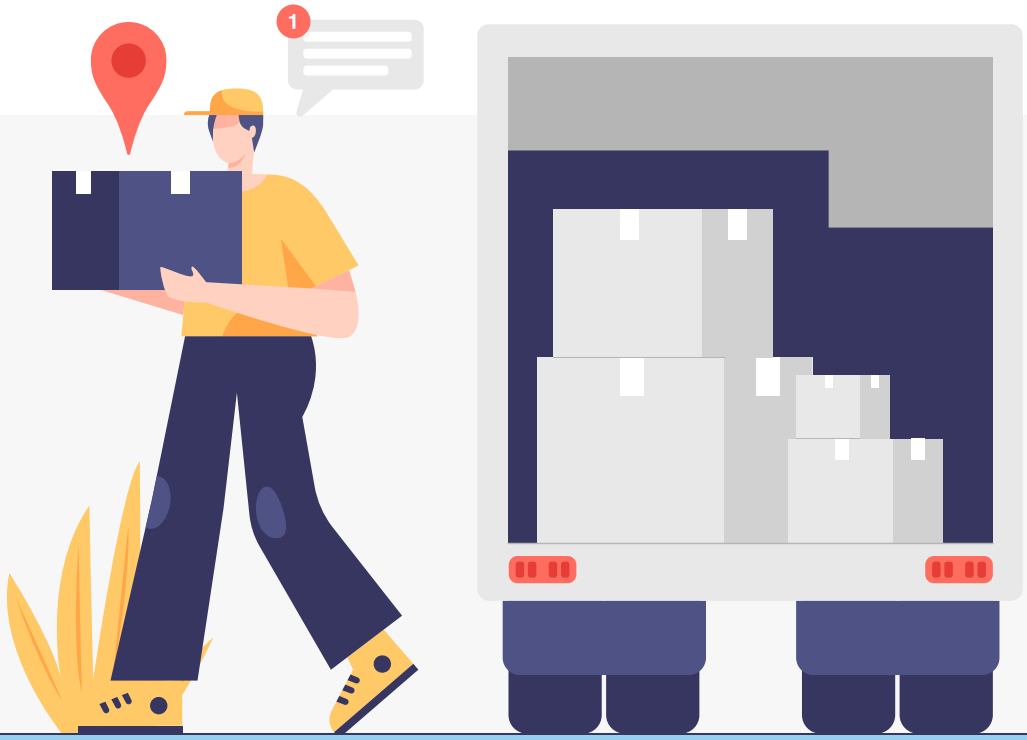
A WMS guides warehouse staff to pick and pack the items in the most efficient way possible. Accurate picking and packing makesmake a significant difference to ecommerce returns as many customers receive wrong goods as a result of inaccurate picking. By significantly reducing your picking and packing time, a WMS enables you to fulfill orders quickly and meet customer expectations every single time.

Shipping and Order Fulfillment

With an automated Warehouse Management System, you can streamline your entire order process by integrating your customers' requirements into the workflow and also incorporating ecommerce order fulfillment outsourcing solutions. You can measure the success of your ecommerce fulfillment process by maintaining transparency and furnishing performance reports. WMS allows you to fulfill your orders from multiple locations while keeping the overall shipping costs under control.

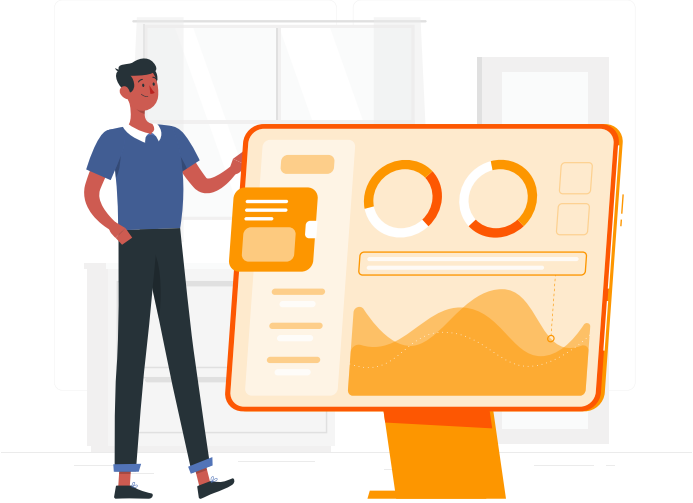
Forecasting and Reporting

WMS can be used to sum up a wealth of information in the form of reports that can be used as a guide for future improvements and strategizing by managers. Customer order data helps them forecast, plan and consider alternatives and make the right decisions about the inventory. Better stock control and write offs can enable them to minimize outdated stock from the warehouse. Using historical data and shipping movements, managers can forecast future requirements and improve how to meet customer demands.



Make Buying and Planning Easy and Effective

Buying and planning inventory is a crucial aspect to meet customer demands in a timely, cost effective and efficient manner. Assortment planning enables clients to decide which products and varieties are sold at a particular location, at a particular time. **This way they can meet customer expectations, avoid dead stock, capture maximum sales and maintain profitability.**



The fashion retail supply chain is subject to trends and seasons which necessitates meticulous planning in choosing the inventory. Weather, festivities and holidays further add to the complexity. Dealing with these dynamic parameters which determine demand requires the use of automation which leverages data, AI and analytics, that lie at the heart of an assortment planning software.

An ideal assortment planning software enables retailers to reconcile their budgets and financial constraints with the inventory purchase decisions, maximizing their margins and minimizing risks of shortfall. Data-backed insights help determine the balance between the depth and breadth of each product category to meet customer demands. Cross merchandising and visual merchandising help boost sales further by tapping into past customer behaviors and buying patterns.

Automating Allocation and Replenishment

Given the intensely competitive ecommerce scenario, retailers require advanced planning in localized assortments by maintaining a customer-centric approach. Automated allocation requires retailers to maintain a history of data to support review, analysis and forecast. **By maintaining and utilizing algorithms, retailers are able to make the right allocation decisions every single time. It also provides the ability to take into account various special factors and parameters that impact allocation and merchandising decisions**.

Automation of replenishment means data-backed decisions are taken to ensure the right levels of stock are reordered for a particular market to avoid over or under-stocking. It maintains a history of the data to enable analysis and ensure highest levels of profitability. A replenishment system provides the interface to the latest assortment plan and passes information to back the picking and shipping process in the warehouse.

Solutions for Distributed Inventory Management

Distributed inventory allows retailers to fulfill demand at the hyperlocal levels and meet the various challenges in retail supply chain management. Automation enables retailers to use built-in algorithms and analyze customer demand at the PIN code levels. This is followed with placing the right amount of inventory at the right warehouse to avoid shortages, capture maximum sales locally and keep logistics costs under control. Based on past shortages at a given warehouse, auto reorder points can be set which prevent inventory imbalance in the future. Amidst all the transfer and reordering, the distribution module enables retailers to safeguard the inventory by maintaining accurate records to avoid losses due to errors or pilferage.

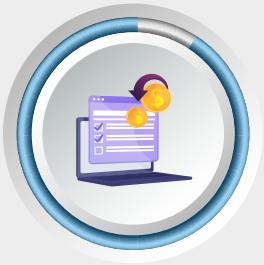
Automated solutions empower retailers to bridge the supply demand gap effectively based on the analysis of historical data tempered by parameters like seasonality and fashion trends. **Better inventory control in the local warehouses helps avoid overstocking, enhances exposure of inventory and eliminates the accumulation of outdated items.** By integrating data related to store-level parameters such as recency, festivity and seasonality, it ensures that the inventory is tailor-made for a particular warehouse. Constraints like store capacity and parameters like revenue targets are taken into account while taking inventory-related decisions.

Staying Ahead with Competitive Markdown Management

Since customers these days actively compare product prices on various competing retail websites and physical stores, automated markdown management becomes quite essential. It operates on the presumption that brands function in ultra-dynamic market conditions and product prices must reflect the changes. **It enables retailers to take a wide view of factors such as input costs, demand, competitors' prices and business goals while determining prices.** By integrating these factors into dynamic and complex algorithms, retailers can analyze and forecast the change in demand with the change in potential price levels. By arriving at an optimized level of selling prices keeping these diverse set of factors in view, retailers can gain a competitive edge in the market while at the same time meeting their business objectives.

Rather than using speculation or simply past trends to determine prices, price optimization modules enable retailers to use data that matters. Retailers can also devise product portfolio pricing to avoid in-house competition amongst products. Dynamic pricing helps achieve better inventory turns, improve cash inflows and in the process identify and capitalize on the best sellingbest-selling products.

Optimize Returns for Maximizing Profits



In a survey, **92%** customers said that the range of options with regard to returns in ecommerce is an important consideration in their purchase decision.

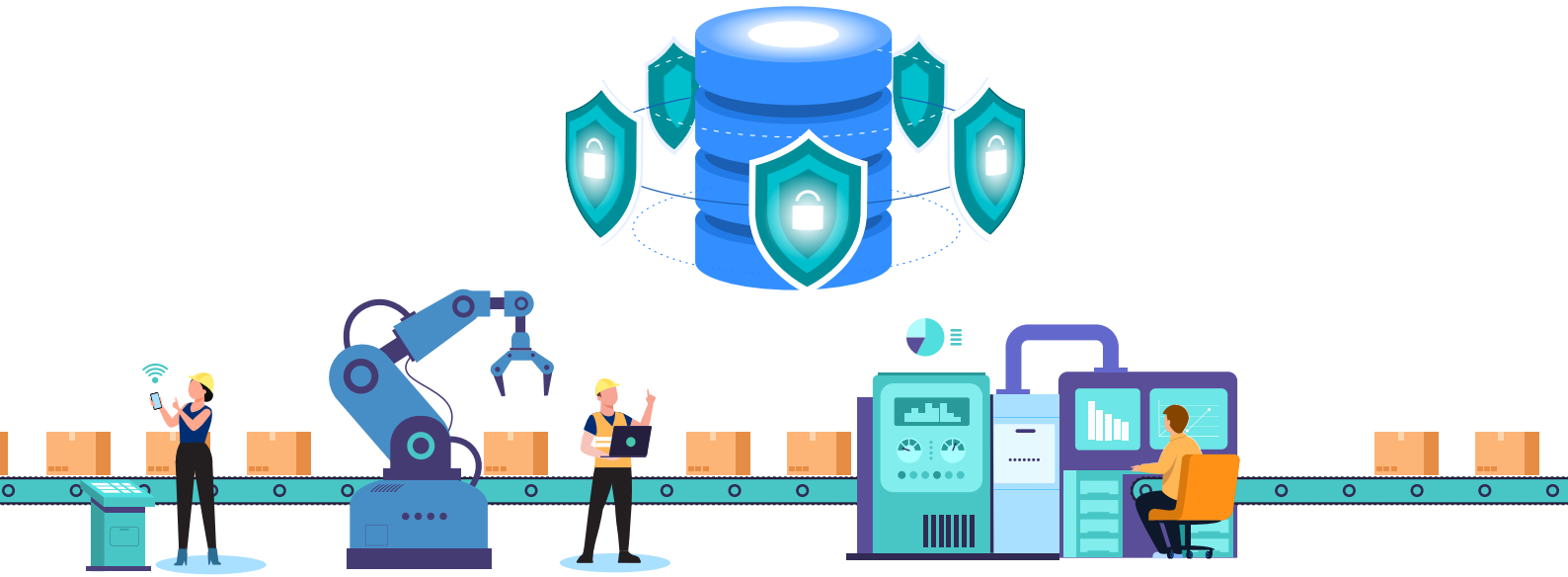
As e-commerce companies expand their business operations, they are confronted with the question of how to manage returns. For this, businesses must incorporate ecommerce returns best practices from across the industry, and also automate the returns management process. This enables retailers to turn challenges into opportunities, by offering exchanges, credits for repurchase or at the very least quick reverse logistics and resale. By automating their return workflows, retailers can drive repeatable processes and consistent routing which is faster and highly efficient, making return management in ecommerce a smooth and highly efficient process.

By automating the generation of labels and return documents, fewer delays take place and a more consistent inbound return stream is established. With the help of user profiles, some solutions help simplify the return process by having the location, payment terms, service contracts and all other relevant information in one place. Sorting the product on the basis of their condition on return is an important consideration for resale and refund. Automated ecommerce return management solutions provide a comprehensive and detailed information on a returned product, often including images and comments on their condition.

Web-based returns management software allows users to perform return management tasks from any location with great convenience. Real-time ecommerce returns tracking allows users to gain shipment visibility throughout the business network on a web-based portal or automated notifications. **A comprehensive analysis of past returns data helps retailers gain deep insights for the major reasons behind returns and frame strategies to eliminate or reduce them in the future.** Whether it is the product or supply chain related issue, the retailer can zero in and fix responsibility on the right teams, following it up with decisive action.

Cloud Warehousing for the Best WMS Experience

A number of benefits that are simply unimaginable in an on-premise WMS are provided by a cloud-based system. As the number of SKUs increases, traditional WMS solutions may be unable to handle the scale due to their limited capacity. This is often true in times of peak demand such as holidays and festivals. Cloud-based WMS ensures you have the required scalability to manage the spike in demand effectively, avoid bottlenecks and delays in fulfillment. Likewise, cybersecurity is a critical issue that retailers do not need to invest in if they are using a cloud-based WMS solution. The vendors invest significantly in cybersecurity initiatives, protocols, software and audits.



Cloud-based WMS solutions allow retailers to benefit from multiple functionalities of a single warehouse system like Warehouse Execution System (WES) and Warehouse Control System (WCS). It also integrates seamlessly with the ERP solutions of the retailer often including home-grown software. Investing in an on-premise software can be costlier as compared to a cloud-based solution. The latter may offer SaaS payment models enabling retailers to replace CAPEX with OPEX. There is also an added and regular expenditure of software upgrades which further add to the costs of a WMS solution. With cloud-based systems however, upgrades and maintenance are completely handled by the vendor. A cloud-based solution is also suited for today's omnichannel ecommerce by infinitely broad scaling products and variety to meet customer demands.

Operating in a neutral environment, cloud-based systems are believed to offer faster processing power as the capacity is infinitely large and downtime is very low. In the dynamic ecommerce industry, downtime and low processing power can mean customers switching over to competitors in a split second.

Finally...

Today's highly competitive ecommerce landscape has no space for tedious and time-consuming WMS solutions that impact your efficiency and affect customer experience. Retailers more than ever before have to cater to a diverse set of challenges that can only be met with a comprehensive view of their supply chain. This includes optimizing warehouse space, managing dynamic pricing in local markets, accurate assortment and merchandising, highly efficient returns management, reporting and forecast for developing long-term business strategy. **A comprehensive merchandising and retail supply chain management toolkit based on automation, algorithms and data analytics is therefore indispensable when ecommerce players are looking to gain a significant edge over their competitors and providing high-quality customer experiences.**

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