

TAKING THE LEAD IN THE RETAIL RACE

3 business strategies for multi-category retailers to get ahead in a rapidly shifting marketplace



Does it feel like the retail industry is changing too fast? The online shopping boom and the fragmentation of market segments create uncertainty for multi-category retailers who can struggle to react quickly to sudden changes in trends and consumer behavior with new, online players making an always competitive marketplace even more fierce. How can retailers increase profit margins and stay competitive as the retail landscape changes?

NAVIGATING NEW TERRITORY

Online retailers such as Amazon and Alibaba are often blamed for the demise of the high street, but they don't just represent competition – they represent change. Consumers want and expect the immediacy and convenience of online shopping, and it's up to retailers to react to that psychological shift.

Multi-category retail giants that have built up complex sourcing infrastructures over decades now have to change their model, become more agile, lean and fast to get trend-right products to market by adding multiple channels, varying product offers for regional customers with the ability to shop online 24/7.

However, retailers often rely on spreadsheets, emails, phone calls and paper documents to handle sourcing and co-create products with suppliers all over the world. This makes it very difficult to track the progress of products from concept to market and leads to errors, wasted time and a lack of overall visibility.

Sadly, a shocking 50% of new product introductions fail to meet sales targets¹, wasting time and money at a time when resources and margins are being squeezed more than ever.

For many retailers, the answer is to physically expand while adding more products, new product lines and more private label goods. New stores and product lines in new locations equals new customers. However, global expansion brings unique challenges. Retailers have to get the product mix right for each location, matching cultural preferences, sizes and tastes. Global channel growth requires retailers to meet new regulatory and labeling requirements and handle multiple languages and currencies.

How can retailers thrive in the face of these challenges? Even in this challenging scenario, some retailers are confidently adapting to the times. Driven by the power of innovative, digital tools such as Product Lifecycle Management (PLM) solutions, successful retailers are pursuing business strategies to increase profit margins, stay agile and competitive and create a foundation for success.

Here are three critical strategies retailers use to get better products to more channels, faster.

¹ <https://www.mycustomer.com/marketing/strategy/why-do-half-of-all-productservice-launches-fail>

BUSINESS STRATEGY 1: Private label product development



PRIVATE LABEL PRODUCT DEVELOPMENT

Private label products are no longer perceived as poor-quality versions of household brands. Six out of 10 consumers in the USA have bought more own-brand products recently, and private label product sales were up 4% in 2017 – that’s 8 times more than name-branded products which experienced less than 0.5% growth.²

Developing high-quality private label products should be a pillar of any multi-category retailer’s business strategy. Private label products offer strategic benefits; they provide exclusivity, are generally more profitable, as retailers can control costs more easily, and can be used to offer innovations and more product variety.

Whether retailers are developing private label products from scratch, co-creating them with suppliers, or sourcing products and packaging them as own-brand or white label, creating an effective private label assortment presents challenges.

To plan and manage assortments for different locations that hit the right mix of good/better/best, specialty, premium and seasonal products, retailers need powerful visibility from sourcing to merchandising to retail. A comprehensive view of current offerings in any category helps to ‘fill in the blanks’ with private label products.

On the collaboration side, relying on email, spreadsheets and other documents to manage private label planning and development can lead to data entry errors, tracking problems, miscommunication and missteps in assortment planning that hit bottom lines.

PLM solutions improve product development efficiency by eliminating tedious manual data entry in endless spreadsheets and reducing costly

“CENTRIC PLM WILL HELP US TO ACHIEVE NOT ONLY OUR OPERATIONAL GOALS, SUCH AS REDUCING TIME TO MARKET AND OPTIMIZING THE VALUE CHAIN, BUT ALSO OUR OBJECTIVES OF EXCELLENCE FOR OUR CUSTOMERS AND ALSO FOR OURSELVES.”

**GRÉGORIE BONTE, PROJECT MANAGER,
AUCHAN RETAIL**

**THE WORLD’S NO. 11 FOOD RETAIL GROUP,
OPERATING IN 17 COUNTRIES AND 3,715
POINTS OF SALE.**

and time-consuming errors. Decision-making is enhanced, as it’s possible to see complex product mixes across branded and private label assortments to identify development opportunities.

Enhanced team communication is the most immediate effect of investing in PLM. Product designers and developers can connect directly with merchandising teams and suppliers to share the most up-to-date product information and assortment plans, making it possible to track progress against the in-season plan and optimize assortments faster to increase product introduction success.

To cope with the challenge of adapting product mixes for different regions, retailers can use PLM to develop assortments that are customized by different regional factors such as sizes, price points and channels. Companies can successfully bring the same products to market in different locations without reinventing the wheel each time.

² <https://progressivegrocer.com/retailers-can-own-private-label-moment>

BUSINESS STRATEGY 2: Drive global multi-channel growth and market expansion



DRIVE GLOBAL MULTI-CHANNEL GROWTH AND MARKET EXPANSION

Channels are disintegrating for customers and brands that don't provide integrated experiences are likely to lose revenue.³ With smart devices in hand, shoppers compare products across social media, retailers' websites, comparison websites, Amazon and eBay as well as in store. Price and convenience are the two most important factors influencing buying decisions and it's easier than ever to compare prices and delivery options.⁴

Retailers are responding to meet consumer demand and grow the channels that show the most promise. Developing a multi-channel strategy is about selling through more online channels as well as opening more stores in new locations. It's a fundamental growth strategy that focuses on selling more products, in more places, to more people.

However, handling inventory and planning assortments to sell through multiple channels quickly becomes very complicated. Selling in different geographies can mean managing many different currencies, languages, packaging types and labeling requirements. And when you scale up the platforms you sell on, forecasting to make

sure orders will be fulfilled down the line becomes incredibly difficult.⁵

PLM solutions give retailers unparalleled visibility for effective merchandise planning, reducing the risk of inventory shortages once products hit shelves. Merchandising and product development teams can create 'what-if' scenarios and automatically calculate how product costs affect margins to take the guesswork out of product introductions. PLM makes it easier to create or source the right products during the development phase instead of shifting inventory around later, which drives up shipping costs, or missing out on sales completely.

By integrating PLM solutions with enterprise systems that handle inventory and point of sale information, region- and channel-specific data can be used for smarter assortment planning. PLM offers a central repository of up-to-date product data, making it easier to create a seamless online and bricks-and-mortar customer experience by pushing harmonized product information out across multiple channels.

3 <https://www.retailcustomerexperience.com/articles/the-four-benefits-of-multi-channel-retailing/>

4 <https://www.bigcommerce.co.uk/blog/multi-channel-retailing/#advantages-of-multi-channel-retailing>

5 <https://www.bigcommerce.co.uk/blog/multi-channel-retailing/#advantages-of-multi-channel-retailing>



Different online platforms may require you to rewrite or reformat product data, and even if they don't, it can be beneficial to tailor product information to different sales channels. When expanding internationally, accurate product data translations and transparent pricing are crucial to building trust in new markets.⁶

Retailers pursuing a multi-channel expansion strategy should look for a PLM solution that can streamline the go-to-market of products destined for multiple markets and/or channels, enabling users to develop once and sell globally in local currencies, languages and in compliance with local labeling requirements.

“FOR THE REALIZATION OF OUR DIGITAL COMMERCE AND RETAIL STRATEGY, THE SYSTEM ALSO REPRESENTS AN IMPORTANT BACKBONE WHICH MAKES IT POSSIBLE FOR US TO BRING NEW BUSINESS SCENARIOS TO MARKET AND ACCOMMODATE A MORE SEAMLESS EXPERIENCE BETWEEN ONLINE AND OFFLINE FOR OUR CONSUMERS.”

DAN FRIIS, CEO, BESTSELLER FASHION GROUP CHINA

ONE OF CHINA'S LEADING FASHION RETAILERS OPERATING MORE THAN 7,000 STORES IN OVER 500 CITIES THROUGHOUT CHINA.

⁶ <https://www.webretailer.com/lean-commerce/multi-channel-retailing-2018/#/>



BUSINESS STRATEGY 3: High volume sourcing



HIGH VOLUME SOURCING

Sourcing can be one of the biggest bottlenecks in the journey of products from concept to storefront. Time spent waiting for quotes, email replies and samples or prototypes eats into tight timelines. A lack of visibility into margins and the progress of products in production causes frustration and can hit profits in the long run.

High-volume sourcing strategies can involve bulk buying from selected suppliers for an entire group of companies which creates stronger, more collaborative relationships with these suppliers. Alternatively, retailers use multiple suppliers to compare offers and achieve more competitive pricing.

Both of these approaches present challenges. Relying on a small group of suppliers risks creating a lopsided trading partnership that can cause disruption across an entire business if problems arise.⁷ However, sourcing from multiple suppliers involves comparing large volumes of up-to-date information to ensure you always get the best combination of quality and price.

PLM solutions can support high-volume sourcing strategies for retailers, streamlining product sourcing and raw materials buying by centralizing all product-related data to eliminate multiple spreadsheets and thousands of emails which vastly improves supplier communication, reduces

“A LACK OF VISIBILITY INTO KEY THINGS LIKE MARGINS, EXCHANGE RATE, AND SUPPLIER LOADING WAS CAUSING US SIGNIFICANT PROBLEMS.”

**RENÉE JAIN, SUPPLY CHAIN SYSTEMS
MANAGER, ACKERMANS**

**A VALUE FASHION RETAILER OPERATING
MORE THAN 450 STORES IN FIVE COUNTRIES
IN SOUTHERN AFRICA.**

costly errors and eliminates hours of tedious manual data entry work.

For retailers sourcing from multiple suppliers, a PLM solution with high-volume sourcing capabilities empowers direct-to-factory sourcing by launching and evaluating supplier requests en masse. Users can issue briefs to many suppliers and agents simultaneously, while automatically consolidating Request for Quotation (RFQ) responses and supplier notes in one centralized digital space.

As responses come in, retailers can work directly with suppliers in PLM to make decisions about products and seamlessly launch development, dramatically increasing product innovation and the number of products launched.

⁷ <http://spendmatters.com/2013/02/28/evaluating-supply-chain-risks-with-single-vs-multiple-vendor-sourcing-strategies/>



Conclusion

Supporting business strategies with Centric PLM

The retailers quoted above have one thing in common: they selected Centric Software as a PLM partner. Centric PLM includes a host of innovative digital tools to support key business strategies for multi-category retailers.

Centric Software partners with large retailers and brands on innovations that empower new and agile business strategies for the fast-moving multi-category retail environment. Centric PLM offers a 'single version of the truth' for all product-related data from concept to retail. Powerful merchandise planning capabilities and integration with other enterprise systems makes it easier to plan assortments effectively, develop the right private label products for the right markets and gain visibility across multiple channels.

“WITH CENTRIC PLM, WE ARE LEVERAGING INNOVATIVE TECHNOLOGY TO COLLABORATE MORE CLOSELY WITH OUR VENDOR PARTNERS SO THAT BIG LOTS TEAMS CAN PROVIDE OUR CUSTOMERS WITH IMPROVED QUALITY, FASHION AND VALUE.”

**RYAN SHUSTER, VP OF
GLOBAL SOURCING, BIG LOTS**

**AN AMERICAN RETAIL COMPANY WITH
OVER 1,400 STORES IN 47 STATES.**



The latest version of Centric 8 PLM facilitates high-volume product development and sourcing with tools that enable the simultaneous development of hundreds of styles and multiple seasons, streamline the development of goods for multiple markets, and make it possible to quickly consolidate, compare and act on supplier responses to RFQs. Advanced sampling features streamline and automate sample reviews with mobile, 3D technology and AI technology to visually search style libraries for materials that can be re-used and re-ordered from suppliers.

Centric Visual Innovation Platform (Centric VIP) is a groundbreaking family of digital design, buying and assortment planning boards for touch-based devices that transforms the planning and launch of products for retail, wholesale and e-commerce channels.

Centric's unique PLM mobile apps ensure product quality and protect brand reputation. The Final Inspection module and associated app transforms quality assurance by replacing paper-based processes with a digital solution that speeds up product evaluations and gives quality managers unprecedented visibility into

inspections in progress. On the customer-facing side, the Retail Review mobile app enables store reviewers to easily measure, analyze and encourage improvement of standards and programs in stores to protect brand integrity.

For multi-category retailers adapting to dizzying shifts in consumer behavior and the flexibility of online competitors, getting ahead is not just about producing more and more products or pushing harder to increase speed to market with existing resources.

Retailers concentrating on core strategies of private label development, multi-channel expansion and volume sourcing need to be agile. This is where digital tools like PLM can make the crucial difference, giving retailers the visibility, transparency and efficiency, they need to support more high-level strategic objectives and cope with change.

Find out more about how Centric PLM can support your retail business strategies at www.centricsoftware.com and book your personalized demo today.



ABOUT CENTRIC SOFTWARE

From its headquarters in Silicon Valley and offices in trend capitals around the world, Centric Software provides a Digital Transformation Platform for the most prestigious names in fashion, retail, footwear, luxury, outdoor and consumer goods. Centric Visual Innovation Platform (VIP) is a visual, fully digital collection of boards for touch-based devices like iPad, iPhone and large-scale, touch-screen televisions. Centric VIP transforms decision making and automates execution to truly collapse time to market and distance to trend. Centric's flagship product lifecycle management (PLM) platform, Centric 8, delivers enterprise-class merchandise planning, product development, sourcing, business planning, quality, and collection management functionality tailored for fast-moving consumer industries. Centric SMB packages extended PLM including innovative technology and key industry learnings tailored for small businesses.

Centric Software has received multiple industry awards and recognition, including being named by Red Herring to its Top 100 Global list in 2013, 2015, and 2016. Centric also received Frost & Sullivan's Global Retail, Fashion, and Apparel PLM Product Differentiation Excellence Award in 2012 and 2016 and Frost & Sullivan's Global Product Differentiation Excellence Award in Retail, Fashion, and Apparel PLM in 2018.



www.centricsoftware.com