

3 Key Elements to *Meet Service Demands in Retail*

In the competitive world of retail, offering exceptional service is essential to stand out and satisfy customer expectations. To make your business shine, it's crucial to focus on 3 key elements.

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Delphus Consulting 2024

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1. Catalog Control: The Perfect Menu

Imagine you're in a restaurant and the menu is outdated. Some dishes are unavailable, others have changed ingredients, and some aren't even listed, or they're written somewhere else. Another important aspect of building a menu is balancing the amount and variety of appetizers, main courses, and desserts to captivate and attract a wide range of diners. The same happens in retail in two dimensions: effective product catalog control and selection and variety of products by category.

Maintaining catalog control sounds easy, but ingredients, presentations, and images change frequently, while the technology systems that supports logistics activities demand continuity in information to ensure a reliable reading of historical demand, generate forecasts, and manage inventories. Using tools like GS1 helps minimize the efforts required to keep up with these changes. Regarding selection and variety, the same applies through CATMAN practices, which result in catalog additions, removals, and maintenance, making it essential to understand motivations and interests for fruitful negotiations and increased sales.

2. Demand Collaboration:

The Synchronized Dance

Think of a dance with a partner. For both to move in unison, they need to communicate and anticipate each other's steps. In retail, collaboration with supply chains is similar. By working together on demand forecasts, both parties can anticipate what the market needs. Holding regular meetings is like rehearsing together: it allows for adjustments to avoid stepping on each other's toes. Today, there are numerous technology options that provide this interface between suppliers and retailers, making demand collaboration easier. However, like in a dance, it's essential to know the capabilities and limits of the participants. This is usually managed in the industry through sales and operations planning solutions, which help align internal processes in the face of demand uncertainty. The effort resulting from these rehearsals and planning should be reflected at the time of execution, and it's the same discipline and coordination between parties that will make it possible. The strategic approach provided by a method like CPFR (Collaborative Planning, Forecasting, and Replenishment), which allows for real-time sharing of sales, inventory, and market trend information that leads to greater accuracy in demand forecasting and significantly reduces inventory levels. Additionally, since it includes a replenishment component, it can be used to manage plan fulfillment on a daily basis to make the best use of the working capital invested in the retail chain. Ultimately, this approach not only brings efficiencies but can also become a competitive advantage by enabling faster responses to changing consumer trends. Today, major software firms such as SAP, Oracle, or Blue Yonder offer this solution, but that doesn't mean only large companies can access it; there are also options for smaller suppliers like QuickBooks (TradeGecko), Cin7, or Brightpearl.



3. Mechanisms to Maintain Profitability Visibility:

The Clear Route to Success

To succeed in the retail world, it's essential to have a clear path that allows you to identify your current position and future goals. Setting key performance indicators (KPIs) acts as a beacon that illuminates the way forward. Some of the most relevant indicators are gross margin, as a precursor to pricing decisions; inventory turnover, understood as the number of times products are sold and replenished in a given period; customer acquisition cost, due to the need to correctly evaluate efforts to separate, prepare, and distribute inventory within supply chains; and the cost to serve, since supply chains often face challenges that can affect profitability, such as frequent deliveries to stores with volumes that don't optimize transportation costs, restrictive payment conditions, and penalties for service failures, among others. Implementing technological systems that facilitate capturing and analyzing every aspect of the service provided is essential. Regular reviews of these indicators are crucial to ensure you're moving in the right direction and to make adjustments to the strategy when necessary. They can even enrich negotiations with clients, which can improve commercial conditions or increase margins.

Conclusion

Meeting service demands in retail is an art that requires attention to every detail. By focusing on catalog control, collaboration with supply chains and suppliers, and key performance indicators, you can ensure that the service you provide meets expectations.

