pivotree™

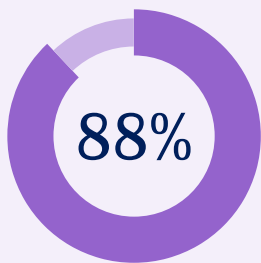# Designing Frictionless Commerce Experiences

The Retail Leader's Playbook for Data-Driven Supply Chain Operations

retail TouchPoints®

88%

of CEOs say their consumers are evolving faster than their businesses can keep up.

– Accenture

With the rise of retail media, social commerce, and even gaming experiences via platforms like Roblox, commerce is truly everywhere. As today's consumers embrace these new community, content, and commerce experiences, they're demanding more synergy and seamlessness across channels.

Your shoppers want to be able to capitalize on these new moments of engagement. They want to get immersed in your brand story, connect with their peers, and easily purchase products that resonate with them — at any time and through any device.

Some retailers are adapting to this reality by implementing new experiences and growing their presence on emerging community-driven platforms. However, 88% of CEOs say their consumers are evolving faster than their businesses can keep up, according to **Accenture research**. As brands hustle to keep pace, they're creating inconsistent experiences that are disjointed on the back-end, which creates a fragmented view of product information, pricing, promotions, and inventory availability.

But there are additional macro trends that have put even more pressure on retail operations:

Economic volatility

Consumers' overall financial health and confidence in the economy vary significantly. As a result, their buying behaviors and spending patterns are in a constant state of flux. Up to 85% of consumers acknowledge they're living in this uncertainty, and 68% plan to be more cautious about the buying decisions they make, according to **a survey from Accenture**.

Focus on the necessities

Nearly 80% of consumers said they cut spending on non-essential categories, such as clothing and going out to restaurants and bars, according to research from **CNBC and Morning Consult**.

The shift to experiences

Despite some research indicating a focus on the necessities, some data points to a focus on entertainment, travel, and other memory-making moments. The rising costs of these experiences is leaving fewer dollars for traditional retail spending, hence the rise of **"funflation,"** the industry's newest buzzword.

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All of these factors have converged, making supply and demand erratic for even large legacy brands. Executive leaders are still trying to understand the new needs of their customers, as well as category trends, loyalty shifts, and discretionary spending behaviors. However, they are quickly realizing that they simply do not have the systems and processes in place to drill into the data, uncover what's really happening within their businesses, and adapt quickly to seize new revenue opportunities.

The reality is that even sophisticated retail businesses typically operate on a quarter-by-quarter basis, responding in a reactionary way to meet their goals for the year. Failing to adapt in a proactive, data-driven fashion means they're failing to create experiences that align and resonate with their consumers.
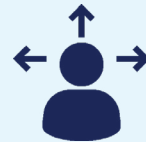
Now is the time for retailers to think bigger and more holistically by using supply chain and operational data to power their business decisions.

This white paper will explore the new realities of retail operations and the three keys to building a data-driven supply chain that supports frictionless commerce experiences.

Inside the Retail Supply Chain: Challenges Extend Across Categories and Business Sizes

A decade ago, retailers could get by looking in the rearview mirror of supply chain performance. Executive leaders could assess performance on a quarterly basis using retroactive reports and establish slow and steady plans for improvement.

But in addition to consumers' rapid, ever-changing behaviors, retailers are daunted by supply chain challenges and complexities:
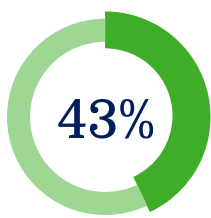
MORE THAN 60% of global organizations expect that geopolitical instability may have a detrimental impact on their supply chains over the next three years.
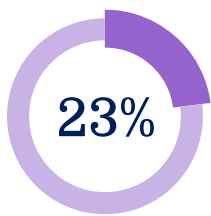**– KPMG**
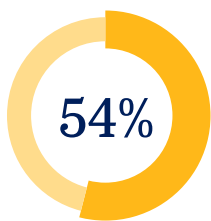
54% of retailers say global supply chains are too slow and inflexible for them to be truly agile.
– Retail Systems Research

43% of retailers say they lost customers in 2023 due to out-of-stocks caused by supply chain challenges.
– Retail TouchPoints

23% of organizations say they do not know when their inventory levels will return to normal.
**– CNBC**

Retailers are also facing distinct supply chain challenges based on their unique business sizes, categories, and contexts. For example, smaller companies that are getting funding and growing quickly simply cannot keep pace with the glut of orders. Their reach may be extending globally, but their supply chain infrastructure is not.

Conversely, larger organizations that are growing via mergers and acquisitions are tasked with managing tangled systems and determining how orders will flow from vendors to the retailer and then to customers. They are inheriting the technical and organizational debt of the acquired companies, which creates a lot of back-end complexity.

Business is moving quickly — and so are shoppers. Transparency and agility are key to building a resilient and growth-ready business that adapts to these changes. However, most supply chain operations run on disparate and inaccurate data sources. Even critical documents like orders and transaction reports are difficult to access. This data is spread across different systems and is in different formats, which makes interpreting and leveraging that data extremely challenging.

Think You're Really Data-Driven? Think Again

25%
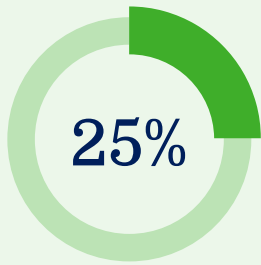
of consumers stopped using or buying from a business within a year because they had a poor experience.

– PwC

The customer journey is longer and more complex, but the core of it is still the same: it's all about giving consumers the power to find, trust, buy, and get a product as quickly and easily as possible.

To create this seamless experience, you need to truly become a data-driven organization. That means having an embedded process for collecting, integrating, analyzing, and leveraging data to create frictionless commerce.

Many retail businesses say they are data-driven or, in some cases, "customer-centric." But few are truly meeting the parameters: PwC found that nearly **25% of consumers** stopped using or buying from a business within a year — and bad experiences with products, services, and/or customer service was the overwhelming reason why. Those poor experiences often stem from a lack of understanding and empathy for the customer.

Answer these quick questions to find out where you stand. The more questions you tick off, the closer you are to being a data-driven business:

- Do you have granular insight into your customers and their behaviors?

- Is all product information in-market accurate, robust, and consistent across all sales channels and engagement touch points?

- Is there transparency into all pricing and promotions being implemented across channels?

- Do you have insight into inventory levels and consumer demands across your ecommerce and store network?

- Do you have the data you need to fulfill orders quickly and profitably?

- Is your business equipped to get products to market quickly?

- Can you effectively turn consumer feedback on products, promotions, and campaigns into tangible action for the business?

- Do you collaborate effectively with your brand and supplier partners?

- Do you have a continuous loop of sharing and applying data with these partners?

The 3 Stages of a Data-Driven Supply Chain

Retailers that evolve to a data-driven supply chain have timely, accurate insights that help them quickly adapt and respond to new consumer trends, create more resonant products and merchandising strategies, and of course, design campaigns and experiences that don't just acquire customers but win them long term.

But before retailers reap the rewards, they need to ensure they have the right tools, systems, and processes in place. The first, most critical step in the shift to a data-driven supply chain is establishing executive commitment and ownership. The ripple effects of supply chain disconnects span across functions and, in turn, cost centers. There needs to be a "Chief" within the executive suite to champion this initiative, drive the intentions of the project, and provide the support functional teams need.

Once a lead stakeholder and changemaker is in place, retailers can go through a three-phased process:

Clean Data

Data is sometimes sitting in up to 10 different systems and in different formats, which makes this stage incredibly challenging to address. Having a data quality initiative is key to setting the right foundation for a data-driven supply chain. Once data is cleansed and rationalized, retailers have a solid baseline for the remaining stages of the process.

Gain Access to Data

Data needs to be accessible so executive leaders and specific teams can uncover the insights they need to act intelligently and intentionally. This stage represents far more than simply being able to access a customer's order information and provide a customer service update. Brands and retailers need to ensure that all functions across the organization can access aggregated and integrated data at any time.

Make Data Actionable

Retailers are increasingly shifting toward more composable microservices so they can employ best-of-breed features and capabilities that optimize customer experiences. As these solutions are integrated at the front-end, the back-end needs to be able to access data from these applications and turn them into meaningful (and actionable) insights for the business.

Providing access to clean and integrated data across all teams and functions creates a "single pane of glass" for not only the core supply chain and operations teams but for the C-level, which needs to keep a constant pulse on the business. Executive leaders can get a zoomed-out view of how the business is performing, but then "zoom in" on specific trends and issues to ensure they are addressed effectively.

For example, if the Chief Merchandising Officer for an apparel brand has noticed a surge in returns over a two-month period, she can zoom in to identify the items consumers are returning most and explore the "why" behind these actions. Deeper analysis and collaboration with different teams — such as customer service, ecommerce, and even design — can uncover issues with garment quality, fit, or even how product details are presented on social media and the ecommerce site. Armed with these insights, the Chief Merchandising Officer can make proactive, data-driven decisions.

Inside the Frictionless Product and Customer Journey

- Supplier collaboration
- Demand forecasting
- Inventory management
- Personalized marketing
- Route optimization
- Warehouse management
- Real-time tracking
- Returns management

The benefits of a data-driven supply chain don't just sit in the Operations silo — they trickle down across the entire business and into different teams. Explore how going through this process can help you improve all stages of the product and customer journey.

- **Supplier collaboration:** Share data with suppliers to improve coordination and streamline the procurement process.

- **Demand forecasting:** Use a combination of historical sales data, market trends, and customer behavior to improve demand planning.

- **Inventory management:** Real-time data helps maintain optimal stock levels, reduce excess inventory, and prevent stockouts.

- **Personalized marketing:** Leverage customer data for targeted marketing strategies and personalized shopping experiences.

- **Route optimization:** Use data to optimize shipping routes, reduce transit times, and minimize transportation costs.

- **Warehouse management:** Implement data-driven warehouse solutions for efficient order fulfillment, inventory tracking, and workforce management.

- **Real-time tracking:** Apply IoT and tracking technologies to monitor the movement of goods throughout the supply chain in real time.

- **Returns management:** Get detailed insight into return behaviors and ensure seamless routing of products from the customer back to stores or distribution centers.

Creating Impact Across the Organization

A data-driven supply chain empowers retail leaders to get complete visibility into how the business is running — and how products are moving from the source to the customer. As a result, they can pinpoint issues more quickly and respond more thoughtfully to what is happening within the business, whether it be in marketing, merchandising, workforce management, or customer service and support. Business leaders can then see:

- **Reduced costs:** Efficient use of data leads to reduced operational costs, optimized inventory levels, and streamlined processes.

- **Enhanced collaboration:** Sharing data with suppliers, manufacturers, and distributors fosters collaboration and creates a more integrated and responsive supply chain ecosystem.

- **Less risk:** When business leaders have clean and aggregated data, they can get a real-time view of the business and quickly spot possible challenges and issues. Say goodbye to retroactive reports and quarterly initiatives, and say hello to real-time problem solving and decision making.

- **Improved customer satisfaction and loyalty:** Accurate demand forecasting and personalized experiences empower retailers to better meet customer expectations, increase customer lifetime value, and improve brand loyalty.

- **A more agile and innovative business culture:** Real-time data enables quick responses to changes in demand, supply chain disruptions, or market dynamics, and creates more clarity around new opportunities to differentiate and innovate.

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Conclusion

A data-driven supply chain empowers brands and retailers to be more transparent and efficient across the organization. It improves the constructive collaboration between sourcing partners, manufacturers, and sellers, which will lead to more relevant and profitable product assortments. And of course it drives a deeper understanding between retailers and their shoppers, which will enable more relevant and immersive brand experiences.

Pivotree provides various solutions designed to help retail brands of all sizes keep pace with new industry demands and dynamics — from the supply chain to the customer experience.

Pivotree's **Commerce** solutions can help businesses adapt their ecommerce experiences to integrate best-of-breed applications that drive customer engagement and loyalty. Underneath this powerful front-end is **Pivotree SKU Build**, which provides better product data to PIM and MDM systems faster and more efficiently. Clean, complete, and channel-ready data is available when teams need it.

Pivotree Control Tower brings observability and analytics together to **remove friction** from the customer experience. Pivotree Control Tower provides application and business analytics, process monitoring, and alerts, so business leaders can get fingertip access to the information and insights they need to optimize business performance. **Pivotree WMS** then drives warehouse efficiency, automation, and optimization, to ensure products get to shelves — and customers — in the most efficient and effective way.

Are you ready to make frictionless commerce a reality?

Monitor your business and act quickly upon what's *actually* happening.

LEARN MORE

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Pivotree, a leader in frictionless commerce, strategizes, designs, builds, and manages digital Commerce, DataManagement, and Supply Chain solutions for over 200 major retailers and branded manufacturers globally. With a portfolio of digital products as well as managed and professional services, Pivotree provides businesses of all sizes with true end-to-end solutions. Headquartered in Toronto, Canada, with offices and customers inthe Americas, EMEA, and APAC, Pivotree is widely recognized as a high-growth company and industry leader.

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Retail TouchPoints and design:retail give all members of the retail world access to a vibrant community that combines insights, inspiration and opportunities to interact with their peers. We sit at the intersection of the art and science of retail strategy, providing granular data, high-value commentary, and aspirational success stories to help readers optimize customer experiences across all channels. Touching all facets of the retail ecosystem, including store experience and design, workforce management, digital marketing and engagement, and omnichannel optimization, our editorial content, multi-media resources and events take timely news and trends and transform them into tactical takeaways that meet the unique needs and priorities of our executive readers.

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