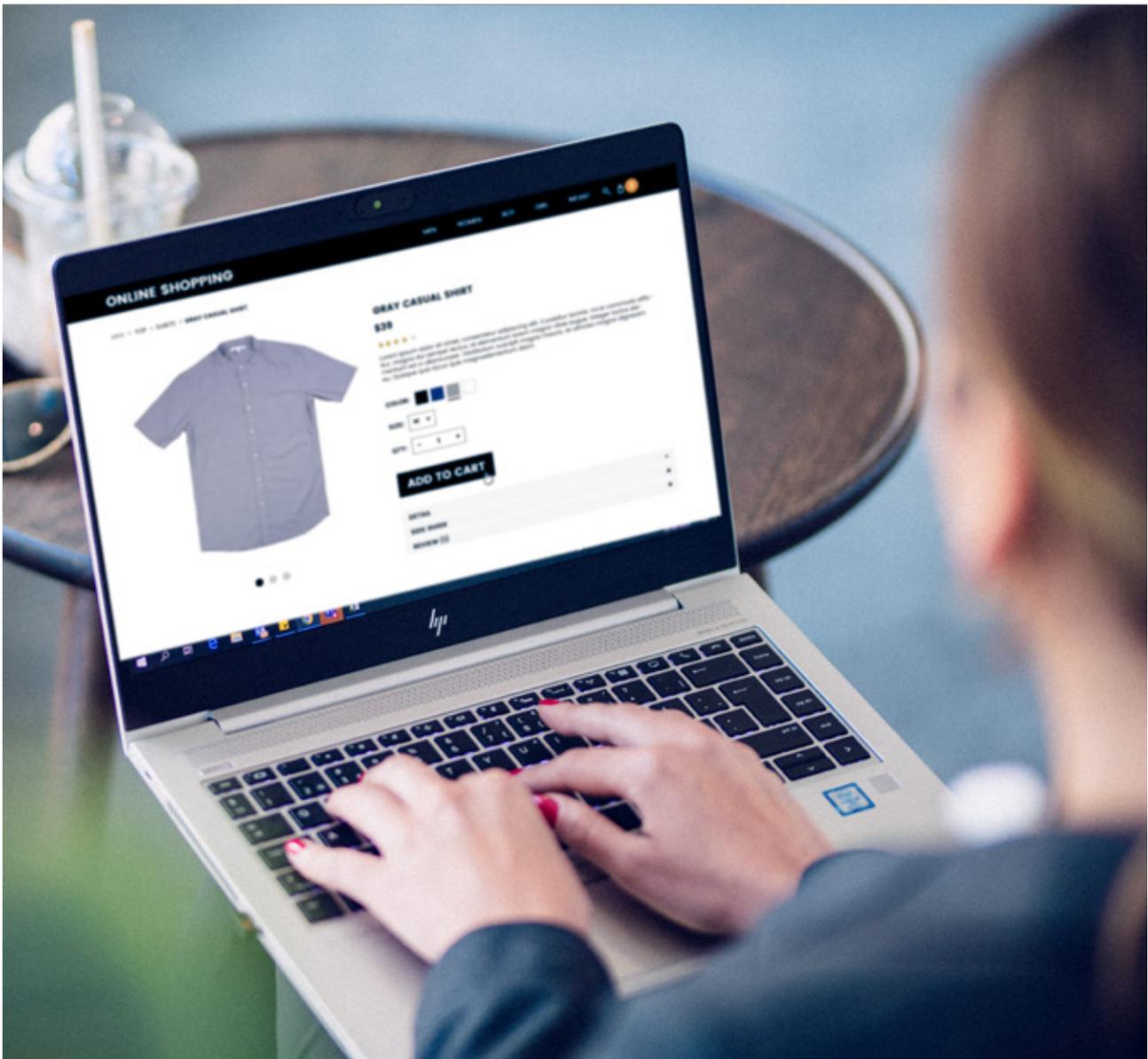


Digital transformation
in retail through
the supply chain



The digital revolution is rapidly impacting the retail industry. After the surge of e-commerce in the wake of the Covid-19 pandemic, it is safe to say that the consumers' needs have evolved. The market is now targeting digital channels to commercialise any product.

Digitalisation is here to stay and consumers now expect it from the brands they purchase. For example, in 2010, roughly 3% of products were purchased online; by 2020, this number grew to 16%.

All kinds of products can be acquired online: from foods to electronics, from entertainment to apparel, everything is available with a single "Buy now" click.

This great receptivity towards the digital transformation in the supply chain brings new and varied opportunities for both clients and logistics service providers.

For Carsten Frank Olsen, Director of e-Business at Maersk, this digital openness implies that "we can come together in a different manner and act smarter when it comes to exchanging data with our clients".

"Furthermore, we now possess transparency, visibility, and better practices to manage the supply chain. We have removed the unnecessary complexity, and in doing so, the business and its customer relations have continued to thrive".

This is why retailers must consider these four essential pillars for their operations.

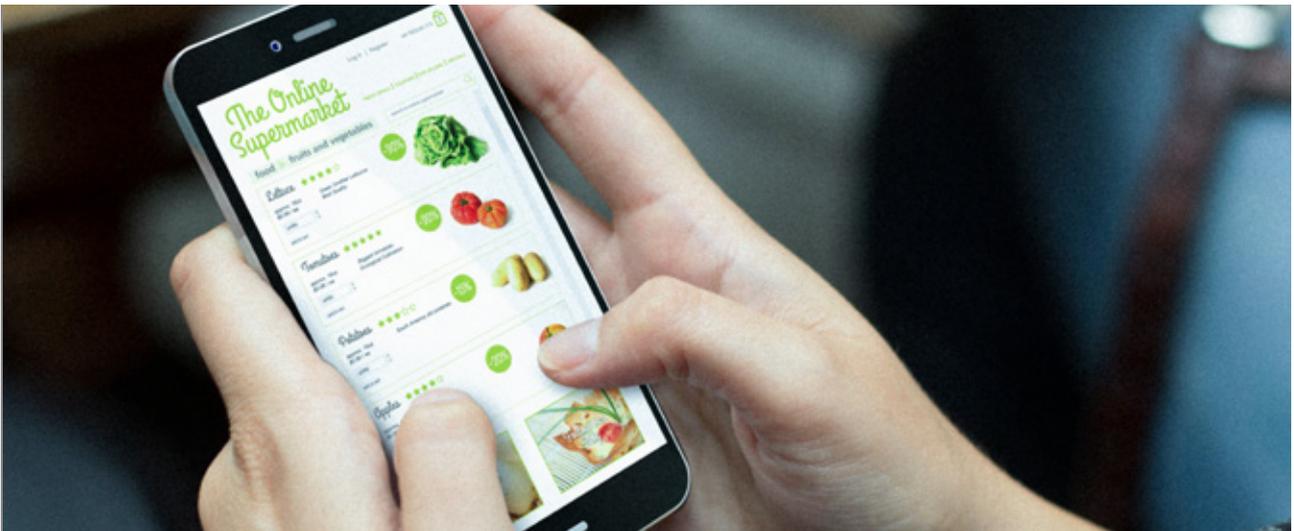
1. Inventory management

After the Covid-19 pandemic, we learned that visibility transcends the inventory. It requires knowing which products are stored and where, along with the operative assets, supply sources, transportation services and human resources. Thus, visibility significantly improves decision-making.

The digital medium has also closed the breach between provider and customer,

achieving greater loyalty. This has required an integrated supply chain that prioritises value in every step, which means that in every channel the customer must be able to access the retailer's complete value chain. For example, e-commerce requires a global inventory, a complete product catalogue, diverse delivery options, and a variety of payment methods, along with the option to purchase through a physical channel (store locations and working hours). The challenge here is to harmonise the comforts of the digital world with the convenience of a physical store, such as a personalised sales clerk or the option to pay in cash.





2. Omnichannel

The adoption of omnichannel solutions has accelerated after the Covid-19 pandemic. Nonetheless, the introduction of online stores, home deliveries, and store pick-ups have created new execution and consumption models. "Effectively, the online foods market created a new division in the supply chain, because the products are directed from a store or redistribution centre to an online store," says Johanna Hainz, Retail Director at Maersk. The options for home delivery are also affected by package size, and companies must consider the best way to transfer from a container to a pallet and later on to individual packaging, simultaneously upholding the delivery scheme on multiple sales spots. "To do this in an efficient way requires a lot of predetermined decisions, within the packaging point at the container dock," adds Jordi Avellaneda De La Calle, European Director for Program Management at Maersk.

"Businesses need to guarantee a swift transaction at their destination to ensure their online and in-store orders reach the distribution point with the least amount of complications".

For larger businesses, the sales points may function as local distribution hubs, which allows them to fulfil on-site orders and reduce costs.

In short, retailers and brands have turned to technology to attract and serve their customers. The proof lies in the fact that three-fourths

of all industry experts point to the Covid-19 pandemic as an accelerator for technology related investments. Almost half of them also confirmed their adoption of mobile applications. Another area with increased investments was marketing, including search engine optimisation and omnichannel development.

In other words, investments now target the enhancement of the online experience, the user's experience, and the omnichannel experience as well.

Before Covid-19, omnichannel for brands implied selling from both a physical store and a website. Nonetheless, this system has evolved: omnichannel nowadays brings together retail partners and branded websites, as well as market presence, partnerships with delivery platforms, and sales through social media. The experts from these brands suggest that this system will most likely be permanent.

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Johanna Hainz
Retail Director at Maersk

3. Trends

After the pandemic inspired new behaviours for the consumer, businesses had to revise their short-term goals. In other words, the pandemic accelerated ongoing digital trends, particularly:

- **Contactless Retail:** The present context forced retailers to embrace contactless payments to reduce contagion risks. Although contactless technologies were already available, the pandemic accelerated credit card and mobile payments for most purchases, orders, and even delivery services.
- **Conventional virtuality:** These digital experiences are expected to grow in the post-pandemic world.
- **State-of-the-Art reinvention:** As a result of the e-commerce boom, retailers must consider an enhancement in product delivery, due to the increased costs of current delivery services.





4. Sustainability

As a development mode, sustainability ensures that the present needs are fulfilled without compromising the needs of the future generations. Preparing for enforcement of these regulations constitutes a competitive advantage for retailers.

Sustainability is a growing trend, promoted by the rise of conscious consumerism. It transcends the carbon footprint of a supply chain, encompassing the regulated use of potable water, pesticides, waste management, and the employment conditions at each stage of the productive process.

According to the Fair Trade Foundation, 75% of European consumers wish to be informed about product ingredients and processing, and up to 61% seek information about how food companies protect the human rights of their employees.

Another study conducted by IBM and the

NRF (National Retail Federation) discovered that 60% of surveyed consumers are willing to change their purchase habits to reduce environmental impact. Up to 80% of those surveyed also commented that sustainability is important to them. Additionally, the study found that most value-oriented consumers are located in North America, northern Europe, Japan, South Korea and China.

“Again, the visibility and quality of the data play an important part when it comes to sustainability,” says Johanna Hainz. “For example, integrated data allows full access to the information about product manufacturing and environmental impact, which is exactly the level of disclosure that consumers demand”.

“Sustainability should be a fundamental part of business. Companies should start incorporating sustainability pledges into their offers, as well as demanding their logistic partners to support their objectives to the best of their ability,” added Hainz.

Inventory management, omnichannel, trends and sustainability are how brands are using technology and digital consumption to engage their clients, as consumers are profiting from the advantages of real-time sales, state-of-the-art deliveries and e-commerce.

It is important to note that these four pillars require further exploration to enhance the relationship between retailers and consumers and aid its development.

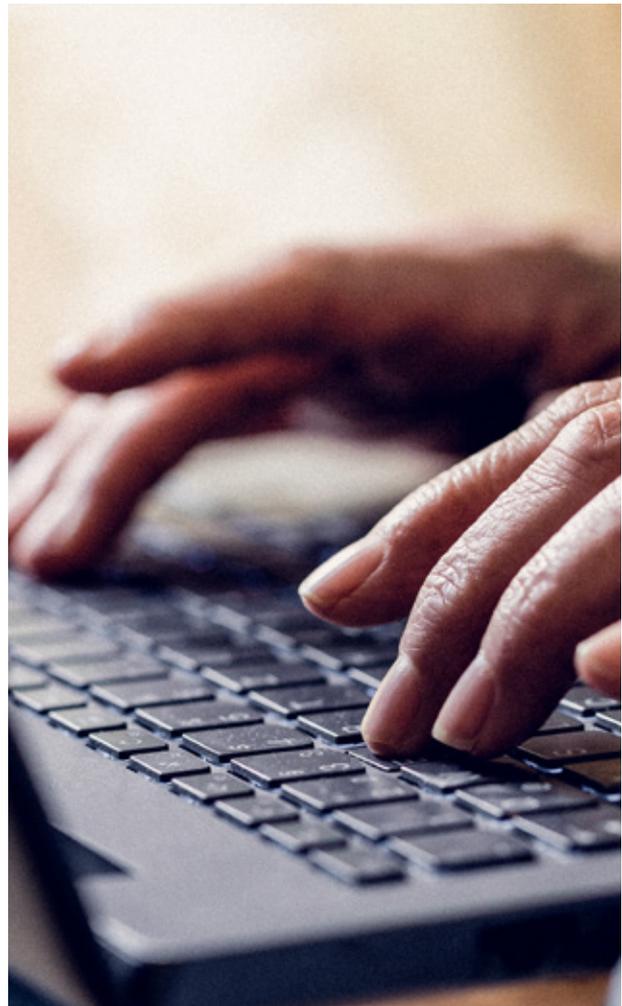
This will support the future development of a digitised supply chain that allows its customers to use a single scale port: a unified integration in which the whole world has fluid and immediate access to documentation. Through TradeLens, Maersk is digitising its information flow and exchange process to benefit its partners. By eliminating paperwork, logistics are enhanced and excess processing is avoided. It is not enough to centre on efficiency and cost-cutting when it comes to innovation for supply chain management. We believe the response to future needs requires technological advances.

This is why Maersk has chosen to invest in innovative technologies to offer its partners digitised and personalised solutions.

Maersk is the gate to the future. Our research has uncovered that the main reason why customers centre on their supply chains is because of its upcoming challenges. Frequently, these unexpected situations require immediate attention and a rapid adjustment of plans. Lack of visibility and planning, derived from a faulty data integration, can result in the need for constant supervision.

This is why Maersk's digital solutions remove this necessity, allowing our clients to manage their business in any scenario and avoid unexpected mishaps.

Starting now, and even more towards the future, digitally-powered supply chains will guarantee that logistics as we know it will turn into a, dare say, boring topic.



Choosing Maersk as your provider for logistics solutions will lead you on the path to an exciting world: a world that allows you to centre on the proactive growth of your business.

Finally, it's important to adapt to these new times, new scenarios and new customers.

At Maersk, we strive for constant evolution and innovation in the development of supply chain solutions, their logistics, and their digital transformation. How? We unite our global network with our extensive experience in pioneering digital innovation to provide our customers with modern capabilities, such as:

- Supply chain management
- Storage and distribution
- 4PL logistics solutions
- E-commerce logistics
- Customs intermediation

Find these and other solutions to keep your business up to date. Click [here](#).

