Intelligent Order Management Solutions for Today's Fashion Retail Challenges

BlueYonder

How to make every customer visit count... every time

Commerce solutions *for fashion offers unique challenges*

Intelligent order management remains a challenge for retailers across all categories, but there are unique issues facing a rapidly evolving fashion segment at present.

During the rise of e-commerce and subsequent omni-channel revolution, many retailers have developed or implemented solutions in an attempt to make their supply chains smarter, more agile, and more insight-driven. However, many of these solutions simply cannot manage the complexity of today's retail world, and there is now a need for the next generation, in the form of modern order management capabilities.

For many, this means replacing old systems. However, there is also the possibility of augmenting via specific microservices, without the need to rip out legacy systems, as a way to more profitably manage the complexity. In the US, retailers such as Urban Outfitters have looked to Blue Yonder to aid this transition, recognising a need to accelerate their omni-fulfilment transformations through more intelligently-managed inventory, internally; and enhanced fulfilment choice for their customers.

In this competitive environment, with rising costs and evolving customer expectations, retailers in EMEA are now following suit, and not a moment too soon.

Perhaps inevitably, 2020 saw the global apparel market's growth curtail from a revenue perspective, but only two years later, the figure is expected to have rebounded and even surpassed 2019's figures. Looking forward to 2025, 2022's revenue figure of $1,460 billion is expected to rise 39% ($568 billion) to $2,240 billion, further emphasising the speed at which retailers must respond.

Such drastic levels of growth are occurring in parallel to a more expectant, impatient and fickle customer base, economic constraints brought about by inflation, stronger demand for sustainable products and delivery, and – in fashion particularly – larger shopping baskets with a heightened reliance on returns.

Simply, in-house order management solutions can no longer keep up with this need to ensure efficiency, speed, sustainability, availability and flexibility, all at once.

Just like the wider retail world around them, fashion operators must now think in terms of months, not years, and look outside their own development capabilities towards a modern commerce solution, to get ahead of the curve.

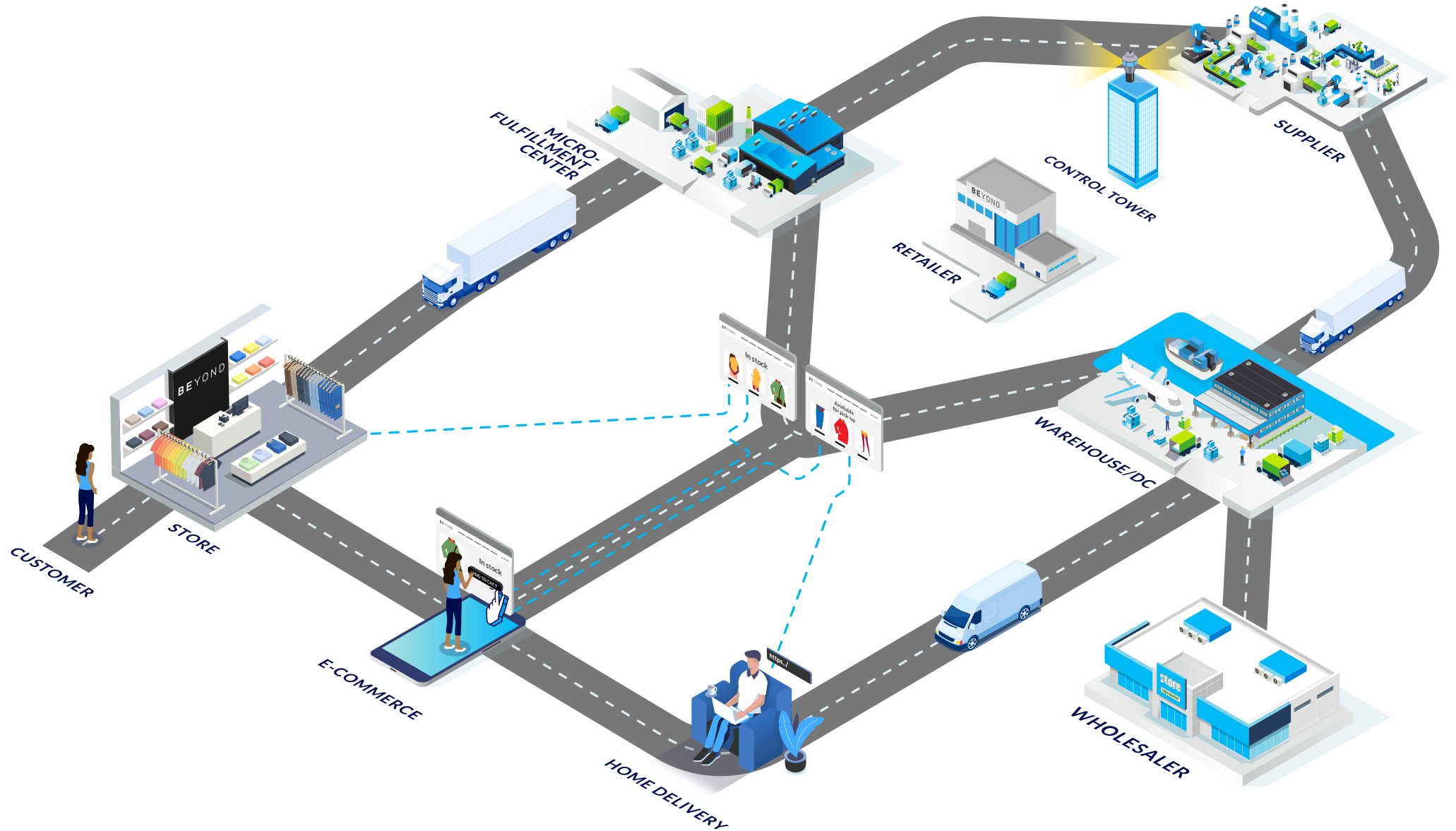## Intelligent order management enables retailers to:

- Understand accurate inventory levels across the network
- Present real-time stock levels to customers so they shop with relevant and accurate delivery information
- Optimally evaluate the best fulfilment process for every order based on machine learning models driven by flexible rules
- Optimise quick commerce, making it more profitable, by connecting orchestration, fulfilment and last-mile delivery
- Better connect stores to logistics depots, the labour force, and distribution centres
- Align and partner with third parties including last-mile or fast-delivery providers

An optimum commerce solution with connected supply chain intelligence can drive and deliver enhanced customer engagement.

A complex journey *to orchestrate,*
while providing a unified customer experience

A solution *for fashion retailers*

A Connected Tech Landscape with Fast Integrations

Openness and modernity are critical when implementing an intelligent order management solution. An open and modern commerce product will remain relevant to current demands, while upgradable moving forward. An API-first, headless micro-service solution is the holy grail to this end, as it enables connectivity with all other solutions already making the supply chain journey more data-driven and predictive. Such solution elasticity is key, to ensure deployment happens in months, not years. A headless, augmented solution can enable new capabilities within a few months, as opposed to the multi-year programmes historically associated with order management.

Improved Conversion Rates

With heightened visibility and more agile management of stock, in real-time, retailers are able to relay that information to shoppers from the first point of contact online. This is especially significant for the fashion segment, with customers often becoming frustrated at a lack of clarity around product availability, or delays to fulfilment should certain items not be available from local distribution centres or stores. Addressing both with more intelligent inventory management will therefore enhance conversion rates significantly.

Efficient Order Fulfilment

Today, retailers must be able to profitably offer numerous delivery channels to meet customers' needs. For the fashion contingent, this includes click and collect in store, lockers, home delivery and more, alongside a raft of delivery choice, a stronger emphasis on returns and potential substitutions, and the very real desire to 'try on' products. The ultimate aim is to provide any product, from anywhere, to anywhere, which requires a flexible distributed network across stores, dark stores, micro-fulfilment centres and warehouses. Intelligent order orchestration accounts for every unique order to ensure optimum routing based on products, availability, costs and ultimate profitability.

Intelligent Returns Strategy

With fashion in particular, customers will often choose to splash out on more items than they need, with a view to returning some of them as part of the overall shopping process. Retailers therefore need to, on one hand, ensure optimum availability even if there is an expectation that some items may come back to them; while also connecting transport partners with stores and warehouses to ensure the most sustainable and efficient options for delivery, recollection and reselling.

Optimised Workforce

Ensuring the right level of labour in stores and warehouses is complex. Too many is costly, too few can be equally costly in terms of ensuring fulfilment and customer satisfaction. Through AI forecasting, order predictions can be made by location and by time period to ensure that labour is aligned with needs. Combined alongside workforce scheduling and efficiency tools, retailers can ensure that their new-look store and warehouse labour is optimised and efficient.

Markdown Avoidance and Safety Stock

Maximising full price sales has a significant impact on any retailer's bottom line. By factoring in the markdown risk into order orchestration decisions, retailers can improve their margin by utilising soon-to-be marked down store inventory to fulfil online orders. They can also improve the full price sales by fulfilling orders from overstocked inventory. However, store stock must simultaneously be protected for the walk-in shopper and by using AI-driven forecasting and optimisation to evaluate the required safety stock levels, the right quantity of inventory is dynamically made available to each channel.

Order management cannot sit in isolation. It must be an integrated part of the entire supply chain.

Blue Yonder's Luminate Commerce solution is part of the end-to-end Supply Chain platform, enabling retailers to connect their omni-operations: from category management; to replenishment; to labour management. This enables speedier value creation by leveraging blueprints and industry best practices, ensuring a strategic transformation that is delivered effectively across the organisation, business processes and customer journey.

Improving *the shopper's experience*

The same – or at least, next-day experience

Customers expect convenient deliveries – often the next day, and in the omni-channel era, increasingly the same day. And why not? In theory, if inventory is planned intelligently across stores and depots, according to local trends and automated forecasts, speed can reach new levels. Shoppers need to be given power and control over their shopping experience from the minute they land on a retailer's website, and throughout the entire process up to the moment an item is delivered. With Amazon, this includes transparent information on availability, delivery timings, delivery locations, third party store lockers and much more. For the fashion segment, where people may make spontaneous decisions according to changing plans, weather patterns or as a browsing fancy, the need for 'quick' may soon evolve into a demand for 'immediate'.

5 Steps to Creating a Profitable Same-Day Fulfilment

The same-day delivery market is forecast to double over the next three years. According to a survey by Gatepoint Research called "E-Commerce Strategies in Today's Enterprises", 40% of retailers are focusing on this as one of their 2022 priorities. And according to the 2022 Bringg Barometer: State of Retail Delivery & Fulfilment, 99% of retailers are aiming to offer this service within three years.

Learn More

More choice

Where are goods available? What are my delivery options? Can I order this item and collect in a local store, from a different store, or can I get it delivered directly to my home? Can I also then inform the timing of this pickup or delivery? Such choice can only be presented if the retailer understands the costs and efficiencies involved, and the customer is informed of the options available to them. The payoff for such visibility is the fostering of brand loyalty and a mutual relationship where the retailer can seemingly almost predict what the consumer wants.

Real-time management

Most shoppers will have experienced that moment when an already 'basketed' item suddenly becomes unavailable at the online checkout, or to later be delayed through fulfilment complications. An intelligent order management solution overcomes this by reserving stock as a product hits the basket, or even when a customer reviews a product page via flexible time configurations. Consumers not only know what's available and how best to receive it, but they do so in the knowledge that this situation won't change post-purchase.

A mutual relationship

Why do consumers love Netflix, or Amazon? It's the relationship being built. You watched this, and now Netflix is suggesting you might like this. There's feedback and interaction. By presenting real-time inventory and distribution information from first point of contact, that same feeling of being brought on a journey is encouraged. For areas of fashion or homeware, this personalisation and understanding of a customer's likes is another way to build a relationship and loyalty. The provider is showing the customer that they know what they want, and can then fulfil those wants, flexibly.
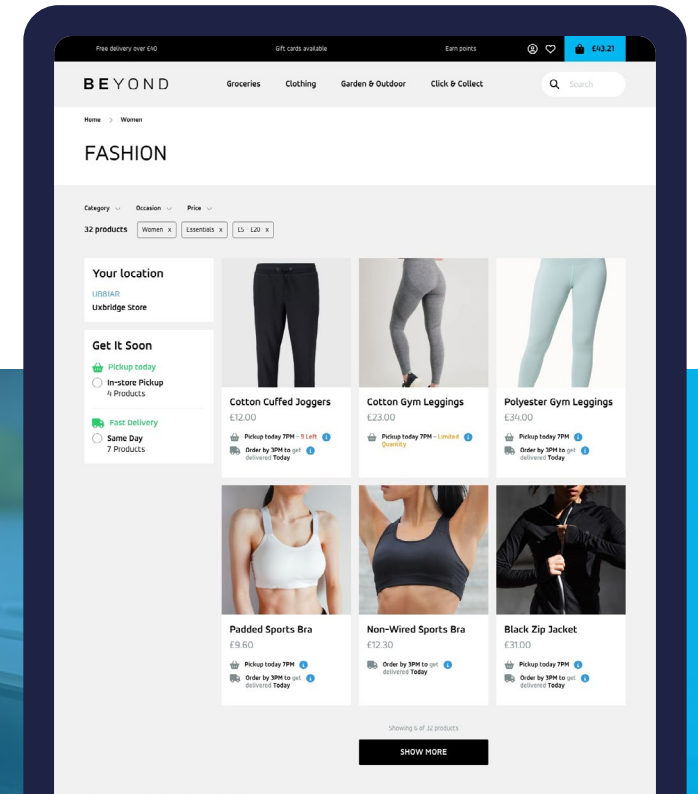
Blue Yonder's *Luminate® Commerce for fashion retail*

API-first, headless microservice capabilities to enable seamless connections across the complex tech landscape.

Component elasticity that enables unrivalled speed of deployment – integration of click and collect can be achieved in just three months.

A collaboration portal allowing for brands and retailers to interact and read from the same page regarding orders, forecasts, purchase plans, etc.

A connected Blue Yonder network as order management integrates with demand forecasting, pricing, allocation, fulfilment and workforce management.

An intuitive outlook where stock is stored and distributed from the most logical location at all times, thanks to a holistic and overarching view of the entire supply chain.

Demand & labour forecast

- True demand-based (localised)
- Multi-echelon
- Store level granulation including physical constraints

Markdown avoidance

- Optimise inventory utilisation across the network
- Understand markdown risk to factor in order orchestration
- Improve full price sales by fulfilling orders from overstocked inventory

Safety stock

- AI-driven stock optimisation
- Evaluate optimal level of store stock that can be offered to online shopper
- Maximise availability across all channels

AI & optimisation

Customer engagement
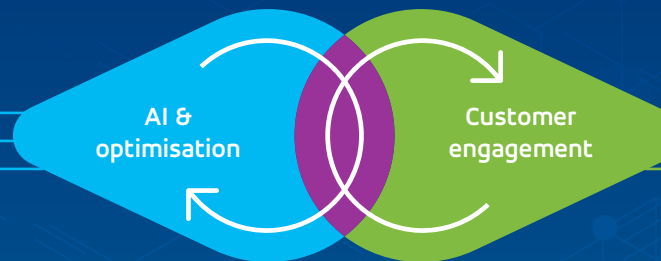
Customer engagement

- Digital commerce & store fronts
- Enterprise & location availability
- Inventory protection & sourcing optimisation
- Time-sensitive items management
- Fulfilment options & commitments

Order orchestration

- Order capture & orchestration
- Order release & updates
- Status, exceptions & returns

Fulfilment execution & visibility

- Mobile app & guided intelligence
- Optimised fulfilment flow
- In-store command center with real-time insights into store fulfilment functions

Urban Outfitters' *story*

What Urban Outfitters *wanted*

"Functionality, functionality, functionality!" There was a need to find a vendor that not only had a market-leading product, but that could match their bespoke requirements with ongoing flexibility throughout the partnership. Beyond that culture match, the next priority was technical – and under that banner, the standout requirements were to become more efficient across its own inventory planning and order management, while making stock visibility a real-time experience for the customer as well.

What Urban Outfitters *invested in*

The retailer's partnership with Blue Yonder has seen the company transform its end-to-end supply chain and retail operations via the Luminate Commerce proposition. What this investment has contributed to is a significant reduction in shipments and, vitally, the avoidance of split shipments. This derives from having stock closer to the customer, and by better balancing fashion's need to always have availability of stock, while then running out of stock at the exact moment an item becomes undesirable or unseasonal. The resultant order management proposition also now allows the customer to see what Urban Outfitters sees, in terms of real-time availability, and speed of fulfilment.

What Urban Outfitters *can look forward to*

A game-changing transformation focused on customer centricity, from first to last mile. By extending the e-commerce network into a true omni-channel landscape, the retailer can continue to scale with accuracy, despite already managing one of the highest capacity volumes in its market. Speed, convenience, improved orchestration, and optimum delivery and fulfilment are all upshots of this ongoing collaboration.

Urban Outfitters can continue to scale with accuracy, despite already managing one of the highest capacity volumes in its market.

Delivering *real results*

Increase Revenue up to 10%
By Improving Inventory exposure, customer acquisition and fill rates

Improve Margins by 5%
By reduced markdowns, stockouts, oversells

Reduce Fulfilment Costs by 20%
By reducing split shipments, labour costs, expedited shipments

Improve Conversion Rate up to 14%
By providing urgency to buy, speed & convenience options

Europe's fashion sector is in the middle of a digital revolution, but there are already examples of those who have embarked on their strategic transformations.

URBAN OUTFITTERS

Urban Outfitters Selects Blue Yonder's Order Management to Accelerate its Omni-Channel Transformation

"It's about functionality, functionality, functionality. We've reduced split shipments, and are utilising machine learning to factor in shipping closer to the customer, to reduce costs. But we are also, in instances where there are multiple options from a cost perspective, able to select the store that will sell out last – balancing inventory to meet the fashion fact where if you're not going out of stock at the right time, you're going out of business. We've also implemented, for the first time, a function where the supply and demand that order management sees is what the shopper also sees when shopping. They're now one and the same, which will improve the overall experience."

Joe Sperlunto, Director of Omni Solutions, Urban Outfitters

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Timing *is everything*

The past few years have seen unprecedented disruption to the retail space as a whole, and there is little end in sight. What it has taught the industry is that timing is everything. Consumer loyalty can be lost in a second, new competitors can disrupt in moments, shopper behaviour can be overhauled by an unforeseen event, and fulfilment is reaching levels of almost 'immediacy'.

For fashion, this notion and complexity of timing goes one step further. In fashion, shelf lives can be as little as six-eight weeks, and it's imperative that brands reach that item's finish line with as little leftover as possible; all the while never leaving themselves short of availability until that moment. For homeware or furnishing, shop floor lives are a lot longer but sales are more dependent on offers and promotions, as well store visibility to ensure that supply and demand balance is being met.

In this climate, the right digital offering and efficient, profitable operations go hand-in-hand with delivering a desirable customer experience. It is often the small details that can make a difference to achieving these benefits for both retailer and consumer; and intelligent order management is a critical component to bridge both.

Integrating an intelligent order management solution is not only a win, but with Blue Yonder's API-first approach – a quick win.

There is a real opportunity for the fashion segment to revolutionise their supply chains. Many have already taken their initial steps towards end-to-end supply chain optimisation, powered by machine learning.

Intelligent order management is the next frontier for modern commerce, and the modern shopper.

Consumer loyalty has never been so important, as they also search for efficiencies and value

Reimagine omni-channel *for future fashion success*

Our aim at Blue Yonder is to help our customers to sell more. By improving the shopping journey, you will convert more shoppers into buyers. And how you fulfil orders is a critical part of that journey. Our commerce solution helps retailers optimise their inventory across their network, to reduce costs and reduce waste, and improve sales and customer satisfaction.

Fashion retailers need to enhance their in-store and online processes to gain a competitive advantage at what we know will continue to be a challenging time, and amid rapid revenue growth for the sector as a whole. As we have seen over the past few years, the companies that act decisively and suitably can navigate challenges and thrive.

Our augmentative and scalable order management microservices support rapid implementation and return on investment. Blue Yonder can provide the scalable agility you need right now, to reposition for future growth.

Some areas of the fashion segment are more predictable than others, but regardless of whether it's clothing, footwear or any other specialty, there is a need to master inventory and fulfilment. Modern, intelligent order management is the glue that can connect and optimise these strands, and Blue Yonder is on hand to transform uncertainty into a marketplace advantage by pivoting faster, smarter and more cohesively than the competition.

Turbocharging Omni-Channel Transformations with Intelligent Order Management for Fashion Retail.

Learn More

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