



# Retail on the Rebound

## Preparing for the surge in pent-up demand

The world is slowly beginning to emerge from the safety of home, not unlike the 17-year cicadas that arrived this spring. And the world is ready to shop! The National Retail Federation ([NRF](#)) recently boosted their annual forecast, estimating sales to grow 10.5% - 13.5% this year.<sup>1</sup> Non-essential retailers that took a hit last year have an opportunity to seize on this momentum and see a record-setting comeback in 2021.



# Returning to the stores

More than ever before, people are looking for great experiences. After 15+ months of social distancing, remote working and limited splurging, they're ready to get out there and have fun. Last year we learned the convenience of at-home shopping, and now have higher expectations in our shopping experiences. When shoppers return in-store, they will expect the ease of online shopping coupled with the higher level of personalized service they missed by staying home. And while people are more willing to spend money during this period of economic recovery, rising prices have many concerned and looking for value for their purchase. Pre-pandemic, to keep the physical store relevant, experiential retail was on the rise. Immersive experiences, personalized offers, flash sales and pop-up stores were beginning to take hold, focusing on building more meaningful engagement. In a post-COVID world, engaging with customers will continue to be important, but with a shift in focus towards rebuilding consumer confidence.

This starts with getting the basics right. Ensure customers can always find what they're looking for by perfectly aligning product availability with demand. Streamline operations to maximize efficiencies and free up labor to deliver exceptional service. Strategically align prices with customer value to maximize profits and promotional effectiveness without shoppers feeling pinched. And create an environment where customers feel their health and safety are prioritized in-store. Otherwise, they'll opt for curbside or delivery, or another brand.

Stores will still  
account for  
**75%**  
of all retail  
sales in 2024

Source: Forrester

<sup>1</sup> ["Retail Sales to Now Exceed \\$4.44 Trillion in 2021, as NRF Revises Annual Forecast," NRF, June 2021](#)





# There's no stopping e-commerce

Yes, there was tremendous e-commerce growth in 2020, but will this growth continue now that people are getting out and shopping again? The outlook for US e-commerce growth has just been revised upwards to [17.9% this year](#), making it on track to surpass 20% of all retail sales by 2024.<sup>2</sup>

It's clear to see that e-commerce is becoming an essential part of every retail business. But customers today expect more. It's not just about the convenience of shopping from home and

being able to choose how to receive orders. They want information that helps inform their buying decision. What's available in-store, what can be picked up curbside today, and what's the shipping cost for next-day delivery? It goes without saying that this data must be accurate to maximize customer value and build loyalty.

**Retail will see the fastest growth since 1984**

Source: NRF

This year apparel and accessories ecommerce sales are up

**28.7%**

Source: eMarketer

<sup>2</sup> "US E-Commerce Forecast Revised Upward, 18% Growth Expected in 2021," eMarketer, June 2021.



# Serving all customers well

Along with this rapid surge in demand comes strain on global supply chains. Businesses across every aspect of the supply chain are feeling the pressure. In fact, [The Commerce Department](#) reported the inventory-to-sales ratio is 1.23, the lowest in a decade.<sup>3</sup> Strategic inventory planning is essential to achieve effective availability - reliably keeping products on the shelf to serve customers. And the only way to do this well is with a connected supply chain platform that provides the insights to predict and pivot to disruptions.

It's time to take a holistic view of inventory to deliver omni-channel excellence. Successful retailers are moving away from a segregated inventory model, maintaining stock separately for in-store versus online shopping, and instead utilizing a combination of stores, micro-fulfillment centers, dark stores and traditional DCs to serve e-commerce shoppers. This approach helps reduce costs, optimizes on-hand inventory balance to serve all customers, and helps maximize efficient operations. It also means providing online customers with reliable availability information, ensuring timely deliveries and offering services such as same-day store pickup. When it comes to prices, it's imperative to eliminate

unintentional discrepancies between online and in-store to give customers more shopping flexibility.

As always, it's important to keep a pulse on what customers value most. Priorities shifted dramatically during COVID-19 and will likely continue shifting as things get back to normal. Retailers must understand and deliver what their customers value to motivate purchase decisions. Strategically setting prices, creating the perfect assortment mix, and quickly making adjustments when demand changes all help maximize customer value, but require shopper insights beyond what many traditional systems can provide.



**“Reimagined consumers will abandon brands that don’t support their new values and pay more to those that do”**

Source: Accenture

<sup>3</sup> “Retailers Wrestle with Inflation and Inventory Challenges,” PYMTS, June 2021.



# A platform approach to a successful future

As retailers around the globe recover, they must stay diligent to achieve effective availability and efficient operations. Blue Yonder's open end-to-end digital supply chain platform is built on 20-years experience maximizing customer value and reliably delivering goods across any channel, every time, in every situation. With Blue Yonder, retailers can intelligently integrate business planning with efficient execution across all channels to deliver personalized and seamless shopping experiences. These capabilities empower retailers to thrive during this time of opportunity and prepare them with the flexibility to adapt to whatever's next.

The last time the cicadas were in town, [Facebook just launched](#), "blogging" was named word of the year, and we were 3 years before the introduction of the iPhone.<sup>4</sup> So, the next time we hear a cacophony of chirping invade the quiet night, we can't predict what retail will look like, but we know our retail customers will still be delighting their shoppers no matter how they shop.

US retail sales  
will surpass  
**\$6T**  
for the first  
time in 2021

Source: eMarketer

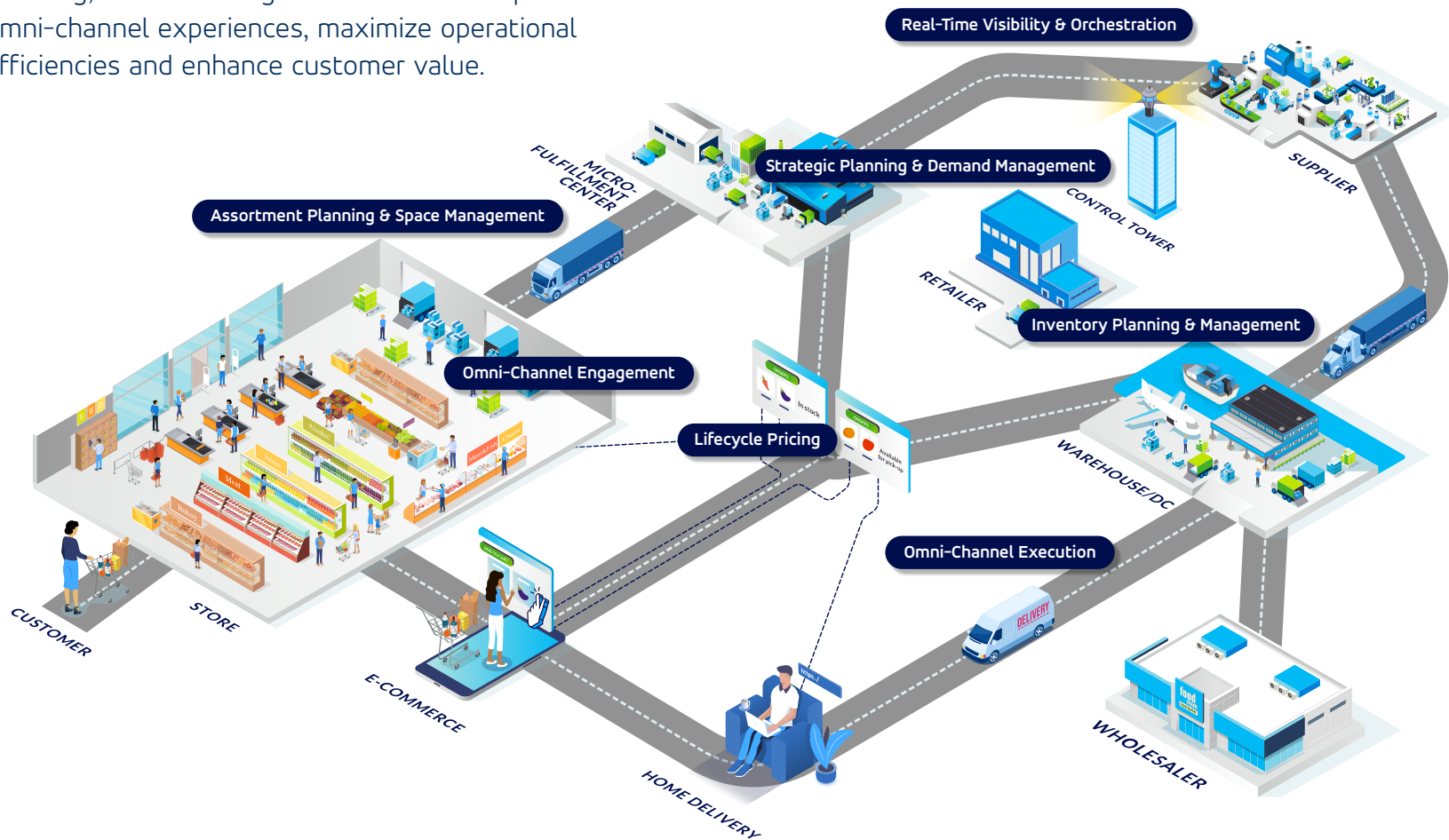
<sup>4</sup> "2004: A Look Back at the Technology from 10 Years Ago," Paste Magazine, December 2014.



# The Customer-Driven Supply Chain



Intelligently integrating customer demand, inventory planning, merchandising and execution to optimize omni-channel experiences, maximize operational efficiencies and enhance customer value.







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