



Agility, Resiliency, And Sustainability As A Strategy In Consumer-Facing Businesses

RSR Benchmark Report, July 2023

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Benchmark Premise

Resilience, Agility, & Sustainability As A Business Strategy

Some leading consumer-facing businesses have begun to embrace strategies that can help them to mitigate the effects of climate change, geo-political challenges, environmental concerns, and the availability of labor and raw materials on where and how they source products, while meeting the demands of consumers who are growing increasingly aware of the environmental impacts of the products they buy.

To what extent are companies thinking about the challenges and opportunities associated with business resilience, agility, and sustainability?

What information, technology, and processes do they need to address those challenges and opportunities?

This benchmark sought to uncover decision makers' attitudes about the challenges and opportunities they are addressing as they relate to 'Resilience' (the ability to respond quickly to supply chain interruptions and breakdowns) and 'Agility' (the ability to respond quickly to sudden shifts in demand).

Respondent Characteristics

RSR conducted an online survey from May 2023 and received answers from 106 qualified respondents.

- **By Revenue (2022):**

Less than \$250 million	1%
\$250 million - \$499 million	14%
\$500 million - \$999 million	39%
\$1Billion to \$5 Billion	29%
Over \$5 Billion	17%

- **By Performance:**

Average & worse than average ("All Others")	28%
Better than average ("Retail Winners")	62%

- **By Vertical:**

Fast moving consumer goods	37%
Apparel, footwear and accessories	16%
Hard goods	11%
General merchandise	32%
Brand manufacturers	3%

- **Top Markets Served:**

USA	100%
Canada	44%
Latin America	13%
UK	15%
Europe	20%
Middle East & Africa	5%
Asia/Pacific	11%



Key Learnings

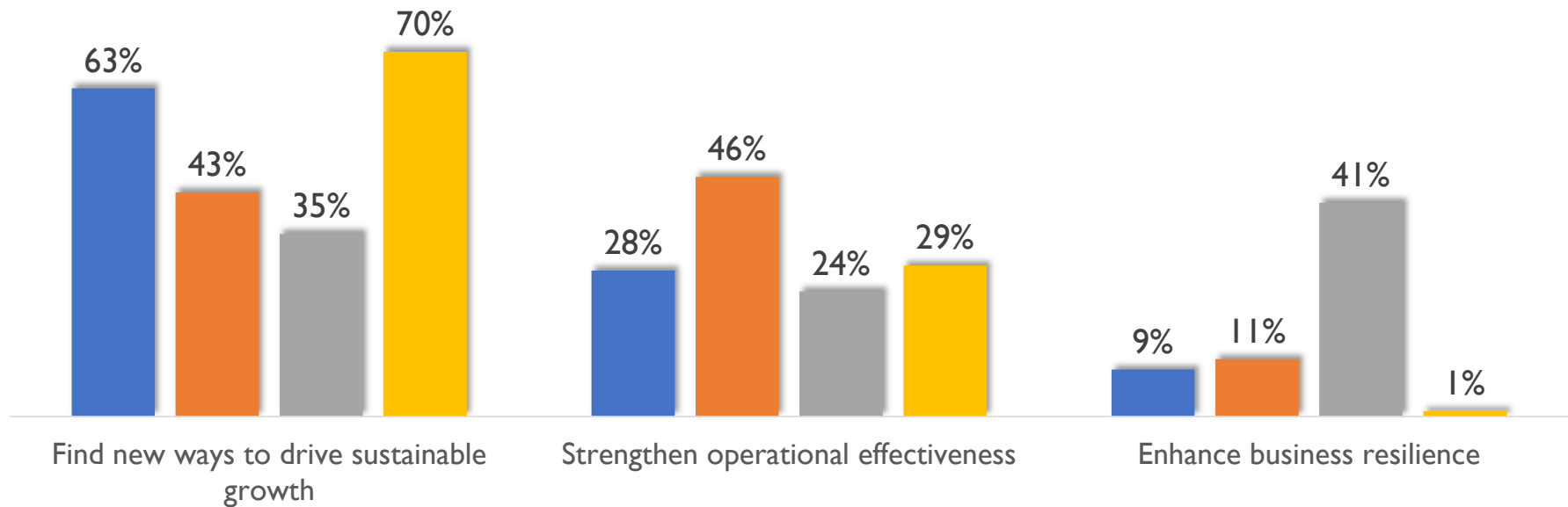
- Retailers accept that they will never see a return to predictability, and that their best course forward is to move from “**command and control**” to “**sense and respond**”.
- Retailers’ top business concern is that **consumers have a world of choices** at their fingertips, 24X7, via their smart mobile devices, and are taking advantage of them.
- Retailers see **implementing location-aware capabilities** as a way to improve virtually every aspect of the shopping experience by knowing how both shoppers - and inventory - move. Visibility creates opportunities to speed up the supply chain, to make CRM data from loyal customers more actionable, and even to open new ways to sell to existing customers.
- Eighty percent of the best performers see **workforce equity and inclusion** as an important way to enhance their business’ resilience; 56% will undertake **climate risk** analysis.
- The greatest roadblocks to greater resiliency are, (1) that legacy systems aren’t capable of taking advantage of new data, and (2) corporate leadership tends to prefer “gut feel” to advanced analytics
- **Improved data quality** is a key technology enabler, as well as implementing **new analytical capabilities**



Strategic Focus Depends On Which Product Vertical Is Served

Which of these is the highest priority to your company in the next year?

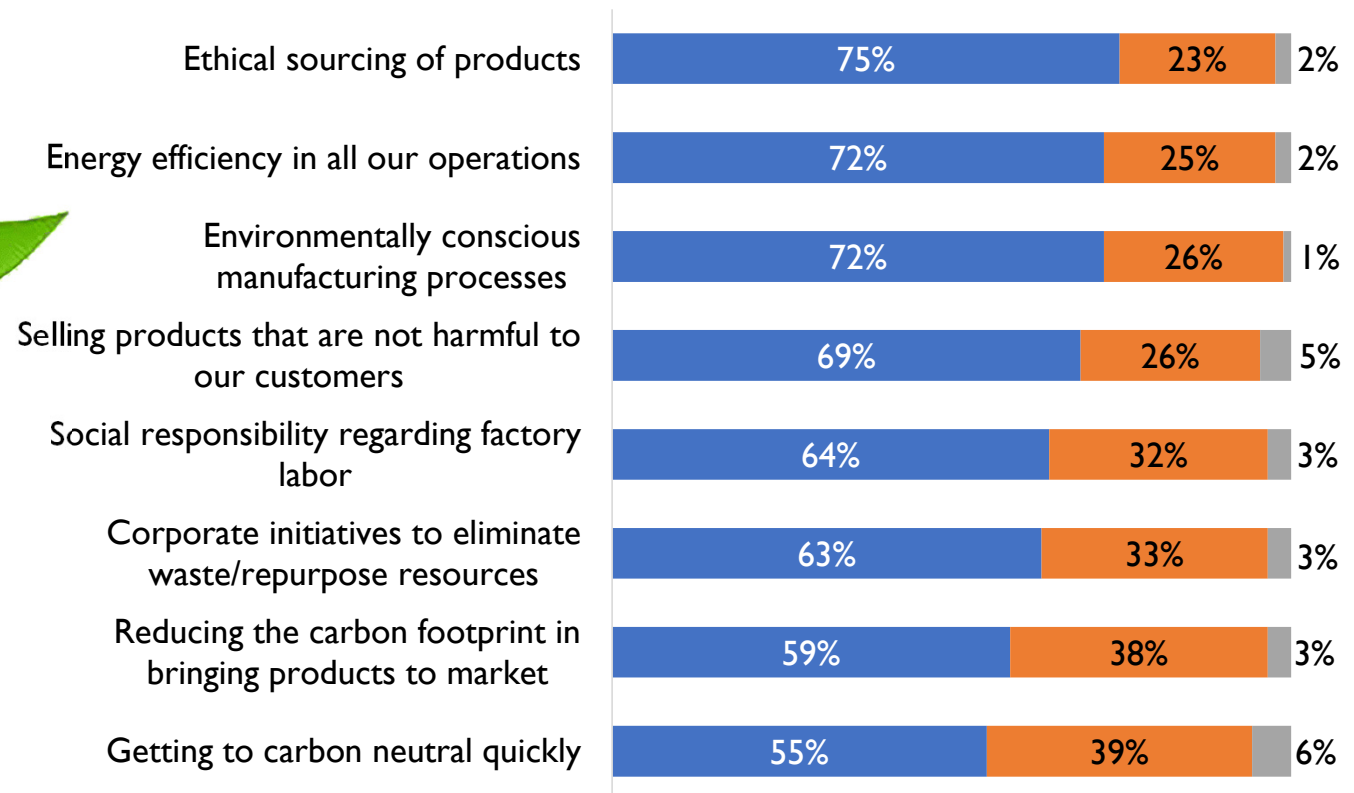
■ FMCG ■ GM ■ Fashion ■ Hardgoods



Real World Definitions: “Sustainability Is...”



■ Very Much ■ Somewhat ■ Not At All



Real World Definitions: “Resilience...”

“Resilience is the ability...”

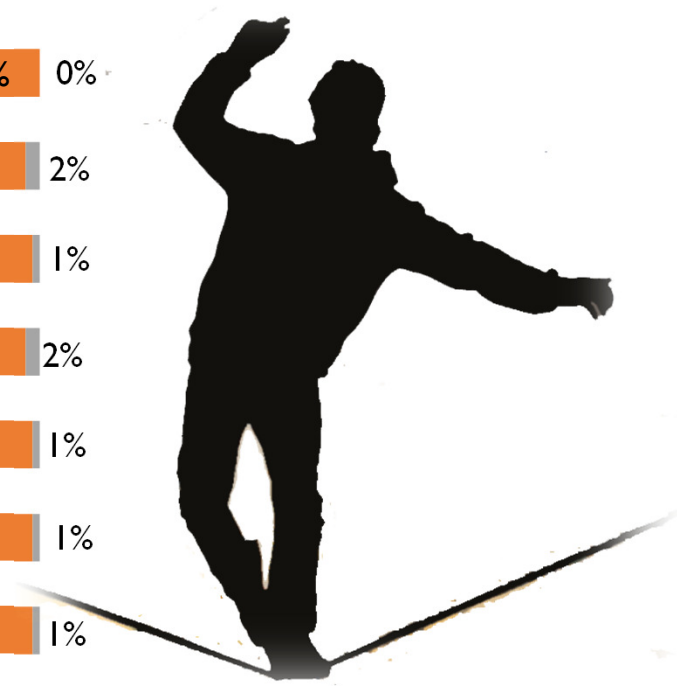
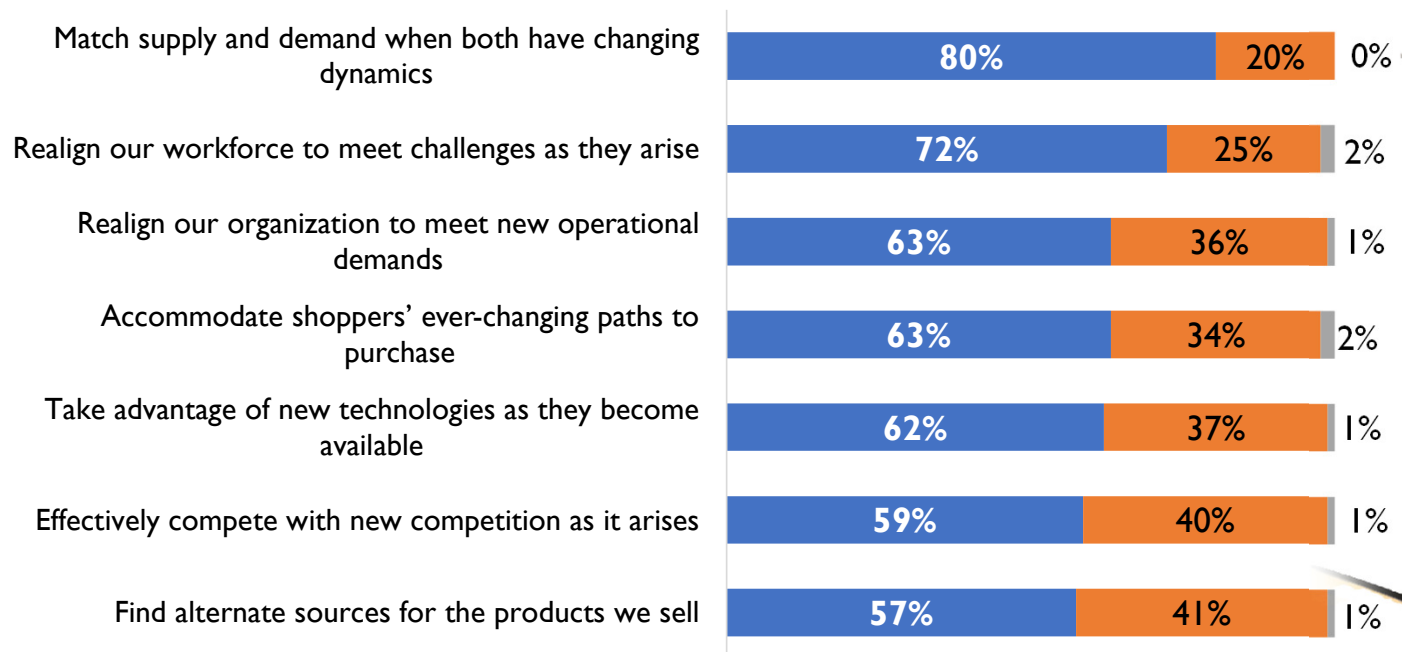
■ Very Much ■ Somewhat ■ Not At All



Real World Definitions: "Agility..."

"Agility is the ability to..."

■ Very Much ■ Somewhat ■ Not At All





Eyes On the Supply Side Of The Business

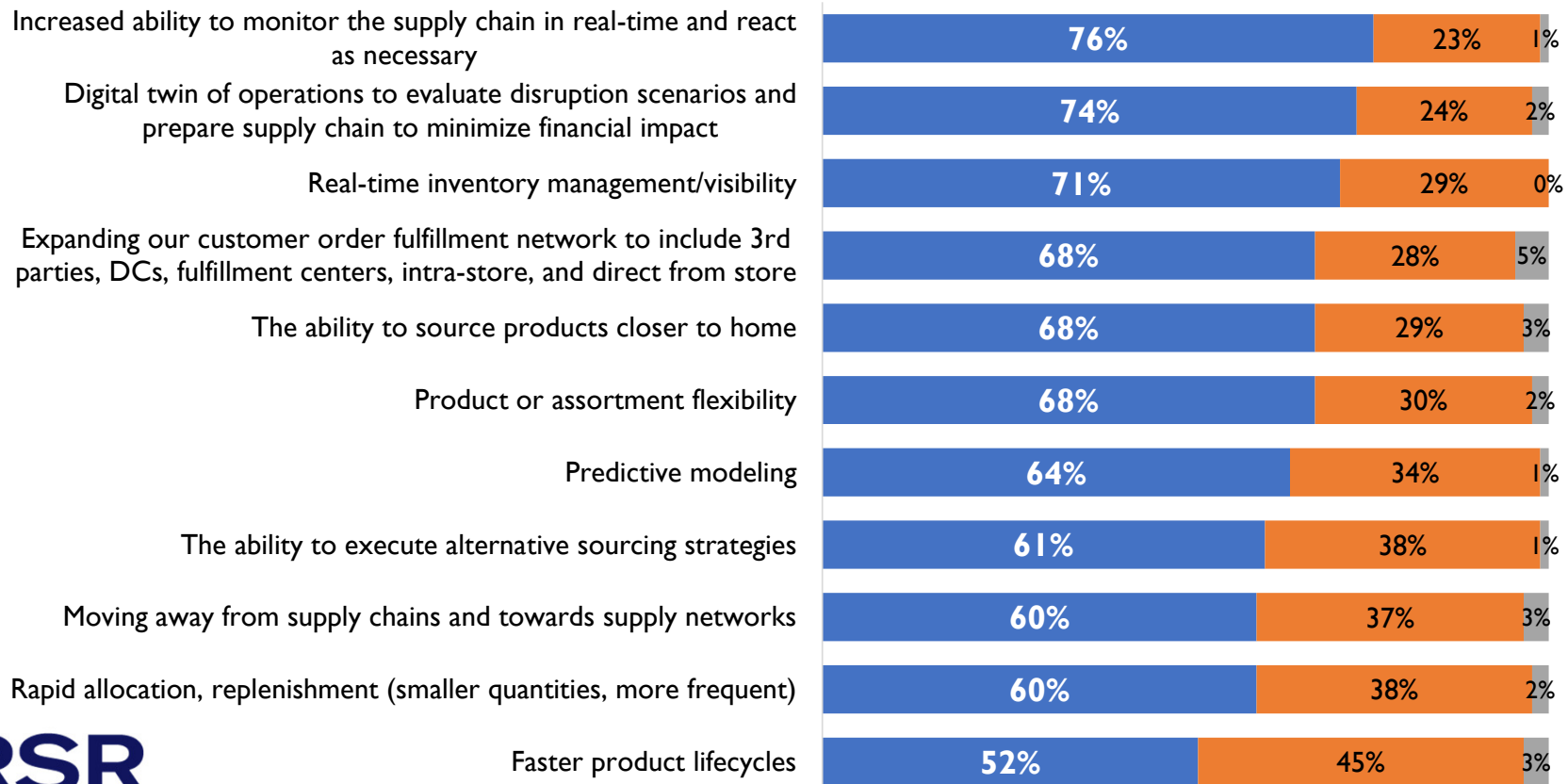
*“The most immediate challenge driving retailers’ interest in pursuing a digital transformation agenda is the need to expose – in real-time and with a high degree of accuracy – available-to-promise inventory to both consumers and employees anywhere within the enterprise. Inventory visibility is an enabler for an effective omnichannel selling environment, **but it also enables retailers to identify supply chain bottlenecks and disruptions, and ultimately to optimize the flow of goods in an agile manner as market demands dictate.**”*

The Digital Transformation Of The Retail Business Model,
RSR Benchmark Report, July 2023

Post-Pandemic Awareness

As it relates to the supply chain, how important are the following to your company's resilience and agility?

■ Very Important ■ Somewhat Important ■ Not Important



What Is A Winner?

In RSR's benchmark reports, we frequently cite differences between retailer over-performers in year-over-year comparable sales and their competitors. ***We find that consistent sales performance is an outcome of a differentiating set of thought processes, strategies, and tactics.***

RSR calls sales over-performers "Retail Winners."

RSR's definition of these Winners is straightforward. Assuming industry average comparable store/channel sales growth of 4.5 percent, we define those with sales above this hurdle as "Winners," those at this sales growth rate as "average," and those below this sales growth rate as "laggards" or "also-rans."

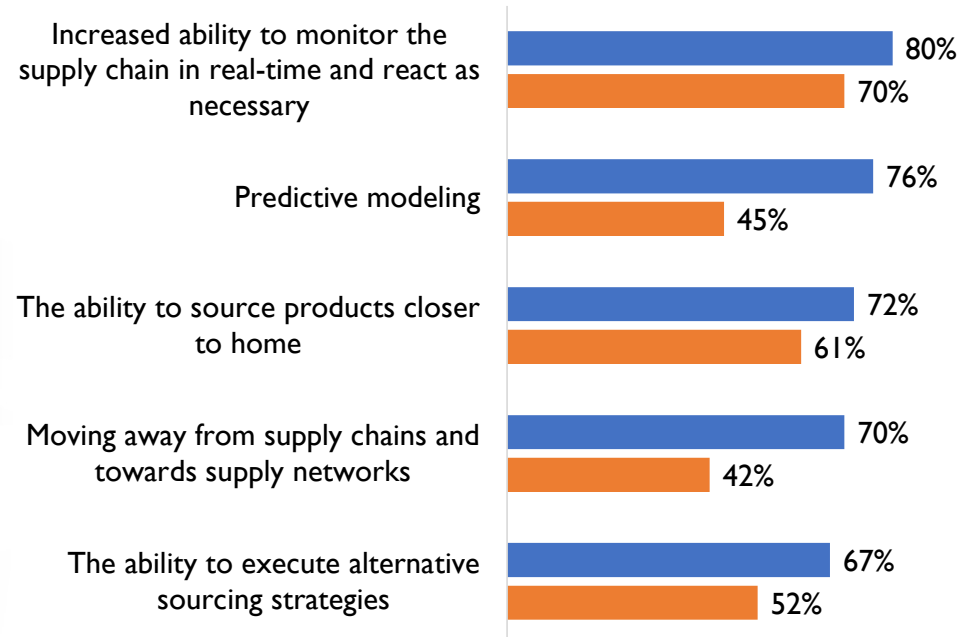


Winners Strive To Stay Several Moves Ahead Of Others



How important are the following to your company's resilience and agility? ('Very Important')

■ Winners ■ Others





Business Challenges

Consumers ... And The Supply Chain

Consumer-facing businesses are focused on *sustainable growth*, and that for most that is driven by maintaining a focus on both the customer and the supply chain.

It's no surprise that the supply chain is an area of focus. In RSR's most recent supply chain benchmark ⁽¹⁾ we observed that:

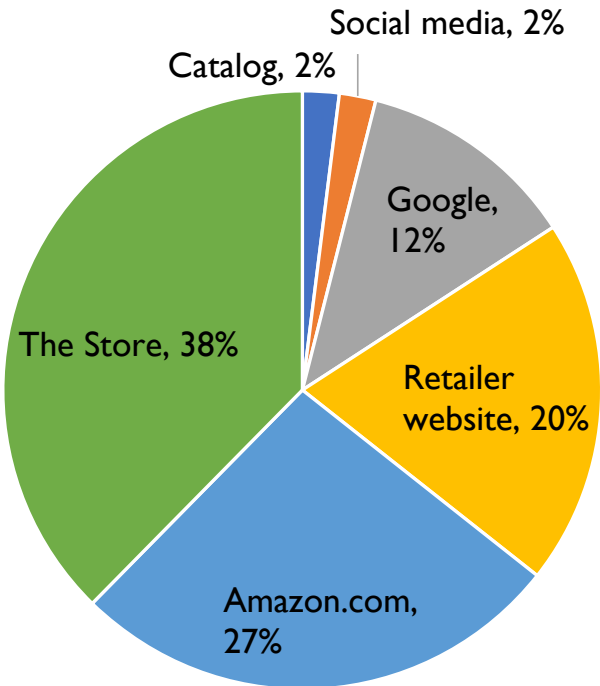
“While over the prior 30 years the supplier side had been hyper-optimized to reduce costs, it came at the expense of resiliency and agility. Faced with new risks revealed during the pandemic, both retailers and suppliers have struggled to adapt to fast changing conditions.”

What is perhaps a bigger reveal is that retailers are *even more focused* on **consumers' increasingly mercurial shopping behaviors....**



“...Consumers’ increasingly mercurial shopping behaviors...”

How Consumers Start Their Shopping Journeys



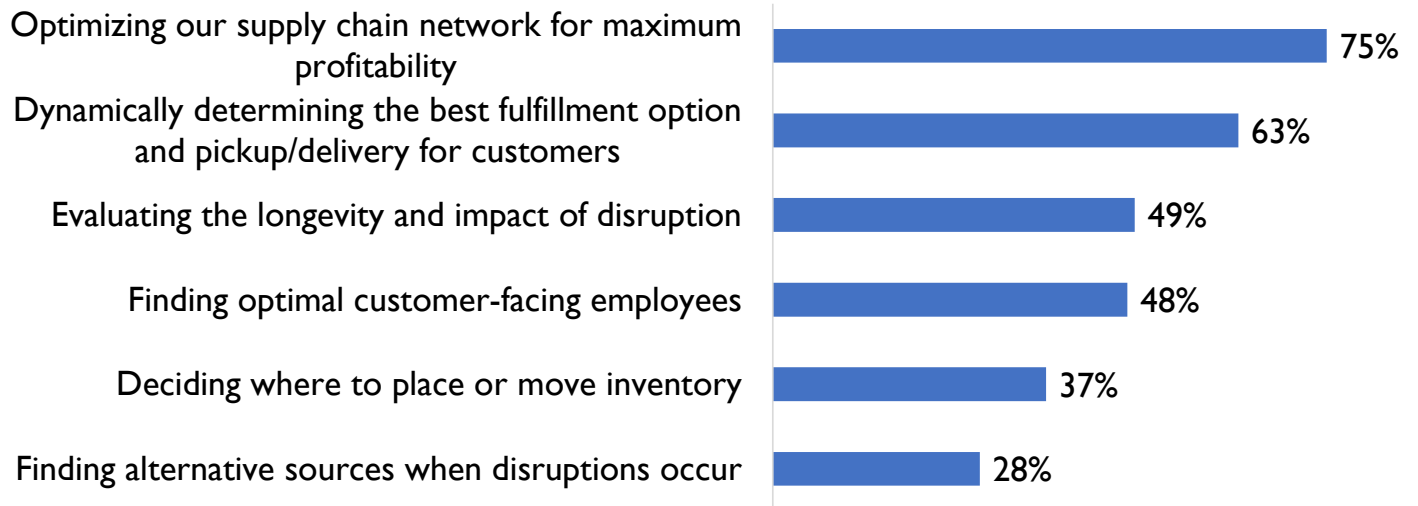
Top Business Challenge By Vertical	FMCG	GM	Fashion & Specialty	Hardgoods
<i>Customers can buy products from anywhere using their personal technology</i>	53%	50%	29%	40%

Retailers Want To Sense Disruptions As Early As Possible, But...

Different Focus:

Retail Winners haven't lost focus on the need to optimize the supply network to deliver the best unit-cost-of-goods, while more average and under-performers are focused on shaking the costs out of customer order fulfillment and delivery.

What are the Top Three (3) Operational Challenges your company faces as it relates to agility, sustainability and resilience?



Top Operational Challenges	Winners	Others
Optimizing our supply chain network for maximum profitability	80%	67%
Dynamically determining the best fulfillment option and pickup/delivery for customers	57%	73%



Opportunities

Retailers See An Enormous Amount Of Upside To Implementing Location-aware Capabilities

What are the Top Three (3) Opportunities you see from implementing location intelligence?



Top Opportunities Vary By Vertical – A Reflection Of Retailers’ Value Propositions To Consumers

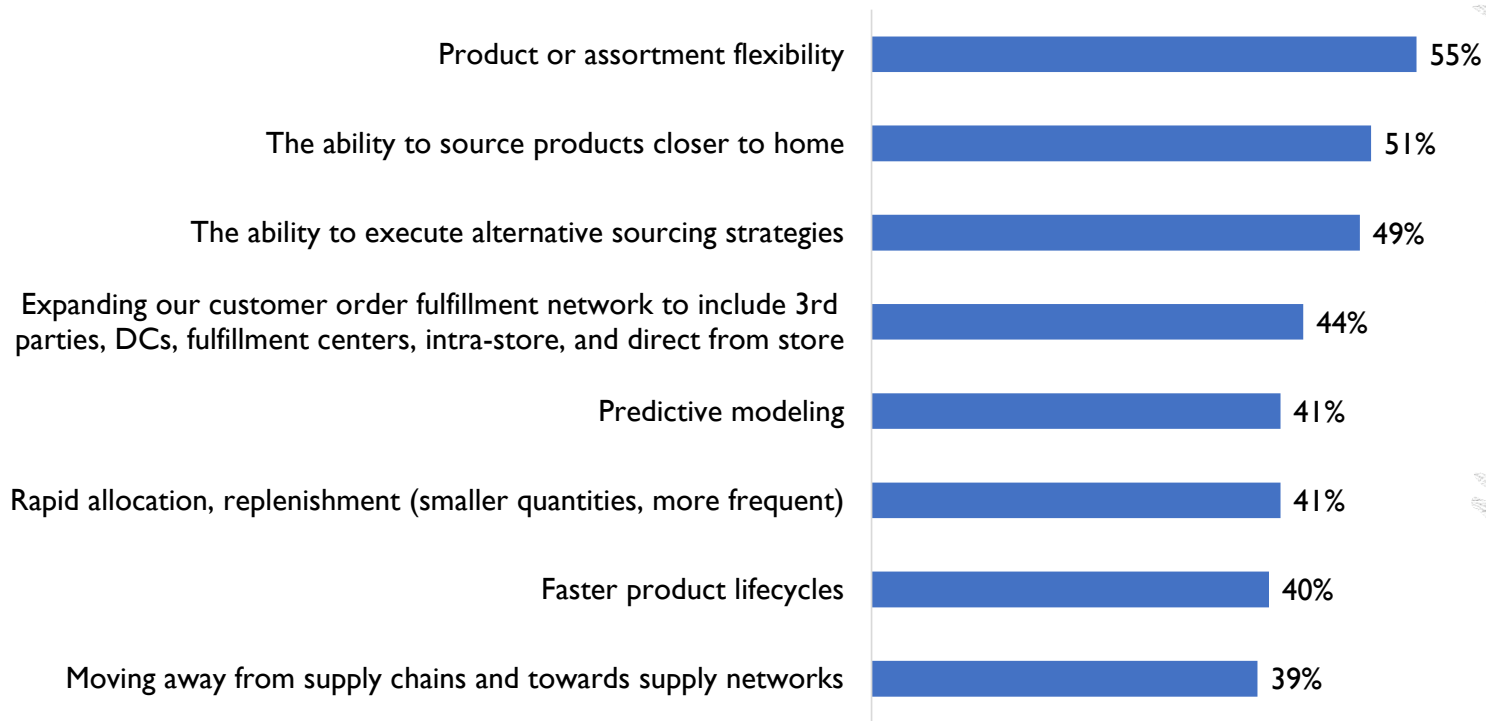


	All	FMCG	GM	Fashion
A faster, more efficient and resilient supply chain network	37%	31%	50%	18%
Making CRM data more usable/actionable	39%	44%	36%	29%
Improved customer intelligence	47%	44%	43%	59%
Optimized return on inventory investment – better inventory balance	48%	59%	43%	41%



Efforts Are Underway To Modernize The Supply Side

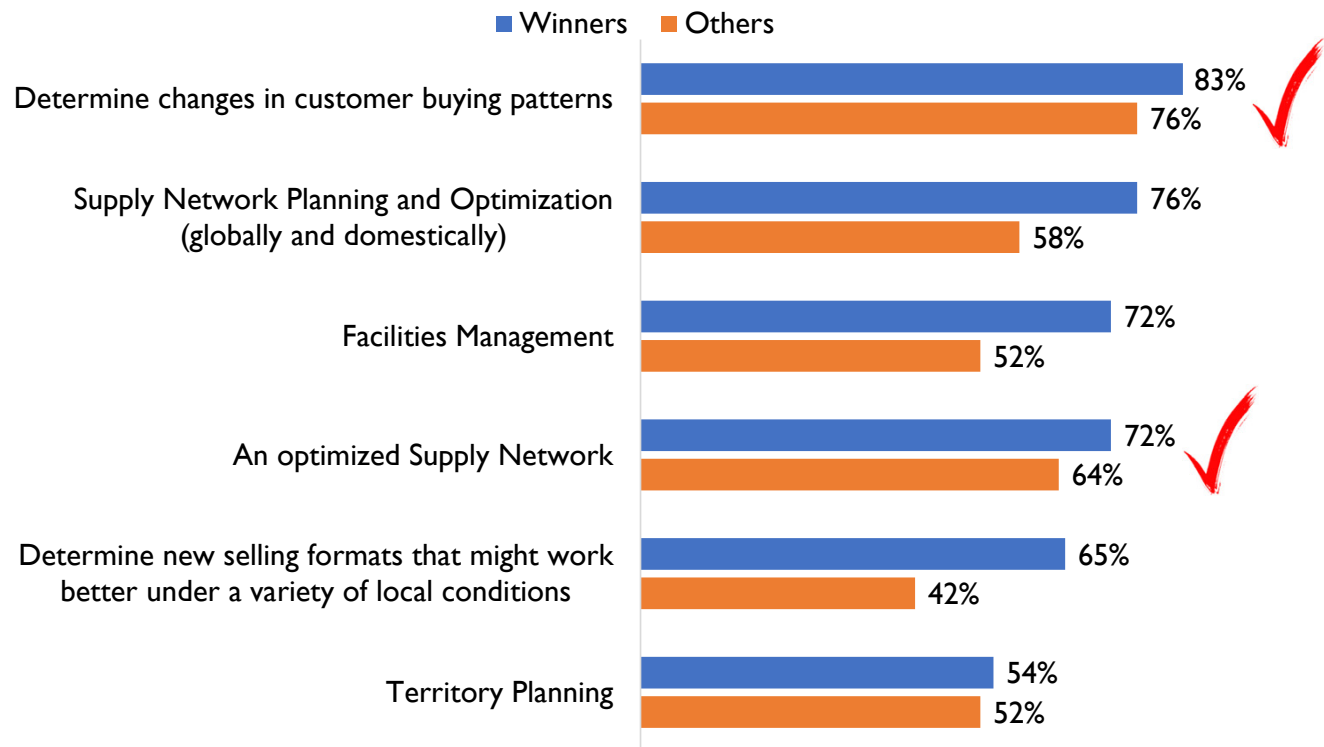
Please rate your company's supply chain capabilities for the following tools and techniques ('In Development / Under Construction')



Increased Operational Effectiveness – A Never-ending Quest

Please rate the importance of the following to strengthen operational effectiveness in the next three years ('Very Important')

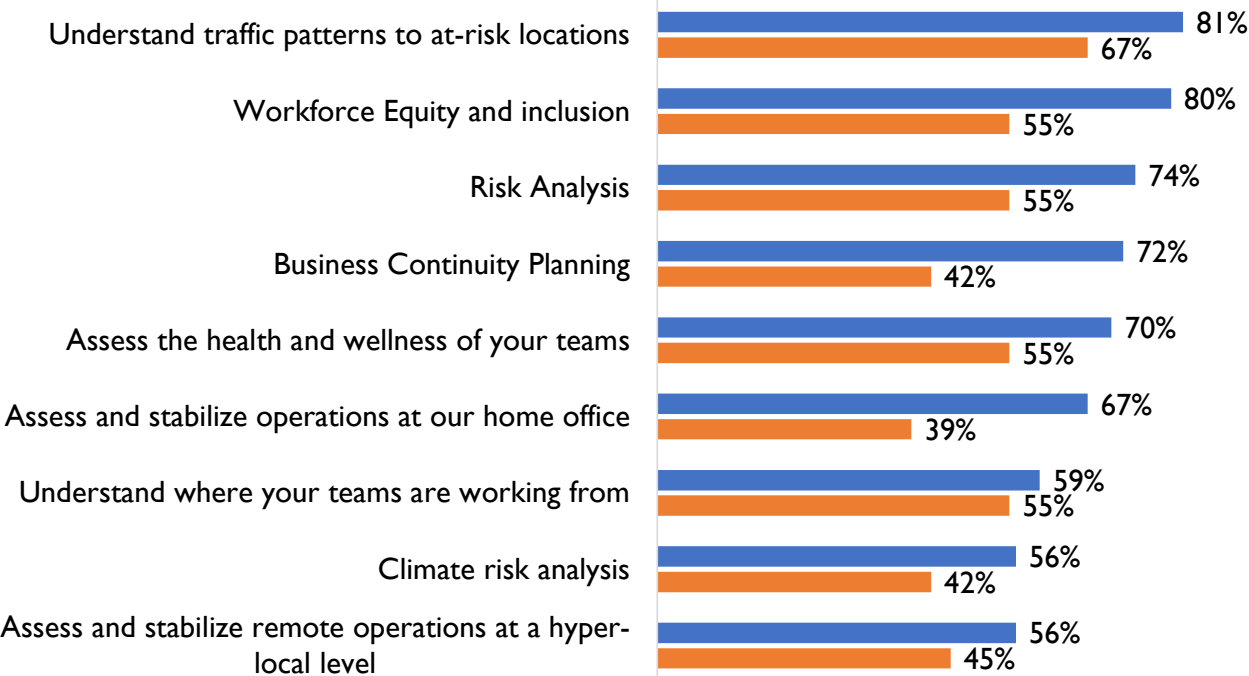
While Most Retailers Agree That Staying Focused On Both Consumers And S/C In Important, Winners Are Also Zeroing In On Other Factors



For Winners, “Resilience” Is More Than Talk

Please rate the importance of the following to enhance business resilience in the next three years ('Very Important')

■ Winners ■ Others





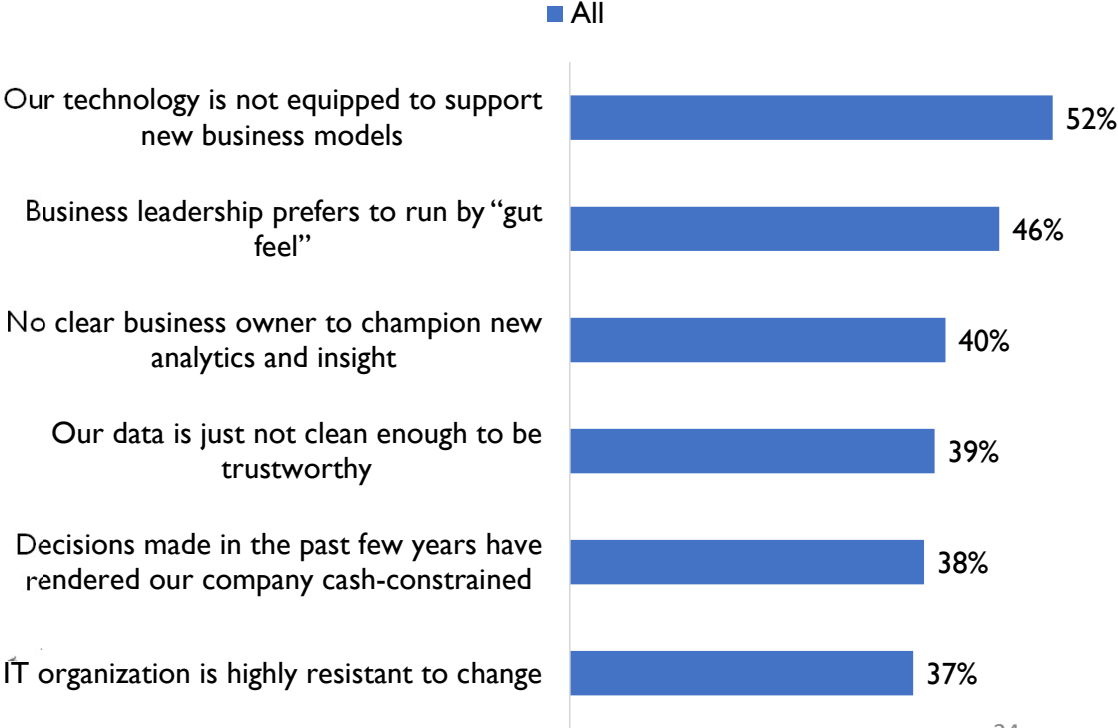
Organizational Inhibitors

What Stands In The Way

Old Tech And Old Ways Of Thinking Will Not Get Retailers Where They Need To Be



Top Three (3) Organizational Inhibitors standing in the way of the opportunities identified

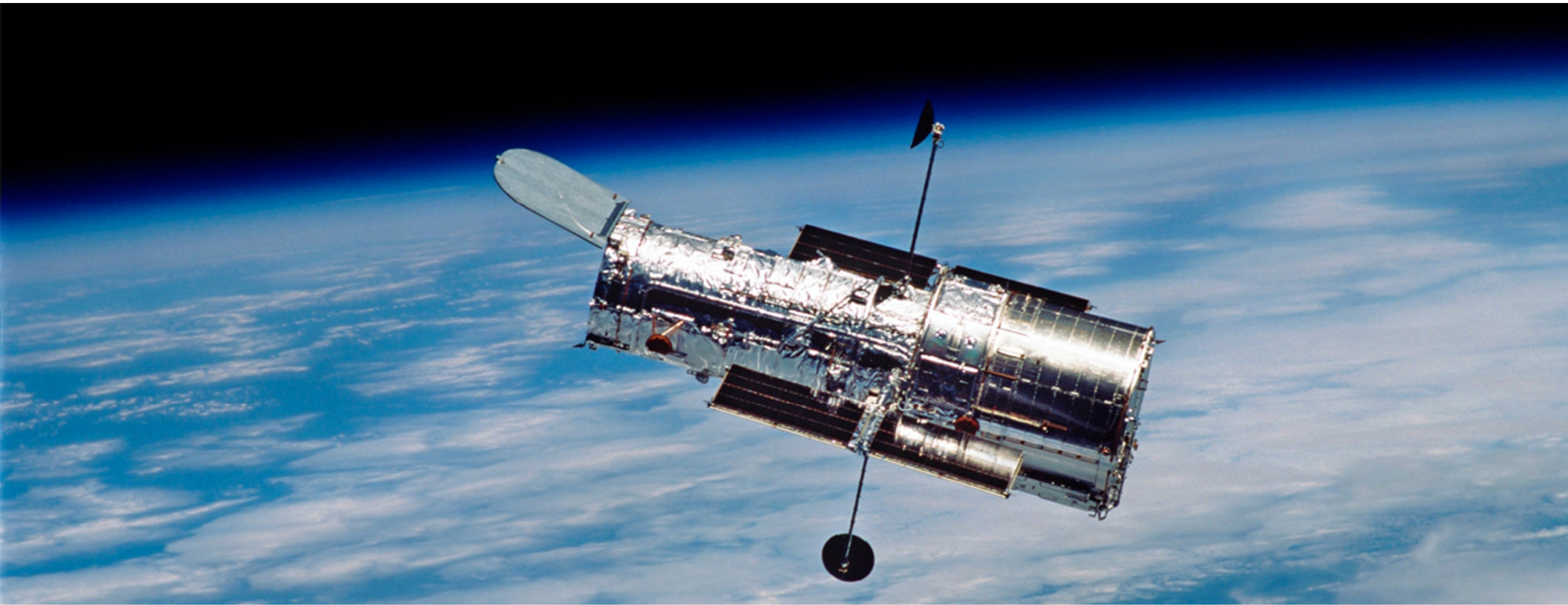


How To Break Through?

Better data and analytics *to make sense of that data* will show the way around the inhibitors that retailers identify. The research shows something of a “holy trinity” for a way forward:

1. **Improved data quality** will enable the business to become focused on what matters most;
2. **Analytics** to allow retailers to respond to incidents as they arise (in real time), and, ultimately;
3. **Business analytics** will help to measure the business effects of those efforts.





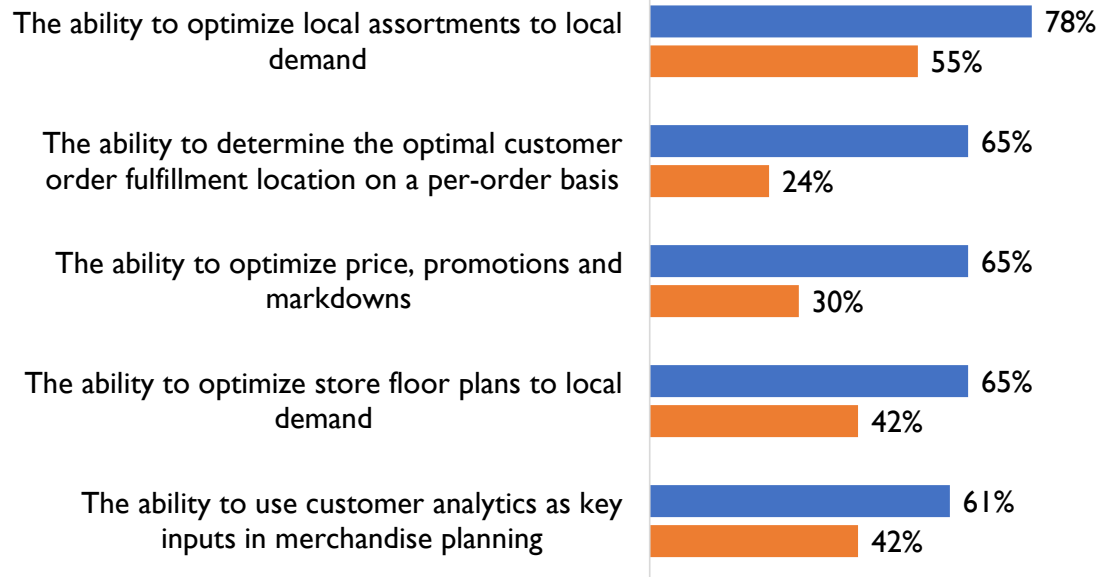
Technology Enablers

Lots Of Promise – Lots Of Progress

Where You End Usually Depends On Where You Start

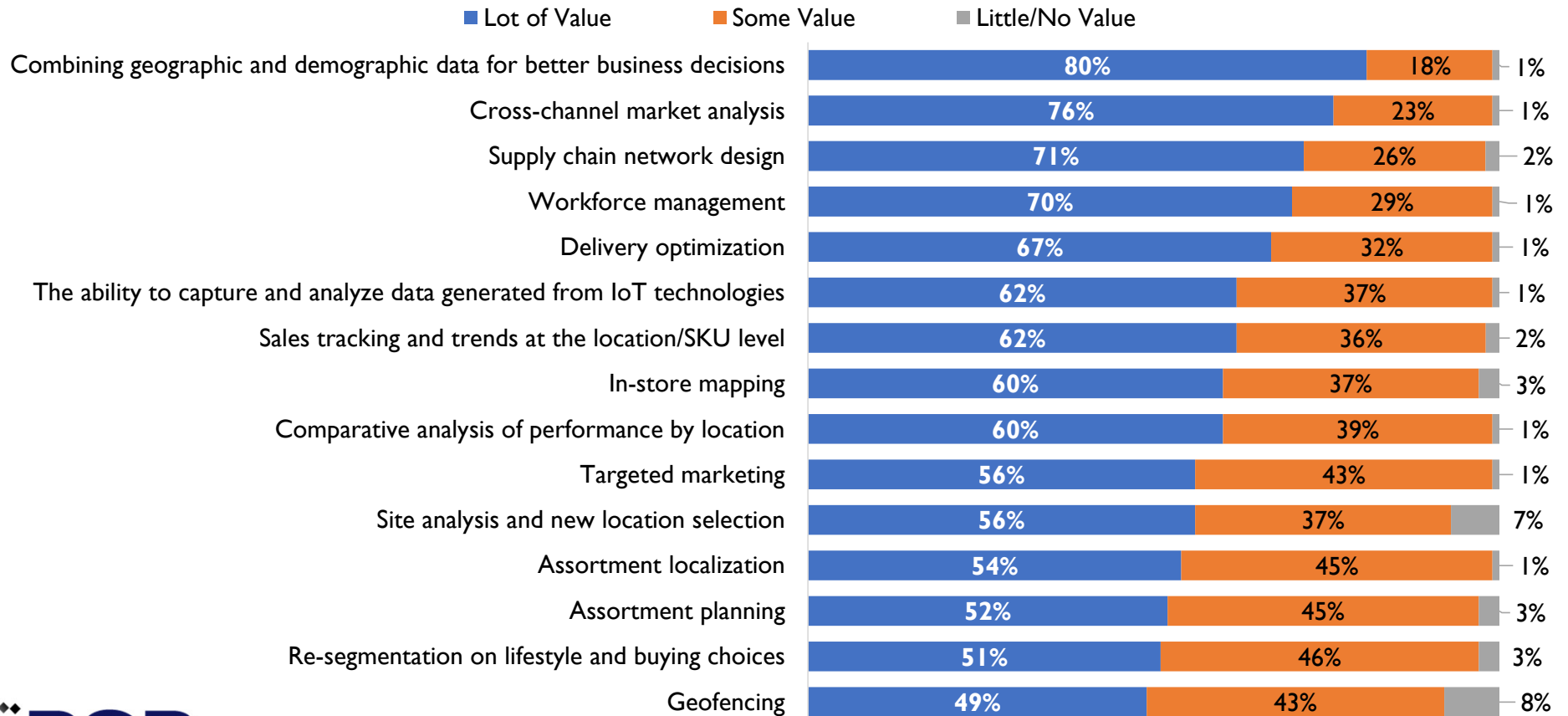
Rate your company's capabilities for the following selling environment tools and techniques ('Full Capability')

■ Winners ■ Others



Lots Of Promise

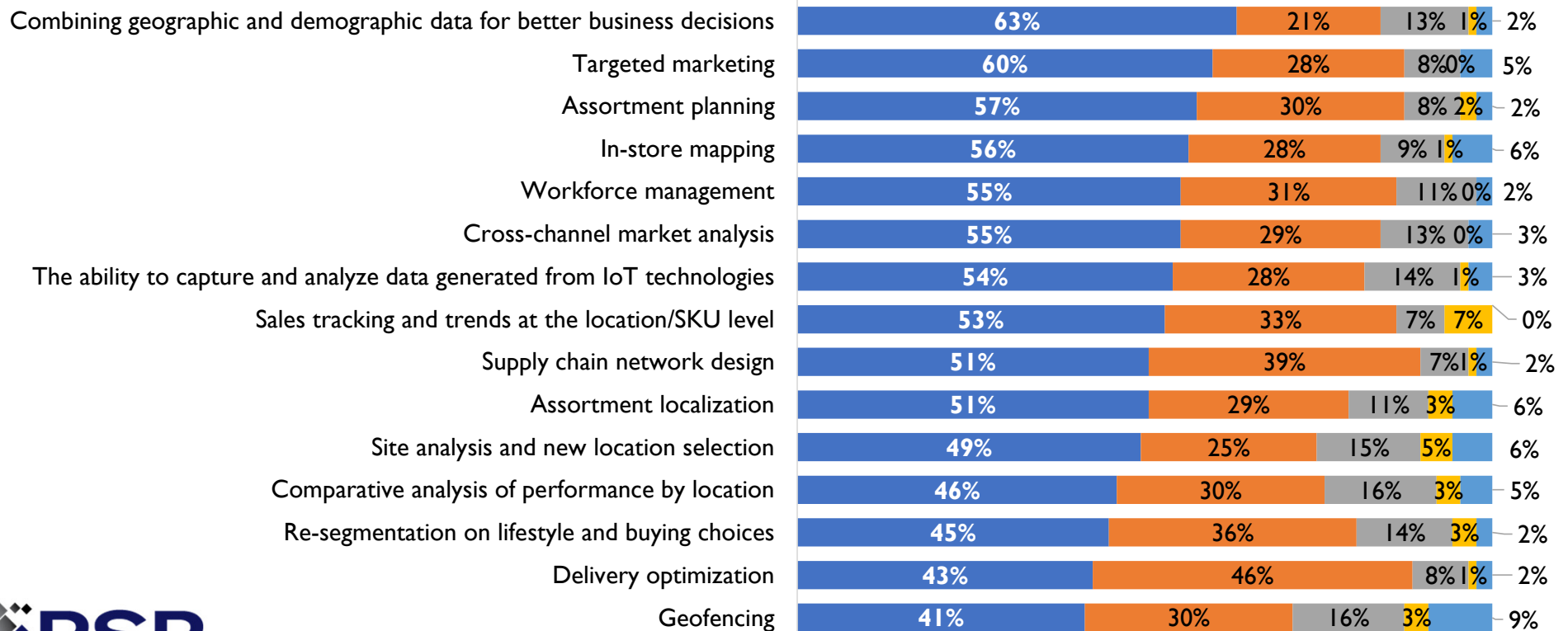
How do you perceive the value of location information for the following?

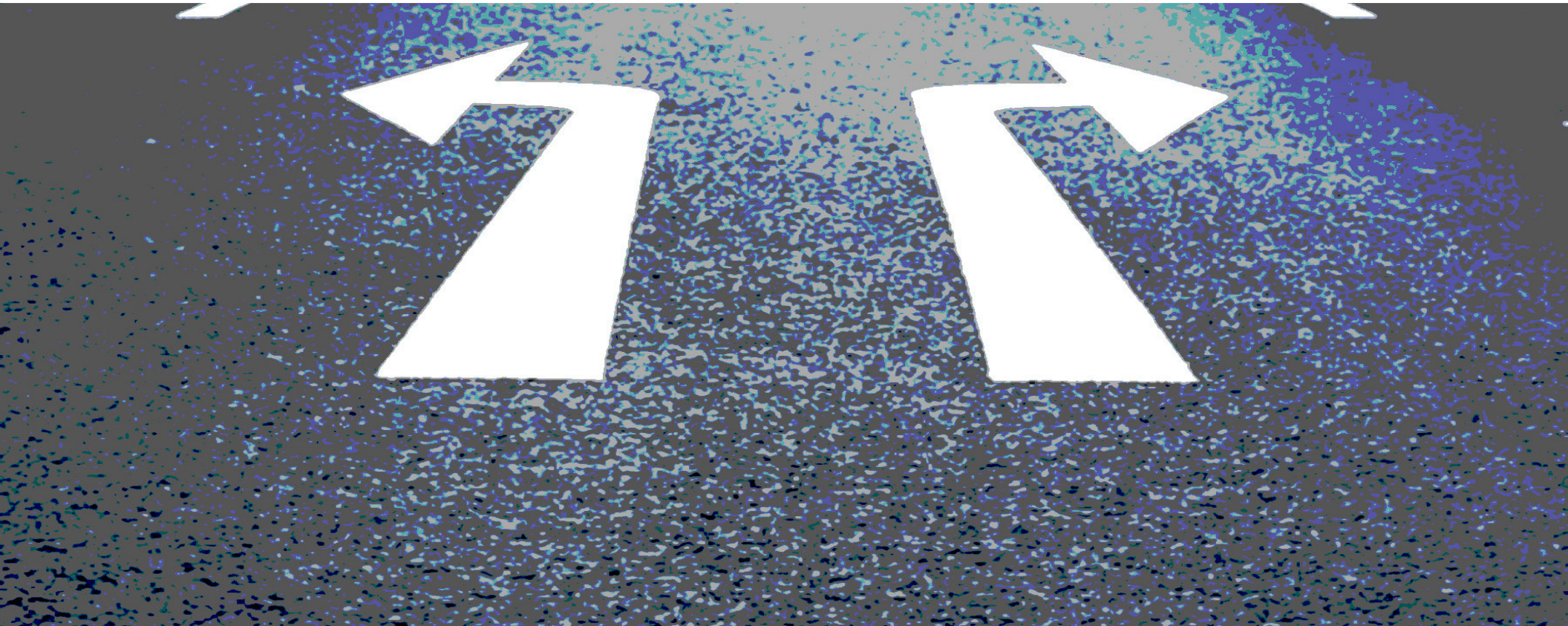


... Lots Of Progress

What is the current status of the following analyses enabled by location data at your company?

■ Implemented/ Satisfied
 ■ Implemented/ Planning A Change
 ■ Budgeted Project
■ Planned/Not Yet Budgeted
 ■ No Plans





Report Recommendations

*A “wash, rinse, repeat” business model doesn’t work anymore in consumer-facing businesses. Both consumer demand and supply have become less predictable, and as a result, companies seek to improve their operations to be more **agile** and **resilient**, to ensure more **sustainable** growth.*

It’s Not Just About Winning, It’s About Surviving

The difference between Retail Winners and other retailers is that over-performers view their information assets as strategic weapons, whereas average and under-performers use those assets tactically. Sustainable growth is entirely dependent on data and insights. And importantly, customer analytics are at the center of Winners’ decision-making processes.

Consumers’ Sustainability Concerns Are Vital To Achieving Sustainable Business Growth

IT Investments Are Overdue

The new selling environment requires a very different IT posture than in the past – starting with big new investments in data analysis tools, techniques, and expertise. Retailers’ ability to respond quickly to changes in both supply and demand depend on it.

Keep Your Eyes On The Supply Chain

The ability to “monitor the supply chain in real time and react as necessary” is top-of-mind capability for retailers

Scenario Planning / Predictive Modeling Is Vital

Consumers Are Talking – Pay Attention

Winners rate “customer analytics” as very important to sustainable growth. Everyone needs to get on board.

Don’t Give Up On Efficiency



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