

OPERATIONS & FULFILLMENT

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5 Technology Trends Poised to Transform Retail Supply Chains



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Supply chain technology is entering a renaissance as retailers look to digital tools to transform nearly every aspect of operations. Nearly three-quarters of retailers report plans to digitize their supply chains as they seek to improve real-time visibility and responsiveness in an increasingly challenging environment.

With pressure mounting on all sides, a well-run supply chain is becoming indispensable for retail businesses. Continued tariffs are creating inventory volatility for retailers, prompting many to weigh the pros and cons of forward-buying goods to avoid impending price hikes. U.S. imports hit a [record 21.6 million TEUs in 2018](#), with shippers rushing to get goods in hand before additional tariffs take effect.

At the same time, retailers are feeling the demands of omnichannel and just-in-time delivery. Deliveries take countless paths to their final destination, and a sharp uptick in product returns is making fulfillment even more complex. One study found that shoppers return [30 percent of items bought online](#), more than three times the return rate for brick-and-mortar purchases.

Related story: [Optimizing Your Supply Chain for Omnichannel](#)

Growing Needs, Growing Solutions

Amid these challenges, more retailers recognize the need to redesign their supply chains. Their goals include faster response and delivery times — a must for retailers that maintain minimal inventory in their supply chains — as well as predicting trends and minimizing impact of disruptions. The good news? These organizations have a wealth of solutions at their

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As shippers look to go digital, these five tools can help deliver the supply chain optimization they seek:

1. **Shipping execution and tracking:** Seamless product movement is a top goal for shippers, with [77 percent of firms investing in technology to improve shipping execution](#), according to American Shipper. By balancing speed with price and managing shipments by exception, these tools can help retailers meet stringent delivery deadlines cost effectively and avoid snags along the way.
2. **Supply chain planning:** Planning tools help retailers gauge demand, adapt to volatility and plan for accuracy at scale as they fine-tune inventory levels amid ongoing tariffs. According to Gartner, [70 percent of retailers are adopting centralized planning](#) to keep up.
3. **Transportation management systems (TMS):** In an omnichannel world, nearly every delivery is a last-mile one. As a result, more retailers are relying on TMS to optimize ground transit routes, shave time off deliveries, and ensure they're meeting customer promises.
4. **Artificial intelligence (AI):** AI simulates human intelligence to streamline key logistics functions for retailers, from reporting to planning. One area where AI is already gaining traction is in voice recognition technology to simplify ordering.
5. **Machine learning:** By spotting trends in large data sets exponentially faster than a person, machine learning can help companies make better decisions about routes, prices and carriers, resulting in greater profits for high-volume shippers such as retailers.

The Quest for True Supply Chain Optimization

Organizations that adopt [digital supply chains boost annual earnings by 3.2 percent on average](#), according to McKinsey. This represents the largest increase in digitization of any business function. However, many retailers have a long way to go to achieve true supply chain optimization. Only 4 percent of retailers implementing new technologies say they're seeing the benefits so far, and 13 percent of firms still rely exclusively on Excel for supply chain management.

By coupling the right technology with seasoned logistics expertise, retailers can unlock significant new value from their supply chains. A trusted supply chain provider can help retailers choose the right tools for their environment, come up with creative solutions when logistics issues inevitably arise, and handle the supply chain challenges of 2019 and beyond.

Jon Slangerup is the chairman and CEO of [American Global Logistics](#), one of the fastest-growing and most respected international supply chain and logistics solutions companies in the world.

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