

Evolving the supply chain to keep up with rising online retail demand

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14 Jul 2021

Even before Covid hit, online retail was growing and becoming an increasingly popular option in South Africa. When the pandemic arrived, however, this growth became exponential. With the dramatic acceleration in demand for online channels, the supply chain has to evolve in order to keep up.



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Technology lies at the heart of this evolution and unlocking the value of data is key to improving efficiency, accurately forecasting demand, and moving to a 'Just In Time' (JIT) model of manufacturing, supply and delivery.

More than double in two years

The massive growth in online retail is highlighted in a study conducted by [World Wide Worx](#) in association with Mastercard, Standard Bank and Platinum Seed. According to the study, in 2018, online retail made up just 1.4% of total retail, at R14,6bn. In 2020, this figure was an astonishing R30,2bn, which is an increase of 66%. This is a clear indication of the effect that the Covid-19 pandemic has had on the sector, which has had to rapidly adapt to huge increases in demand and volume.

Turning challenge into opportunity

Apart from catering to the influx of demand, the supply chain has faced a number of additional challenges as a result of Covid. These have included production challenges due to lack of raw materials, and therefore lack of supply to cater to demand, as well as difficulty in scaling up, maintaining inventory and handling logistics.

Collaborating with the right IT partner is an important step in obtaining a technology solution to assist in addressing supply chain challenges. Not only that, but technology solutions can help retailers to turn the influx of online shoppers into a competitive advantage.

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Technology solutions

Adding online into the mix makes the supply chain more complex, but the need to deliver excellent service for the end customer remains. Arguably, it is more important than ever since there is no physical touchpoint for the consumer. Retailers need to ensure they have stock on hand to cater to demand, in the right place to enable swift delivery, which changes the way the logistics chain needs to operate.

An end-to-end supply chain management solution can help retailers to solve their main issue, which is a lack of visibility into the entire chain from supply of raw materials through to end customer sales. It also provides a platform from which retailers can scale up, and accurately forecast to keep supply in line with demand. The online channel also changes the logistics and warehousing elements, and greater insight can ensure retailers can cater to this.

Control, optimise, improve

Lack of control over supply chain processes can negatively impact retailers' bottom line. It is essential to adopt the right technology solution to deliver increased visibility and optimise and improve processes. Correctly forecasting demand is critical to both meeting customer demand and reducing risk, and automating processes and improving efficiency is key in adopting a JIT supply chain.

Today's retail business needs to be customer responsive and agile. With increased global competition and frequent disruption, supply chain functions need to enhance performance. The use of technology is crucial in helping retailers to meet customer requirements and expectations, and data is the critical element.

Unlocking data to drive analytics is key – leading supply chain organisations leverage artificial intelligence and advanced analytical algorithms to process data and understand what is happening in their business, and what is likely to happen in the future.

Reinventing the supply chain with technology from the right IT partner gives retailers the opportunity to discover where improvements can be made and evolve the supply chain function to meet current and future needs.

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