April 2016

Traditional vendor compliance programs inflict self-harm on retailers.

According to what was written by the Associated Press as reported in the Miami Herald on January 2, 2016, both Macy's and Staples were among the 20 biggest stock market losers of 2015. These two retailers are struggling to get customers into their stores as consumers are increasingly shifting to purchasing online.

In the December 2015 issue of Inbound Logistics magazine, the article "Today's Digital Economy: What's in Store for Retailers?" includes SAP's first-ever Retail Index conducted in partnership with Oxford Economics. In questioning how retailers intend on prioritizing the improvement of the customer experience today and in three years, the answers were as follows:

Loyalty management and offerings: Today (80%); In Three Years (98%)

Online channel integration: Today (79%); In Three Years (91%)

Assisted selling: Today (76%); In Three Years (88%)

Digital marketing and sales: Today (68%); In Three Years (95%)

Mobile channel integration: Today (53%); In Three Years (89%)

Personalization for the end consumer: Today (41%); In Three Years (54%)

New products that extend beyond core offerings: Today (38%); In Three Years (62%)

Smart products / IoT: Today (23%); In Three Years (43%)

As I wrote in my book, "Successful Supply Chain Vendor Compliance" (Gower, December 2015), vendor compliance programs can be inhibitors of new product acquisition. So while retailers may desire to expand their product lines even today, their restrictive supply chain vendor compliance programs and methodologies are currently blocking vendors with innovative products from getting those items onto the store shelves and e-shelves. Retailers are – and have been – inflicting their own damage by focusing on a relatively narrow pool of large vendors and disregarding new innovative companies with unique products that can draw the attention of consumers. And I disagree that private-labeling is the solution to all the woes as it can only bring in a limited amount of innovation.

Sadly, this is probably one of the easier initiatives to adjust and reap the benefits from, yet appears to be at the near-bottom of the list of priorities.

Putting up blockades to prevent prospective vendors from promoting potential products is a throwback to the days of diva buyers, yet it persists today in full-force. Retailers better start to open their eyes and ears to products creating a buzz or that have the potential to start a fad with the right marketing. Retailers won't do this by sticking to the old methodologies; they need to create gateways where companies with innovative ideas can submit their items for review. Competition is fiercer than ever, and stagnant retail commodity business models just won't cut it in the new order of the digital age. I think that brick-and-mortar married to online can work well but only when powered by unique products, and not just unique brands.

Thanks.

Norman Katz, CFE, CFS, CCS, MOS
Katzscan Inc.
954-942-4141

0 95494 24141 1

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