



SUPPLY CHAIN TRENDS IN RETAIL AND CONSUMER GOODS



Every day, supply chain executives are tasked with meeting the rising demands of their customers. Whether it's speeding products to market, shifting business strategies to include e-commerce fulfillment capabilities, implementing new technology, or reducing risk, the end result is always to keep customers happy and loyal. However, as supply chains evolve and new trends come to the forefront, there is one thing supply chain managers will always have to deal with – disruption. While disruption can be both positive – peaks in business – and challenges – worldwide pandemics - the question is whether supply chain executives and managers are able to apply new strategies, predictive analytics, and innovation to keep their supply chain resilient.

Macro trends such as government regulations, talent management, and new technology continue to have a heavy influence on the consumer goods industry. Regulatory pressures for cleaner, more efficient warehouses and fleets, as well as safety regulations, hours of service, and Federal Motor Carrier Safety Administration (FMCSA) rules that are constantly changing create more complexity and confusion. The strain on the global economy is forcing companies to find new ways to get closer to consumers. Skilled talent is more difficult to find

in a time when warehouse workers and truck drivers are in short supply and high demand.

At the same time, consumers across the globe are driving micro trends like digitalization, acceleration of delivery, and the adoption of new software. Moreover, consumers are more savvy, less patient, and have near infinite options available to them. Keeping up with their changing preferences has become a struggle for companies as they try to meet the age-old mantra: The customer is king. Same-day delivery of goods is setting a new standard across all industries, as well as raising the level of consumer expectation. Consumers want more individualization and customization of products, through personalization with engraving and monograming, which drives the strong growth and constant changes of SKU portfolios.

Through these macro and micro trends, the world is moving from global-sourcing to near-sourcing, delayed to instantaneous, and manual to automated. This faster pace of commerce and the disruptions force companies to re-think how we do business.

Sourcing Closer to You and Your Customers

As the coronavirus pandemic upended the global economy, supply chain operators saw the need for a resilient, flexible, and dependable end-to-end supply chain from inbound to end user. When the pandemic began, many companies realized just how dependent they are on manufacturing and products in Asia and around the globe. Roadblocks and factory closures meant empty shipping containers and empty shelves inside warehouses and distribution centers.

Pre-coronavirus, the need for nearshoring and near-sourcing products wasn't a secret. However, with offshoring providing greater margins, a greater source of selection, and steady profit being delivered, many companies ignored the benefits of nearshoring products or at the very least, diversifying their vendor portfolio with a multi-shoring strategy. Now, supply chain executives recognize the fragility of operating in a single global region, and have the opportunity to create resiliency in their operation now, and for the future.

Ultimately, companies want the flexibility to react to different demands of the end consumer, and nearshoring is one strategy that lets them. Let's say a product from a consumer goods manufacturer isn't selling because it's not trendy among celebrities and influencers on social media channels. Or, you need to entice the sale with additional gifts, such as free accessories. Nearshoring and near-sourcing, gives you the flexibility to react to changing demand. Inventory can be easily transitioned and delivered because it is closer to the point of sale. Additionally, products can be sent in raw form and the manufacturer can then build to order as opposed to build to stock.

For example, a shirt manufactured in Asia or Central America may be dyed different colors in the U.S. to react to demand more quickly. Companies are also doing a lot of customization in terms of packaging. The core unit is the same, but companies entice consumers with different packaging.

The overall goal is to create a more responsive supply chain that adjusts to meet consumer expectations, and is resilient amidst disruption. By near-sourcing, consumer products companies can customize, change or amplify any order and drive greater demand.



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Omni-channel Capabilities

The importance of e-commerce capabilities is nothing new for retail and consumer goods operations. Since before the coronavirus pandemic, e-commerce fulfillment offered companies an avenue for growth as consumer purchasing behavior changed.

As the pandemic forced many businesses to close, traditional operations that didn't have an e-commerce solution could not take advantage of consumers making the majority of purchases online. As a result, right now, the imperative for e-commerce fulfillment capabilities has never been stronger. And, it's an essential strategy to keep sales moving as consumers remain apprehensive about shopping in brick-and-mortar stores.

This evolution of multi-channel retailing concentrates more on a seamless approach to the consumer experience through all available shopping channels. Because of this, omni-channel is changing the nature of warehouse operations and capabilities. To meet consumers' desire for immediate access to a retailer's complete inventory and rapid fulfillment, warehouses now need the capabilities to provide around-the-clock responsiveness and be purposefully located near delivery points. This includes re-engineering the facility for smoother product flow to

accurately and efficiently fulfill orders. This allows facilities to perform direct to consumer deliveries, and more frequent direct to store deliveries.

But e-commerce fulfillment doesn't end inside the warehouse. Due in large part to the influence of online retailers that are continually raising the bar, the entire transportation management system of a modern omni-channel retailer now operates on a 24/7 delivery basis. This necessitates both internal culture changes as well as a change in how the transportation network is laid out. It also requires multiple transportation services from traditional fleets to truckload and parcel carriers, to big and bulky last mile delivery.

Because of the unprecedented times and a multitude of shopping options available, there isn't a lot of time to reorganize your strategy around these changes, either. Making changes rapidly is par for the course for operations that experience these phenomena.



Digital Innovation

Smart devices such as smartphones, tablets, watches, personal assistants, and smart appliances have changed how consumers shop. These devices include applications that provide data that enables companies to understand how to better serve consumers, which products are in demand, where inventory needs to be sourced, and uncover innovative product ideas. Furthermore, this digital innovation has led to the advent of the digital supply chain.

Just as these technologies and devices are changing consumer behaviors, technology is changing the end-to-end supply chain. Organizations have evolved from thinking about a linear path – design, plan, source, manufacture, deliver – to dynamic networks of integrated processes and systems. Information from multiple devices drives the movement of goods from suppliers to consumers. Technologies such as robotics, augmented reality, artificial intelligence, analytics, and cognitive technologies are creating an environment capable of more informed decision making. It's led to strategically locating e-commerce fulfilment hubs so two-day delivery is possible. And, providing value added services for customization such as monogramming, engraving, and gift wrapping.

According to a recent Deloitte study, digital innovation drives growth. Increased levels of digital maturity significantly improved competitive advantage along multiple performance indicators, such as time to market, cost efficiency, product quality, and customer satisfaction.

Moreover, companies benefit from the data provided by multiple systems, advanced analytics, and the automation of intelligence. As information is provided through the many different sources, the digital supply chain connects technologies, assets, systems, and locations to enable real-time analysis, smarter decision making, and informed actions inside the supply chain.

The data provides predictive analytics that helps shape new strategies for transportation and logistics. It takes into account all variables inside the supply chain, as well as traffic, weather, and social trends, to create an accurate plan. It also allows for flexibility. For example, instead of creating monthly plans, strategies are set weekly or daily to meet inventory volatility and customer demand.

While this breaks the traditional steps between fixed processes, it opens the door for continuous improvement. It allows for better placement of inventory in warehouses that drives quicker order fulfillment. The data, connectivity, and analytics provides the foundation for automation and smart warehouses.



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Building Solutions for Today, Tomorrow, and the Future

Having all these pieces in place – near-sourcing, an omni-channel fulfillment strategy, technology, data, analytics, automation, and infrastructure – your supply chain can overcome disruption, and be adaptive and responsive to the demands of consumers. It gets products to assembly lines quicker and when needed. It strategically maps warehouses and distribution centers for inventory placement, and eliminates risk throughout the supply chain. It drives accurate, efficient, and accelerated fulfillment.

This resilient supply chain connects everyone involved from suppliers to the consumer. Products can be seen moving through the supply chain, fleets can maximize uptime, and consumers can better predict the delivery of their products they purchased. Companies can meet sustainability regulations, digitize records, and forecast better.

At Ryder, the depth and breadth of our end-to-end supply chain solutions allow companies to overcome the disruption that is challenging operations, and build a resilient operation that is flexible and efficient. The strength of our operations in Mexico, the U.S., and Canada put Ryder in a leading position to help companies who are creating or expanding nearshore operations. We have one of the strongest networks in Mexico, enabling us to deliver comprehensive, safe, secure and fast cross-border solutions. We manage more than 31,400 border crossing per month. We also work closely with our customers to meet the importer and exporter requirements across North America.

Our e-commerce fulfillment solutions allow companies to gain greater control of product selection, inventory management, and customer service, all while maintaining critical speed-to-market. The pieces we've put in place for our e-fulfillment solution help overcome the challenges of operating an omni-channel supply chain, and meet the e-commerce demands of consumers who expect two-day delivery. This includes purpose-built fulfillment warehouses and order management systems that easily integrate with all e-commerce technology platforms, and value added services for customization. As a result, you benefit from real-time inventory management, and flexibility using predictive analytics.

And, as digital innovation changes operations, technology is at the heart of everything we do for companies. We are doing this with RyderShare™, the ultimate open digital platform for real-time visibility of goods moving across the supply chain. The collaborative logistics platform enables the sharing of data with all stakeholders to make decisions and take actions on exceptions in the transit of products. Through its customer-centric approach, RyderShare enables companies to achieve cost savings by reducing redundancies, driving efficiencies, and creating a more predictive supply chain.

Additionally, Ryder OpsBox™ technology provides a centralized data and analytics platform for distribution and labor management decision making and optimization. Our leading-edge last mile technology RyderView™, gives manufacturers, retailers, consumers, and distributors real-time visibility into the delivery of products, as well as provides capacity management, intelligent routing, carrier tracking, and the ability to self-schedule deliveries. These technologies seamlessly integrate with our best in class warehouse management and transportation management systems.

As trends and disruption abound, innovation creates resilient operations that will be ready to overcome the next pandemic, economic wave, or consumer shift. By tapping a third-party logistics provider like Ryder you can respond quicker to changing consumer demand, expand into new geographies, implement new technology, improve productivity and efficiency, and win in today's complex operating environment.

**Discover how Ryder Supply Chain Solutions can make you
Ever better at ryder.com**



About Ryder System, Inc.

Ryder System, Inc. (NYSE: R) is a leading transportation and logistics company. It provides supply chain, dedicated transportation, and commercial fleet management solutions, including full service leasing, rental, and maintenance, used vehicle sales, professional drivers, transportation services, freight brokerage, warehousing and distribution, e-commerce fulfillment, and last mile delivery services, to some of the world's most-recognized brands. Ryder provides services throughout the United States, Mexico, Canada, and the United Kingdom. In addition, Ryder manages more than 250,000 commercial vehicles and operates more than 300 warehouses encompassing approximately 55 million square feet. Ryder is regularly recognized for its industry-leading practices in third-party logistics, technology-driven innovations, commercial vehicle maintenance, environmentally friendly solutions, corporate social responsibility, world-class safety and security programs, military veteran recruitment initiatives, and the hiring of a diverse workforce. ryder.com





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