



EBOOK

Supply Chain Survival

Navigating Retail's New Normal



Achieving Agility Through a Drop-Ship Strategy

Before a pandemic spread across the world in March 2020, retailers and brands viewed supply chain diversification as a competitive differentiator: a valuable and proactive move, but not urgent.

But times have changed. In the new normal, a diverse and agile supply chain is no longer a bottom-line booster, but a competency necessary for retail survival.

From consumers flocking to online ordering to supply-side shortages and market threats from massive ecommerce players, retailers face challenges from all angles. Disruption in the retail industry through norm-shifting companies like Amazon and unexpected events like pandemics, natural disasters or cyber attacks mean retailers must reevaluate the traditional supply chain.

Retailers have long known that performant drop-ship networks fuel unparalleled agility, but now the benefits of diversification are also becoming clear. **Though short-term obstacles may occupy the spotlight in times of crisis, the right drop-shipping strategy and platform can help you weather the storm and enable future success.**

Supply chain diversification has the ability to enhance customer experiences through wider choice and faster delivery — and it's now critical for business continuity.



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Diversification Reduces Risk

The “new normal” requires a change to traditional supply chain strategies. Centralized production and distribution, while occasionally more cost effective, also creates risk. Shipping products out of a single location prevents agile fulfillment, potentially leading to longer delivery times and unfulfilling customer experiences. But there are ways to mitigate supply chain disruption.

The distribution of products to multiple geographies through drop-shipping fulfillment alleviates this concentration of risk. **By diversifying your supply chain, you can lean on a wider network of facilities to fulfill orders and satisfy customers.** Embracing strategies like drop shipping to survive and thrive in a fast-evolving retail environment puts you at an advantage.

A diversified supply chain in action



A Nimble Supply Chain Enables the Shift to Ecommerce

Meet customer needs by identifying new habits

Advanced technology and fulfillment capabilities were already changing consumers' retail habits, and recent global events have only accelerated this shift. Consumers are adopting ecommerce faster, with delivery expectations altered by market forces and unexpected global conditions.

As you build out a new strategy, it will be helpful to assess the buying habits of your customers. By tracking and understanding how online orders are changing in product type, frequency, and volume, you can better optimize your supply chain to support these evolving behaviors.



Key consumption habits to track

- 1 Changes in online purchase categories
- 2 Shifting product demand
- 3 Size of online orders
- 4 Frequency of purchases

Deliver on expectations with customer-focused innovation

As massive ecommerce players introduce faster deliveries and consumer-friendly features, online shopping attitudes and expectations have also shifted. **More than nine in 10 consumers say they're likely to choose a retailer based on convenience**, and almost 80% of consumers consider two-day shipping important. Times of crisis only amplify these needs, and turning to ecommerce out of necessity doesn't lessen these expectations. On the contrary, the desire for fast, seamless shipping becomes more heightened.

To anticipate and adapt to rising consumer expectations, you must continuously innovate with their evolving needs in mind. First, this requires assessing your supply chain to determine available inventory. Identify where you have inventory in your value chain, and consider how you can use this supply to bridge production gaps. Addressing new consumer needs also requires you to form strategic partnerships with drop-shipping providers and third-party logistics providers (3PLs), which provide the network necessary to complete orders as they are received.

In addition to ensuring business continuity, drop shipping carries the benefits of expanding assortment and protecting against out-of-stock situations. With innovation centered around urgent customer needs, your business can thrive and maintain fulfilling experiences that meet and exceed consumers' escalating expectations.



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Recover faster, emerge stronger

Market conditions and consumer habits seem to change by the hour.

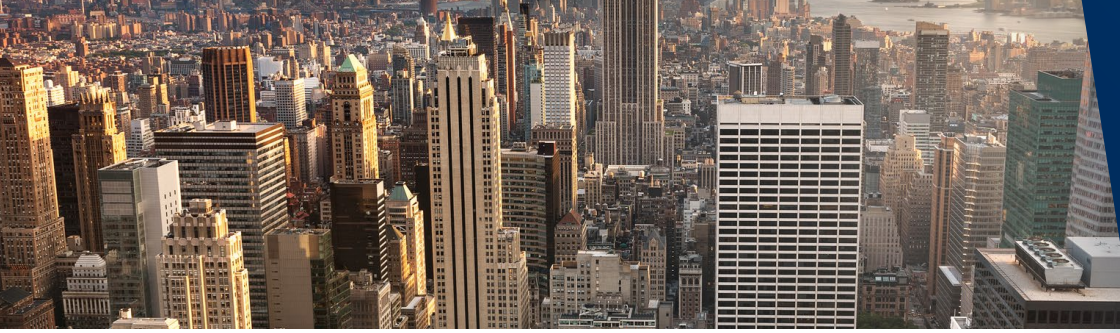
Recoveries from slow periods or market disruptions often happen faster than expected, and your company should prepare to respond to new changes. This preparation includes leveraging partner relationships to expand assortment via non-owned inventory, reducing the risk of acquiring inventory that won't move.

Redundancies in your supply chain are a lifeline, allowing you to access products from multiple sources. **Enacting drop-shipping strategies diversifies your supply chain and minimizes risks, making it easier to resume regular operations or adjust to new consumer expectations.**



Accommodating Customers' Ecommerce Evolution

- ✓ Identify changing retail habits
- ✓ Adapt your supply chain to new needs
- ✓ Prepare for a faster-than-expected recovery time



The Marks of Success Are Agility and Adaptability

In an uncertain and evolving retail landscape, the mark of success isn't just size or scale — it's agility and adaptability. If your business embraces a digital supply chain model and centralizes ecommerce, you can navigate temporary hurdles and earn the loyalty of a rapidly growing group of digital-first consumers.

Supply chain diversification helps lower the risk of disruptions causing negative customer experiences and reduces the time it takes for customers to receive orders. A methodical approach to drop shipping allows you to make supply chain changes faster and help customers sooner.

To successfully diversify your supply chain, you must take a careful, informed approach from planning through execution.



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Four Steps to Diversifying Your Supply Chain



Capitalize on customers' reliance on ecommerce

Online retail is essential to your company's current survival and future success. Now is the time for your company to adapt your model and prioritize ecommerce. But this process requires more than just listing items in an online store. By analyzing your current and expected customer base and focusing on their purchasing patterns along with their shipping location, you can determine if you have suppliers for these products close to your customers. This analysis produces a network design that sets the stage for a resilient and more profitable supply chain.



Determine network requirements to support demand

Once you have this in-depth network data, you can optimize drop shipping by assigning products to certain locations. This network information also helps create a demand forecast to determine expected quantities of products ordered by geography and the optimal replenishment schedule. Orders vary based on a number of factors — and your network should adapt to shifting product demands.



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Team up with 3PLs to streamline delivery

Armed with comprehensive supply chain data, retailers and brands can lean on drop-shipping partnerships to assign orders to 3PLs based on factors like location, available carrier service levels, transit time and costs. Teaming up with drop-shipping providers and 3PLs alleviates the burden on your organization and streamlines order delivery. This process improves when you have partners with a solid drop-shipping track record you can lean on for successful supply chain strategies.



Deliver on customer experience

Enhanced supply chain visibility and upgraded fulfillment capabilities power exceptional customer experiences, allowing you to notify suppliers automatically when quantity falls below a certain level and alert customers when shipments are delayed. **You can provide consistently high-quality experiences for each customer by using exception management capabilities.** These processes become more important as you reduce lead time and aim to provide the same fulfillment performance and customer experience from drop-shipped and owned inventory.

Mobilizing your supply chain to make sure customers receive the items they ordered helps create uniform and exceptional customer experiences, earning you a reputation as an agile business that puts customers first.



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Strengthen Your Supply Chain

Your supply chain is the nervous system of your retail operation, and preserving it is critical. With consumers turning to the convenience of online ordering as physical stores shut down, it's more important than ever to shore up your ecommerce capabilities.

Implementing a digital supply chain reduces the risk of concentrating production and/or storage and fulfillment in a single geography. This allows you to optimize deliveries and adjust your supply chain in the event of unforeseen disruptions. **With lasting benefits that include expanded inventory and assortment, faster deliveries and better customer experiences, drop shipping is more than just a quick fix — it's an essential part of retailers' path forward.**



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CommerceHub helps many of the largest and most well-known retailers expand and diversify assortment and strengthen ecommerce capabilities. Our drop-shipping solutions drive sales, mitigating risk and interruption in normal times as well as during periods of instability. We infuse your business with a redundant supply chain that gives customers access to the products they need and want right now, and in the months to come. We allow you to move quickly, with drop-ship services available for testing in as little as one week.

Diversifying your supply chain supercharges your ecommerce capabilities, fueling sustainable growth even in an uncertain retail landscape. Drop shipping reduces reliance on distribution centers and empowers you to better meet the needs of today's consumers. It may have been farther down your list of business priorities, but this year has shown an intelligent, agile and diverse supply chain is no longer simply a competitive advantage — it's a business necessity.

The Advantages of Diversified Distribution

Adding thousands of geo-diverse suppliers to your own network of warehouses and distribution centers comes with a range of business benefits, including:

- 1 Faster, location-optimized delivery
- 2 Increased revenue with lower inventory risk
- 3 Cost-effective order fulfillment
- 4 Strategic assortment expansion
- 5 Demand from new audiences and demographics
- 6 Better customer experiences





About CommerceHub

CommerceHub is a leading ecommerce enablement platform connecting supply, demand and delivery that helps retailers and brands increase sales by expanding product assortments, promoting products on the channels that perform, and enabling rapid, on-time customer delivery. With its robust platform and proven scalability, CommerceHub helps more than 12,000 retailers, brands, and distributors achieve over \$20 billion in Gross Merchandise Value annually.

To learn more, visit commercehub.com.