

Multi-Echelon Retail Strategy

Efficiently managing multiple channels while delighting your customers.



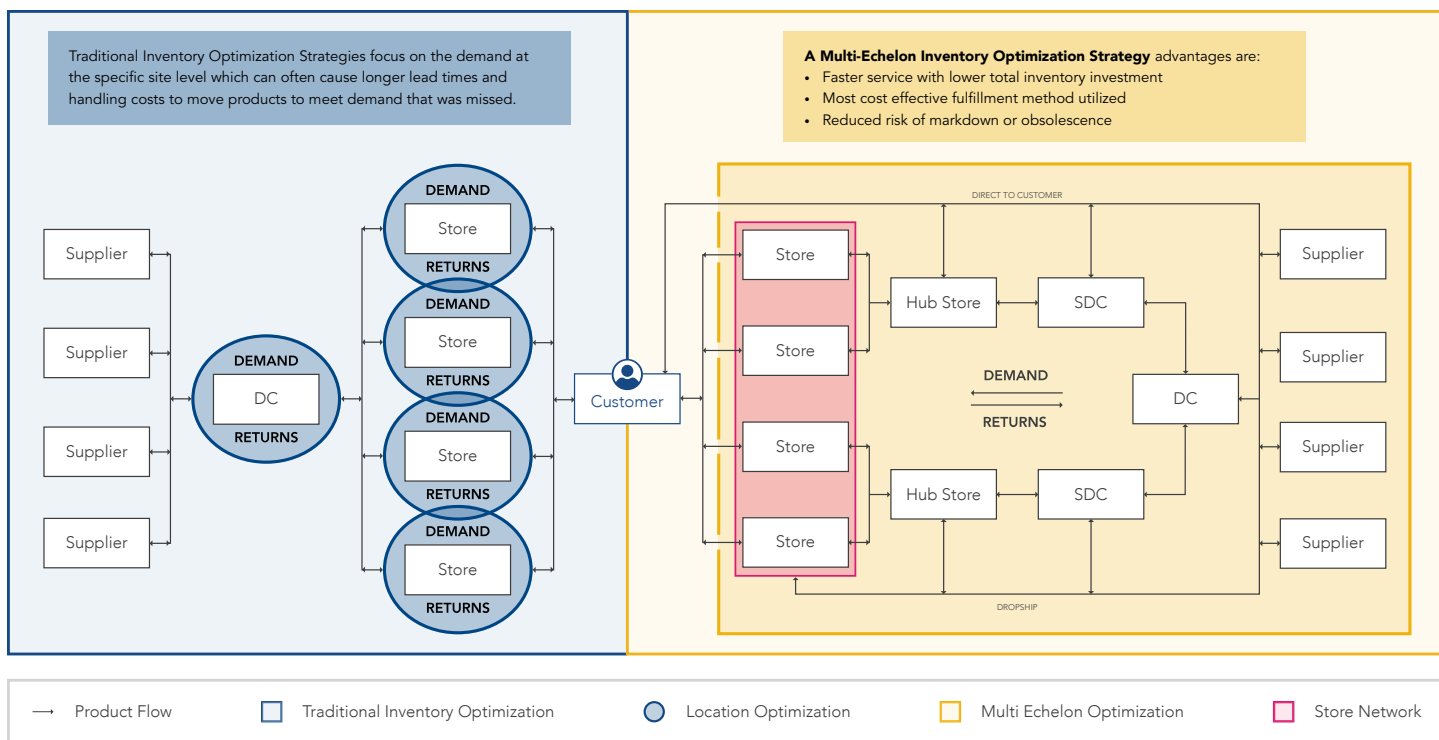
Multi-echelon is different than your typical inventory strategy. Rather than getting product pushed out to the stores, it is about pushing product to a specific point in the supply chain to deliver the product in the most efficient manner possible.

Key Benefits of Multi-Echelon

Managing multiple channels adds significant complexity to maintaining a profitable business. Your task is to exceed your customers' expectations with a rapid, accurate fulfilled expanded assortment. There are many hidden costs of having inventory appropriately positioned and ensuring that inventory has efficient storage and fulfillment. A key approach to being successful with complex multi-channel businesses is combining multi-echelon strategies overlaid with your channel strategy. Taking a holistic, multi-echelon approach can help reduce the extended supply chain inventory while service levels increase due to a broader assortment closer to customers – with fast, automated replenishment.

Applying a multi-echelon strategy can help retailers:

- Deliver a consistent brand experience and higher service levels
- Reduce operating expenses
- Achieve higher margins
- Increase productive inventory
- Focus on assortment and planning
- Experience top-line growth



Why Retailers Struggle With Having Inventory in the Right Place for the Right Customer

For retailers who have an online and brick-and-mortar presence, the challenge is inventory positioning in the right store, hub location, vendor or DC. Whether they create regional distribution models or dark store models, they need to position inventory based on the shopping habits of the target customer and the characteristics of the inventory.

Costs associated with having a highly available assortment readily available are high if there are additional touches to the product, if the product needs internal transfers or if the dreaded split order is needed. An additional consideration is the reverse logistics design that can eliminate profits if an appropriate cost model isn't leveraged. A multi-echelon approach will help avoid additional operating costs by putting product in a location that would eliminate added costs to transfer it and markdowns to move it, minimizing leakage of margin and increasing more productive inventory.

Attaining Results Through a Multi-Echelon Retail Strategy

To realize results and manage your inventory at a more granular level across multi-level supply chains, you will want to be sure your multi-echelon approach includes the following:

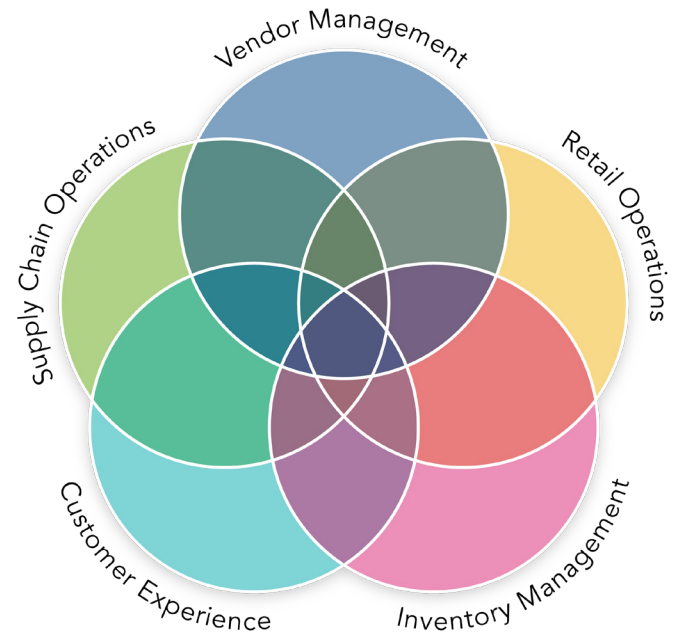
Create an End-to-End Multi-Echelon/Multi-Channel Execution Model - Creating and maintain a cohesive approach/message across all channels as customers are added will better equip your organization to enable inventory visibility across the entire network to better fulfill demand and meet customer expectations.

Implement Integrated Planning and Inventory Process - Leverage S&OP to optimize service levels and inventory targets across the supply chain at a granular level to achieve the ultimate customer service levels.

Achieve Omnichannel Assortment Planning - Identify a clear direction of how to optimize and localize merchandise across channels, geographies, brands and more while maintaining an integrated and consistent brand experience for customers. This will help to reduce stock and free up capital previously tied up in unproductive inventory.

Manage Dynamic Inventory Flow - Anticipate customer demand, leveraging data-driven insights, while maximizing profitability. Drive strategic inventory movement and replenishment strategies forward and gain more control over your inventory and profit margins.

Once these best practices are deployed, retailers can begin to see operational benefits such as optimized assortments, assortment visibility, improved inventory, data-driven decision making, improved efficiency, ROI, improved inventory productivity and more.



How enVista Can Help

The ability to optimize your distribution network to effectively service your customers at the lowest cost is critical in today's competitive market. enVista's supply chain consulting team is led by practitioners with deep domain expertise with unmatched depth and breadth of experience. We own the understanding from concept to consumption. We know how product is flowing through your network and understand the cost associated with not just the product, but where to put it.

We have retail expertise and focus on the alignment and overlap with the work we do with manufacturers and wholesalers that can be done for direct to consumer as well.

In addition to helping you develop a multi-echelon approach that works for your business needs, enVista's services put the team in a unique situation to assist with executing your strategy. enVista is an end-to-end supply chain consulting firm that can turn your strategy and supply chain model into a competitive reality.

