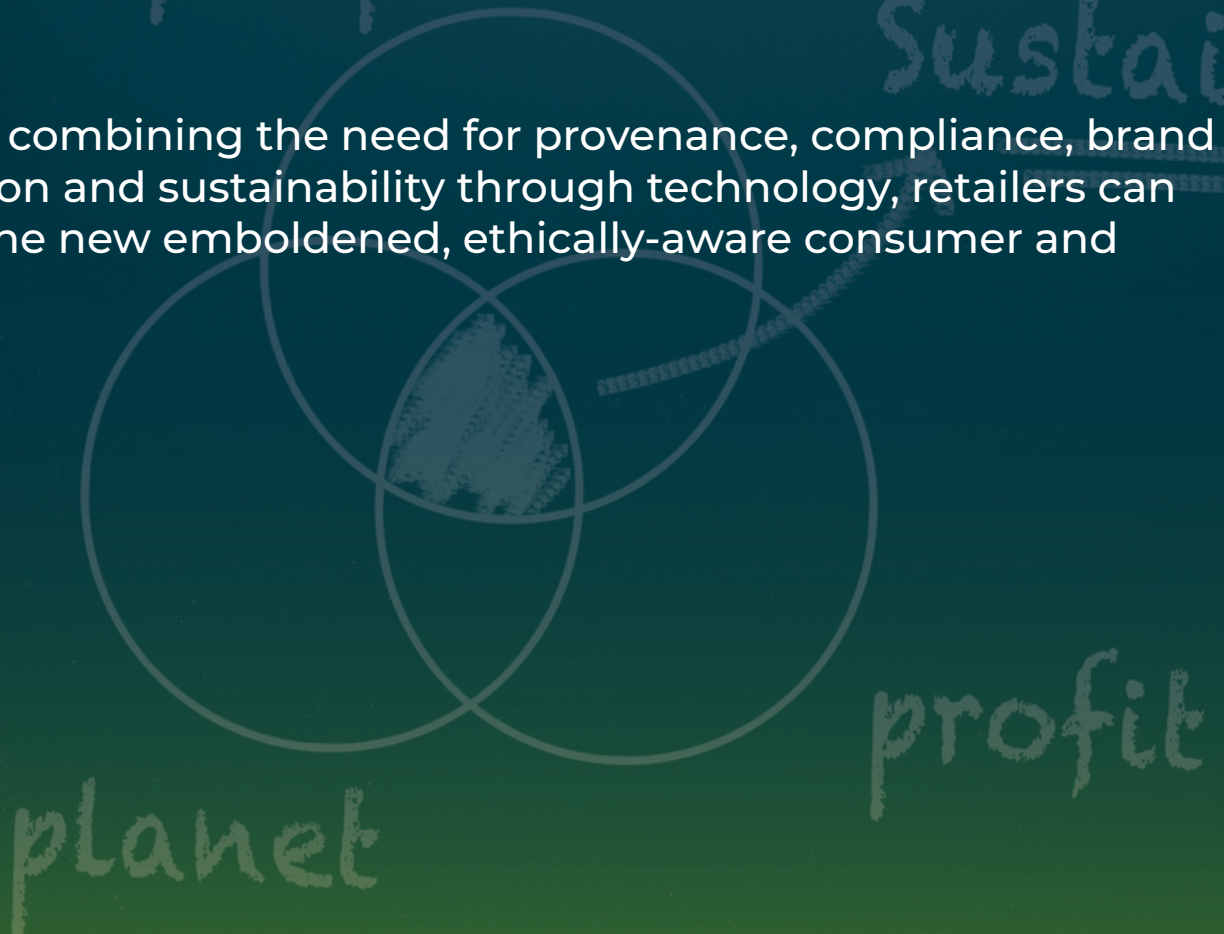


Retail in the 2020s – Embracing Green to Turn Red into Black

How, by combining the need for provenance, compliance, brand protection and sustainability through technology, retailers can satisfy the new emboldened, ethically-aware consumer and thrive.



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The advent of digital commerce has changed the way in which customers consume. Choice is now beyond the local shopping centre and has reached global proportions. Retail brands used to control what customers could purchase, down to tastes, fashions and even inspiration. The global financial crisis woke customers up to the power they possessed, even subconsciously, and this has been building steadily ever since. Increasingly we are seeing a game of brinkmanship; retailers have warehouses of stock, consumers are worried about how far their money will go and wait for discounts.

We are now seeing the beginnings of another consumer revolution. Customers are taking much more notice about where their products are coming from, how they are produced and increasingly, their impact on the environment. Veganism is on the increase and climate change is becoming a key ingredient in politics, nationally and internationally. The demand for global resources is coming to the fore and provenance of products and services is becoming a factor in consumer purchasing decisions. Whilst this view might be a luxury that only consumers in 'developed economies' can afford, it has ramifications beyond that. So, what does this mean to retailers and their supply chains? Perhaps, this dynamic is already being adopted in the developing economies.

This report reviews these changing dynamics and seeks to highlight why this 'consumer first' approach will affect how merchants manage demand, source product and the role that the disparate technology systems will play in this brave new world.

Andrew McClelland, Consultant, IMRG



The ubiquitous narrative that you can't have your cake and eat it, that retailers must either maintain current profitability levels or support green issues, integrating them into their business model and ceding control and power to the newly emboldened ethically woke consumers is seductive – but not as persuasive as it first appears.

Addressing packaging, transport and recycling is a good start, but often seen by this consumer group as mere greenwashing – akin to offering lazy products and marketing that are merely a sop to the green movement.

Retailers need to take a long hard look at the fundamentals of the products and the business itself. Making real change in this way, and on a global scale means enhancing supply chains. They are the main conduit touching every contributor from source and manufacture, through distribution to final store or online purchase.

Key to achieving this change is viability, i.e. where need, economics and technology meet. By combining four factors - provenance, compliance, brand protection and sustainability - to define need, then the economics of introducing wider-reaching solutions increases and visibility systems are now available to provide the technology to facilitate this.

Most importantly, given supply chain activity is based on reactive cues, it's the marketers, strategists and ultimately C-level management who need to drive these initiatives forward. If combined, then the industry would make a significant contribution to abating climate change, and moreover it would be in tune with consumer trends and concerns.

Shiran Liyanage, Head of Commercial, Logistics Reply

The Big Picture - What Perceptions are Driving Consumer Purchasing Decisions



Consumer sentiment has always been a key driver to the success of retail. Increased confidence leads to more sales as our customers feel that there are fewer storms on the horizon and have an increased confidence in spending money.

Economy

So, the state of the national, and in the age of 24-hour news reporting, global economy, has long been an influence on spending habits. A political event in a far-away country can cause domestic concern and impact local retail sales. Increasingly, retailers now count international trade as a key to their commercial viability.

For example, Chinese consumers, according to a New York Times report¹ in October 2019, concerned about domestic economic performance are increasing the amount they are saving. With their spending power estimated at \$4.9trn this can have a massive impact on global economies. This doesn't only impact brands selling into the Chinese market directly, but also those who ship to China via a variety of fulfilment services or have a domestic city presence which attracts trade from Chinese tourists.

Wider consumer sentiment is harder for retailers to influence. Retailers now adapt marketing communications to influence individual customers' experiences. For example, addressing shoppers' remorse or providing genuine confidence in decision making; this might include increasing prominence of other shoppers' positive experiences, either with the brand or product.

Climate & Environment

Recently, climate change and environmental impact of consumption have come to the fore in consumers' minds. Whilst global protests dominated news cycles in 2019, we are starting to see more subtle changes in consumer behaviour. Figures from an Accenture² study show that yes, quality (89%) and price (84%) are still the dominant factors affecting a purchasing decision, but the sustainability credentials (34%) are starting to be considered.

Particular focus is being made in by the media and by consumers on the sustainability of packaging, with the European Association of Carton and Cartonboard Manufacturers reporting in a July 2019 survey³ of 7,000 European Consumers that 74% claim media focus on the issue has influenced their purchasing habits, resulting in a shift in consumer attitudes with recycled or sustainable packaging now impacting brand choice. 52% of consumers in the survey say that environmental concerns have prompted a switch to different brands.

Social Pressure

There is growing evidence that peer pressure is accelerating the growth of 'considerate' retailing. Although there is a drive for personalisation within digital retailing, the demand and awareness for environmentally sensitive products, production and consumption is being driven by a shift in people's perceptions. As the scientific evidence enters the mainstream consciousness, consumers' sense of belonging drives wider acceptance of accepted norms⁴. In this instance, driving demand for products and brands exhibiting strong environmentally friendly credentials.

Generational Perspectives

Whilst there is little difference across age groups in accepting that climate change is happening, 46% of 18-35 year olds believe that it is due entirely or mainly due to human activity whilst only 35% of the 35-64 age group agree with this statement. Only 27% of the 64+ group agree. At a more detailed level, this view is reflected by the EACCM survey. 62% of 19-29-year-olds suggest they have changed brands due to concerns around packaging, compared to only 35% of over 60s.

¹<https://www.nytimes.com/2019/10/02/business/china-consumers.html>

²www.businesswire.com/news/home/20190604005649/en - Accenture April 2019

³<https://retailpackagingmag.co.uk/the-eco-value-of-cartons> - Survey by European Association of Carton and Cartonboard Manufacturers (EACCM)

⁴Mica Estrada, Wesley Schultz, Nilmini Silva-Send, and Michel A. Boudrias; *The Role of Social Influences on Pro-Environment Behaviors in the San Diego Region*; US National Library of Medicine, National Institutes of Health, 2017



Global Resources

The World Economic Forum has published a paper looking at common issues and misconceptions in the global resources debate⁵. Whilst this report isn't the place to discuss this complex area, key findings from the WEF report include the impact that resource availability will have on global markets, economies and geopolitics. The biggest issue of which could be the geographic availability of these resources, particularly water and the impact this will have on global supply chains. By way of illustration, data from the World Resources Forum⁶ points to massive challenges. Global resource extraction rose from 40 billion tons in 1980 to 58 billion tons in 2005 and whilst 'Western' economies work to reduce their own domestic impact, much of this is achieved by shifting production to other countries. It is also a reflection of global trade routes, production and consumption. Addressing issues related to this will have a profound effect on our ability to operate sustainably in the long term.

Relevance

Whilst it is easy to 'latch on to' media reports about changing consumer behaviours and their impact on consumption, it is important for brands to remember that there will always be cohorts creating profile for a particular perspective. The skill is to acknowledge when these brands start to become more mainstream and worth investing in; certainly, from the perspective of brand targeting the wider population. Niche brands will want to tap into the trends that fit with their brand ethos. Figure 1 highlights the challenges around a broad-brush approach to relying on sustainability as a marketing tool. Age, income and gender all impact a consumer's openness to engaging with these messages.

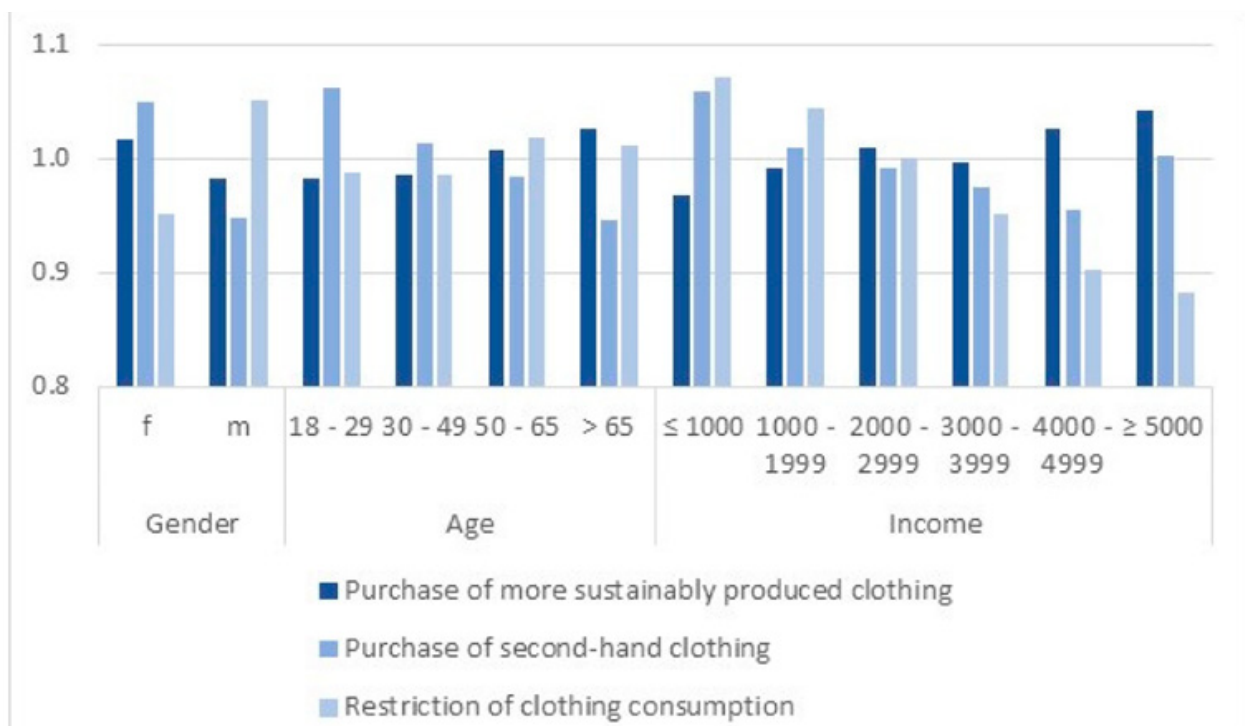


Figure 1: Impact of social factors on the variables of three sustainability supporting consumption behaviours. Social Acceptability of More Sustainable Alternatives in Clothing Consumption. Kleinhüchelkotten and Neitzke. November 2019.

⁵Kristel Van der Elst Nicholas Davis, Resource scarcity, The Future Availability of Natural Resources, A New Paradigm for Global Resource Availability, World Economic Forum, 2014

⁶www.wrforum.org/publications-2/publications

The role that retailers have in influencing purchasing decisions has changed. Previously, they would determine which ranges, fashions, promotions and products were made available in domestic markets. Consumers would then make decisions based on relatively limited choices within that market. Now, thanks to digital channels, that choice is global and limited only by a consumer's ability to find the product and for the producer to fulfil that order.

In the current climate, consumers are basing purchasing decisions on a wider range of influences. Yes, price and quality still count, but increasingly the provenance of a product and brand are being questioned. In groceries this can include air miles involved in shipping a product to store, amount of plastics used to wrap products, production methods of ingredients and the impact of overproduction on waste.

Sectors such as general merchandise and apparel are now seeing an increased demand for this type of information. Adherence to labour practices has been highlighted for a number of years but now we are seeing resource usage, raw material sourcing and post-use product life coming to the fore.

Provenance doesn't just cover the nature of the product, but also that of the brand. Media reports⁷ of messages from the people making garments being found at point of sale, highlighting working conditions, have shown the power of whole product lifecycle information.

Even back in 2009⁸, 30% of consumers interviewed showed concern for the environmental impact of products they wanted to purchase but were unable to source the information to enable them to make an informed decision.

This growing demand is reflected by some major brands in fashion. For example, ASOS and H&M having ranges aimed specifically at consumers interested in minimising the impact of their fashion choices on the environment. Labelling is starting to highlight products containing elements of recycled fibres whilst brands are creating whole categories aimed at the conscious consumer; providing prominent placement on websites and brand marketing.

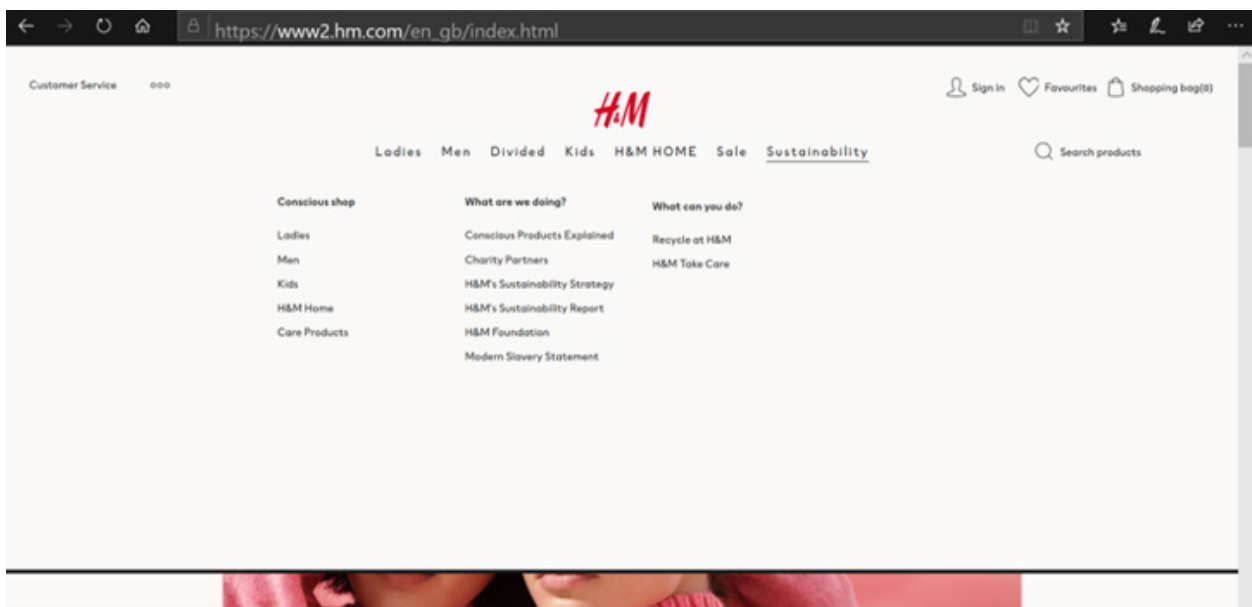


Figure 2. H&M Sustainability index on their website. January 2020

⁷Saturday 4 November 2017, Unpaid labourers are 'slipping pleas for help into clothes' The Independent

⁸2010, Young et al, Sustainable Consumption: Green Consumer Behaviour when Purchasing Products, Sustainability Research Institute, School of Earth and Environment, University of Leeds

Whilst there are plenty of 'causes' and factors that influence the demand-side decision making process, being true to the core retail proposition is key. However, brands do need to be aware of these trends and ready to react as appropriate.

Trust and authenticity is key. Many brands don't inherently have this with their customers and numerous instances of 'greenwashing'⁹, where marketing hype over-exaggerates a brand's eco-activity, have dented this confidence.

Customers are increasingly looking to understand the story behind the products and brands they consume, the challenge for brands is delivering this in an authentic and viable way. Where modern consumerism is being debated and ever-more growth potential questioned, customers in their turn are looking at what, where and how they purchase, in ways never before considered.

For the first time ever, the author witnessed a media interview on the BBC after Christmas 2019 where the interviewee actually said that their Christmas spend was reduced because they didn't want to buy things for buying's sake. Only a sample size of one and whilst we can discuss the motivations behind this statement, it is illustrative of the growing trend for consumers wanting something more from their retail experience.

Yes, much of this is around 'feel good' factors, often driven by media coverage rather than real understanding. But, consumers are becoming evermore aware of the impact of their purchasing decisions and this is only going to grow. Packaging, air miles of product and recycled fibres are only the visible impacts at the moment; sticking plasters if you will. Retailers can start preparing for the bigger and logical change, a change towards a new type of consumerism where more isn't always the answer.

Logistics Reply Comments:

The consumer revolution which is manifesting now in increased consumer power and commitment to green issues has created a watershed business moment for retailers. Consumers are changing habits and priorities to support their desire to help save the planet and address green issues, and are demanding more ethical products, more transparent provenance etc. from retailers in turn.

Consumers acknowledge retailers' efforts to reduce waste (e.g. packaging), emissions (e.g. alternative transport) and promote recycling (e.g. clothes), but they demand a more emphatic proactive response from business whose reach allows it to affect change globally in a way that individual consumers cannot. In short, consumers want retailers to prioritise green issues just as strongly as they now do.

Unfortunately, market and internal forces mean retailers' good intentions are reduced to mere greenwashing: there's a tendency to "bolt on" green awareness as an afterthought to strategy, sometimes leading to superficial new brands and products designed with 'eco' appeal in mind but which are not woke or authentic.

History and business experience can help us here. Asking retailers and consumers to 'sell less and consume less' is akin to the efforts made to urge people to "travel less and drive smaller cars" when oil prices rose. It's the old error of bolting on to the end of your business strategy the one key concern that should be at its start, informing all other strategic activity. First identify the target market, interrogate what it wants, then create the products/service it craves, then market them successfully to your target customer. Those retailers and manufacturers who fail in this – those who focus on the product first then the consumer second, fail to succeed, finding themselves with a "great" product that no-one wants. History mustn't repeat itself again here – retailers who don't place green issues first will feel the judgement of the consumer reflected in their bottom line. The retail industry should take inspiration from the car industry, which unified behind a common goal: to give us cars that can be large and luxurious, but light and economical.

Retailers and suppliers working together organically using data visibility and technology to act as the oil and glue will facilitate their own green momentum.

⁹<https://dictionary.cambridge.org/dictionary/english/greenwash>

Supply Side – The Pressures on Those Feeding the Retail Machine



Where customers are becoming much more discerning about what they buy and from where, it is becoming increasingly clear that merchants need to be able to adjust their operating processes to match these changing demand patterns. However, ensuring the survival of the brand whilst adapting is the challenge.

According to the IMRG Reply 2020s survey¹⁰ of Top 100 UK online retailers, it is becoming harder for brands to deliver on the original benefits of online retailing; cost, choice and convenience. Increased competition means that each brand has to be clearer about its own proposition and this is reflected by the number of respondents to the survey ranking “managing range depth” as key to continued profitability.

Where so much capex can be tied up in stock, being able to flex based on consumer demand is vital. Whilst there are various models available to merchants, such as Vendor Managed Inventory, being able to closely match production with actual customer demand has to be the goal. This reduces wastage in the production cycle, minimises resource usage and gives the brand a strong story to tell the customer.

Being able to supply the right product, at the right price and in the right place is the main art of retailing. Previously, merchants have determined what this looks like. Now, the customer is starting to exert much more influence and control over this process. The early years of ecommerce was democratising for both the consumer and disruptor brands. Now, much of that early adopter advantage has disappeared and the market looks much more like ‘retail as normal’; except the goal posts have changed permanently.

Logistics Reply Comments:

Whilst a whopping 96.7% of respondents to the IMRG Reply 2020s survey felt that this new ‘consumer power’ appears to affect everyone irrespective of retail product (Apparel, GM, Food, Services) or role discipline (Marketing, Sales, Supply Chain, Tech, Finance), many felt their only route forward was to reduce range depth in order to retain profit. Clearly this isn’t scalable, and retailers should be selling more of the ‘unique’ to promote differentiation during these challenging times.

However, there is a restriction – compliance. Unique product means specialist suppliers who often can’t comply with high street retailers’ systems or processes – a frustration to both retail buyer and supplier. The solution is the introduction of easy-to-adopt compliance technology for specialists and small suppliers, which normalises the ‘visibility lag’ between small and large suppliers.

Provenance

Transparency of the whole production process loop is crucial as it increases consumers’ trust¹¹. Increasingly, the story behind the brand and product is featuring in consumers’ buying decisions. Retailers in the IMRG Reply 2020s survey highlighted the growing importance of provenance to their customers, with 79% saying a lack of provenance impacts sales now. This is expected to increase with 93% saying that over the next 5 years it will be key.

One element of provenance is the provision of genuine items and the building of trust with customers. Fake product is generally seen to impact manufacturing brands more than retail, with particular focus on electricals, jewellery and apparel. However, the massive uptake of Asian-based marketplaces by western consumers means that this threat is increasing. Dubious intellectual property adherence, grey imports and excess stock being moved on by manufacturers is increasing the availability of fake product in the market.

Only 40% of retail marketers in the IMRG Reply 2020s survey saw this type of brand protection as necessary. However, this rose to 60% for general merchandise retailers in the near term and 100% of the same group over the coming 5 years.

¹⁰IMRG Reply, *The 2020’s Survey*, December 2019

¹¹Harris, Fiona & Roby, H. & Dibb, Sally. (2015). *Sustainable clothing: Challenges, barriers and interventions for encouraging more sustainable consumer behaviour*. *International Journal of Consumer Studies*.

Whilst some insight could be considered too 'techy' for most consumers, the application of known quality standards, quality of materials and of course design, should be highlighted and relevant data captured. Used either as marketing message, meta tags for advanced search functions or even labelling, these data points can be used to build trust and illustrate provenance. The marketers in this cohort might want to review their perspective. A recent Edelman survey¹² of 16,000 global consumers found that 69% need to trust brands because fake news and misinformation makes it harder to make the right decisions. At the same time, they want brands to be more involved in societal issues and they should express their customer values.

The same survey also found 67% agreed with the following statement: "A good reputation may get me to try a product, but unless I come to trust the company behind the product, I will soon stop buying it". 79% expected the brand to adopt fair and responsible behaviour when buying materials, products or services whilst 71% expected it to work at reducing its environmental impact.

Delivering on much of this project is down to organisational change, adaptation of systems and collation of data, resulting in clear decision making and a changing customer dynamic.

Marketeers understand customer needs and demographics better than most in retail organisations and will, therefore, need to play a key role in delivering this new retail vision to the market. However, the IMRG Reply 2020s survey found that, currently, only 14% of decision makers from marketing and sales stated that they had direct responsibility for developing their organisation's 'green' agenda and messaging. This will need to increase if retailers are serious in invoking true and real-time provenance into their operations.

Providing customers with data to make informed decisions based on their particular values ensure that brands don't alienate other shoppers but allow customers to make their own informed choices. Building trust ensures that they believe the information brands provide and even become brand ambassadors and spread the word. Marketing plays a key role in delivering this authentic voice to the consumer.

Logistics Reply Comments:

Although 100% of those sampled from General Merchandise and Branded Goods in the IMRG Reply 2020s survey cited product provenance, sustainability and ethical sourcing as significant threats to sales, there are few solutions in place to address this issue, as establishing true provenance is challenging. It requires data feeds to monitor product and produce from source to final sale (and even later, as we are now seeing automated reordering in consumers' homes) to kick start the whole process again.

Interfacing with the real world is always a challenge. Using keyboards and touch screens is not often compatible with the decks of fishing trawlers or busy cutting rooms! But technology is now available that bridges this gap, is easy to implement and, most importantly, follows the operations of the producer, not the data gatherer.

Provenance isn't always high on the agenda for retailers, and when it is, it's usually following some ethical disaster. Now that provenance is a consumer priority, it's time it became one for retailers also.

Delivering insight in a complex world

There is an 'old' adage that you can't manage what you can't measure. Respondents to the IMRG Reply 2020s survey generally agreed that input from each of the systems involved in the end-to-end retail product journey would facilitate better decision making, both at the personal and company level. Obviously, the enthusiasm for this really depended on job function of the respondent but 94% of apparel respondents felt positively toward this. Perhaps not every piece of information needs to be available to the whole business but identifying key data points to facilitate more efficient procurement, real-time demand measurement and data useful to the consumer decision making process. Product Information Management (PIM) platforms have a role in curating and delivering this view to the business and perhaps the customer.

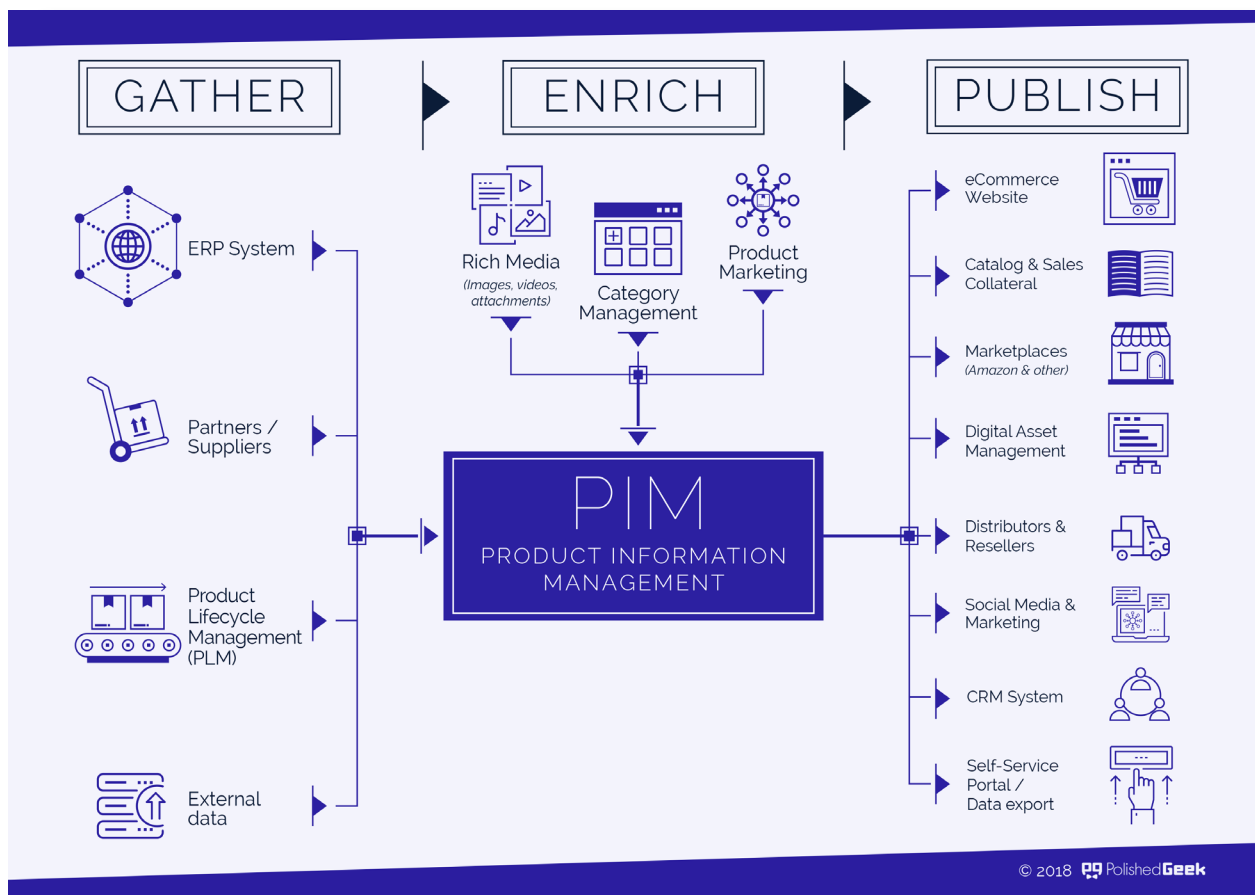


Figure 3. The role of PIM in delivering one consistent data set across the business; manufacturing to consumer. Source: Polishedgeek.com

PIMs don't replace current systems and their roles in discreet areas of the business eco-system. Rather, they bring together data to ensure consistency and availability across business units. With merchants having hundreds of thousands of SKU codes, just making sure the website displays the correct images and product data can give commercial managers serious resource issues. Add layers of complexity when images, sizing and availability are added to the mix and you increase the opportunities for a poor customer experience; let alone margin reductions, increased discounting to shift unsold stock and potential regulatory exposure.

PIM does however allow the customer to be 'plugged in' to the process and self-serving access to the information that interests them. This might be during pre-purchase decision making, recommending a product or contacting customer services with an issue.

A key challenge for any organisation in the retailer's value chain, including the retailer themselves, is that PIMs and other BI tools in the visibility layer rely on their ability to collect data feeds from their supply chains. But many suppliers simply don't have the technology infrastructure to do so. This means that the span of data contributors nearly always follows a pareto curve, i.e. only data from the larger suppliers, who collectively contribute a critical mass of data, gets captured, meaning any decision outcome is heavily caveated.

Increasingly, consumer connectivity with the process might not actually be done in person. The rapid pace of development with the Internet of Things (IoT) means that much of the interaction will be 'hands off'. For brands, this disintermediation of their customer means that getting their voice heard will be much harder. Technology providers will become gatekeepers. For some, they will have their own commercial propositions to offer whilst others might be motivated by commercial returns from advertising.

Ericsson research¹³ in November 2019 predicted that there will be 25 billion internet connected devices by 2025, 2.5 billion of which will be using 5G technology. This multiplication of digital touchpoints makes it more important for merchants to find a voice in their customers' lives. Whilst voice commerce has been slow to take off, the proliferation of devices that don't require human interaction means that there is a role in providing relevant data to devices so that the merchant's products are part of a shopping list.

However, it is easy to get carried away with the possibilities of the future. In the near term, changing consumer patterns are giving rise to the viability of the circular supply chain. This is a mechanism whereby data flows allow for a transparent transaction and production cycle to take place, with full traceability and accountability. Whilst the following diagram uses agricultural production as an example, any supply chain could work on the same principles; whether the producer is a niche supplier of craft products or a massive FMCG producer. The principles remain the same but, for all parts of the process, trust is key.

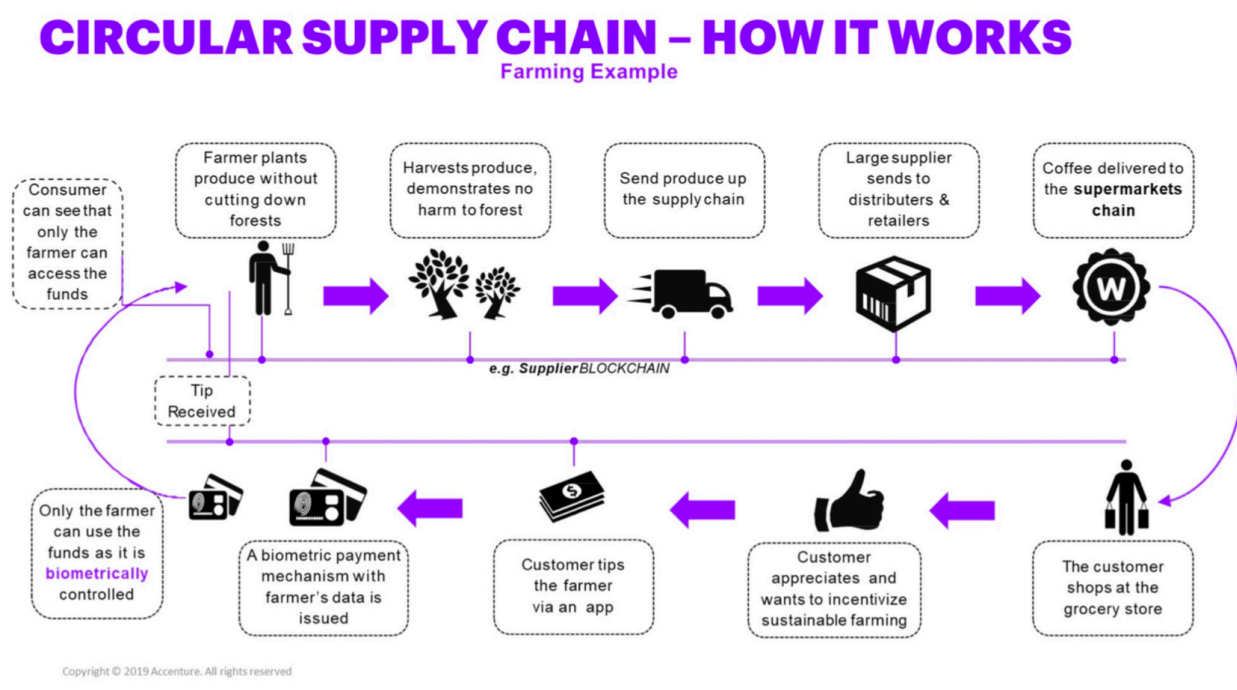


Figure 4. Using agriculture as an example of the circular supply chain, using block chain to build trust and visibility in the transaction. Source, Accenture / AWS, February 25, 2019

In this case, blockchain technology is utilised to provide the data transport mechanism. Again, in the same way as PIM, this doesn't replace existing technologies. Rather, it allows for the transmission of this data in a secure format¹⁴ that builds trust and accountability across the supply chain.

For the producer, demand side information allows them to finetune production, ensure supply chains can situate the right products in the right place at the right time and the merchant can control how much financial exposure they have to inventory. This can include customers returning product, using their own devices to inform the merchant of a return. So rather than make another item for another customer, merchants can reroute the return to be processed and sent out again. Full traceability allows the customer to receive their refund quickly and build up equity with the brand.

Using a trusted transmission mechanism, merchants will be able to share data in-store, via mobile device or even with a connected domestic appliance. Confident that their risk exposure is minimised, customers are receiving a good service and manufacturing partners are plugged in to their requirements.

¹³Ericsson Mobility Report November 2019

¹⁴Sigwart et al. 2019. Blockchain-based Data Provenance for the Internet of Things. In Proceedings of 9th International Conference on the Internet of Things (IOT'19).ACM, New York, NY, USA

Likewise, customers can interact with the whole process, providing reviews that can be seen by other prospective purchasers, who in turn can trust the reviews to be genuine. Producers will be able to see feedback about colours, sizing and product issues and in global markets, regulators and authorities will get real-time notification of product movements.

With 62% of the 2020s survey respondents expecting an increase in regulatory processes and documentation due to Brexit, a mechanism which simplifies this process will be welcome. As access to markets becomes more complex, 85% of respondents expect this burden to stay at this raised level, or even increase over the coming 5 years.

Logistics Reply Comments:

Collectively, PIMs, Stock Amalgamators and Control Towers monitoring Circular Supply Chains are all forms of Visibility Layer (VL) which is mentioned consistently in this report. They are still gaining in maturity and were developed as a feed for Business Intelligent (BI) tools which need amalgamated data to operate, analyse and report on.

The next stage is (i) unifying data across all visibility layers to provide a single source of truth as most of these VLs focus on siloed parts of the business (product, finance, marketing etc.) (ii) capturing the data from all sources across the supply chain, as interfacing with the real world can be a challenge.

Technology such as direct scan-to-cloud offers this flexibility as well as being rugged enough to withstand the physical and operational challenges offered by warehouses, factories and food producers.

Fast fashion drives production cycles of six weeks or less. White goods now typically last less than seven years¹⁵ and manufacturers are increasingly engaging in direct-to-consumer. Combined with the rapid pace of technological development and increasingly empowered and opinionated customers, traditional retail models are coming under increasing pressure.

Whilst specific challenges vary between merchants in different sectors and sales channels, a common theme is the squeeze on profitability and the ever-changing competitive landscape.

There are still examples of retail growth on the high street. The key is tight control on costs and being true to the retail proposition. The strongest ones are in charge of their destiny. Increasingly they are designing 'in house', keeping tight control of the brand 'voice' and engaging with their customers.

For smaller, newer, businesses this is relatively easy to maintain. Larger, older merchants continue to fight internal legacy thinking, systems and supplier relationships. Those selling branded product are in an even weaker position where differentiation is harder to prove and value.

Business functions view these challenges very differently as well. Whilst there was broad agreement of the importance of provenance in the customer conversation, few retailers in the 2020s survey had anything other than a recommending role within their business. Examples such as adopting a circular supply model would enable agile production – where only what is needed is produced¹⁶, better utilisation of the supply chain and enablement via technology. However, this vision needs to come from the top.

Getting retail to accept digital has been hard work for some, not just within the merchant but also amongst producers, governments and manufacturers. Retailers will say 'the customer comes first' but the new consumer dynamic will test this. Can generational differences in businesses accept these changes or will a new challenger emerge?

Logistics Reply Comments:

Here's what's worrying... no one is taking responsibility for this! Whilst to properly address sustainability, provenance and compliance as detailed in this report revolves around the supply chain, activity in this area is almost always managed on a reactive basis and driven by directives aligned to overall retail strategy. So, it's not surprising that only a quarter of respondents to the IMRG Reply 2020s survey working in Supply Chain actually felt they had 'direct responsibility' when it came to selecting and implementing new initiatives and technology.

So, it needs a push from the 'top' and the 'customer facing' who define strategy to champion what is a universally agreed set of issues and provide strategic direction for their supply chain operations. But, 77.3% of respondents in these fields didn't realise they could 'heavily influence' supply chain strategies to combat ethical and green issues! Given these responses, one must ask if the responsibility for addressing the ethical and the green is falling between two camps, resulting in little big thinking activity in this area?

Going green is more than just reducing single-use plastic, changing how we travel and recycling clothes. True sustainability, together with the ability to introduce provenance, brand protection, compliance and regain some control for retailers in a brave new world where customer power drives retail operations, can all be attained by taking advantage of new technology; technology that amalgamates retail visibility layers and introduces supplier-centric data capture methods to eliminate the blind spots across their supply chain 'story', from manufacture to final delivery to consumer.

Only then can a macro-level view of operations be reached, enabling better decisions and ultimately, collectively across an industry, facilitate a global efficiency drive towards true sustainability.

¹⁵www.whitegoodstradeassociation.org - How Long Should An Appliance Last. January 2020

¹⁶www.themanufacturer.com/articles/smart-system-enables-fashion-industry-flexibility

So, demand driven retail. Producers, inventors, designers and commentators have long influenced consumer purchasing decisions and that isn't going to change overnight. However, what we are witnessing is the growing influence that citizens will have on what is produced, how it is produced and what resources are consumed in doing so. At present, whilst this dynamic is still a minor influence on the overall consumption of product, the IMRG Reply 2020s survey reveals that 96.7% of responders from the Top 100 UK retailers felt this will be a significant issue in just 3 years. As social norms adapt and change, customers' sense of belonging will accelerate these changes. The building adoption of electric vehicles, media coverage of climate activism, an increased appetite for the provenance story and political opportunism will drive demand for a different type of consumerism.

The technical complexities of the retail value chain will necessitate incremental change over a period of time. How long is up for discussion. The work involved in joining up disparate technologies, addressing cultural issues within business and the requirement to maintain margin to keep the merchant viable will fall to the retail management structures. These will need to decide what the role of business is in managing or developing these demands and how technology can ease the way for all concerned, which begs the question of retailers...

Yes, the brave new world is fast approaching – are you ready?

About IMRG

For over 20 years, IMRG (Interactive Media in Retail Group) has been the voice of online retail in the UK. We are a membership community comprising businesses of all sizes – multichannel and pureplay, SME and multinational, and solution providers to industry.

We support our members through a range of activities – including market tracking and insight, benchmarking and best practice sharing. Our indexes provide in-depth intelligence on online sales, mobile sales, delivery trends and over 60 additional KPIs. Our goal is to ensure our members have the information and resources they need to succeed in rapidly-evolving markets – both domestically and internationally.

www.imrg.org

About Logistics Reply

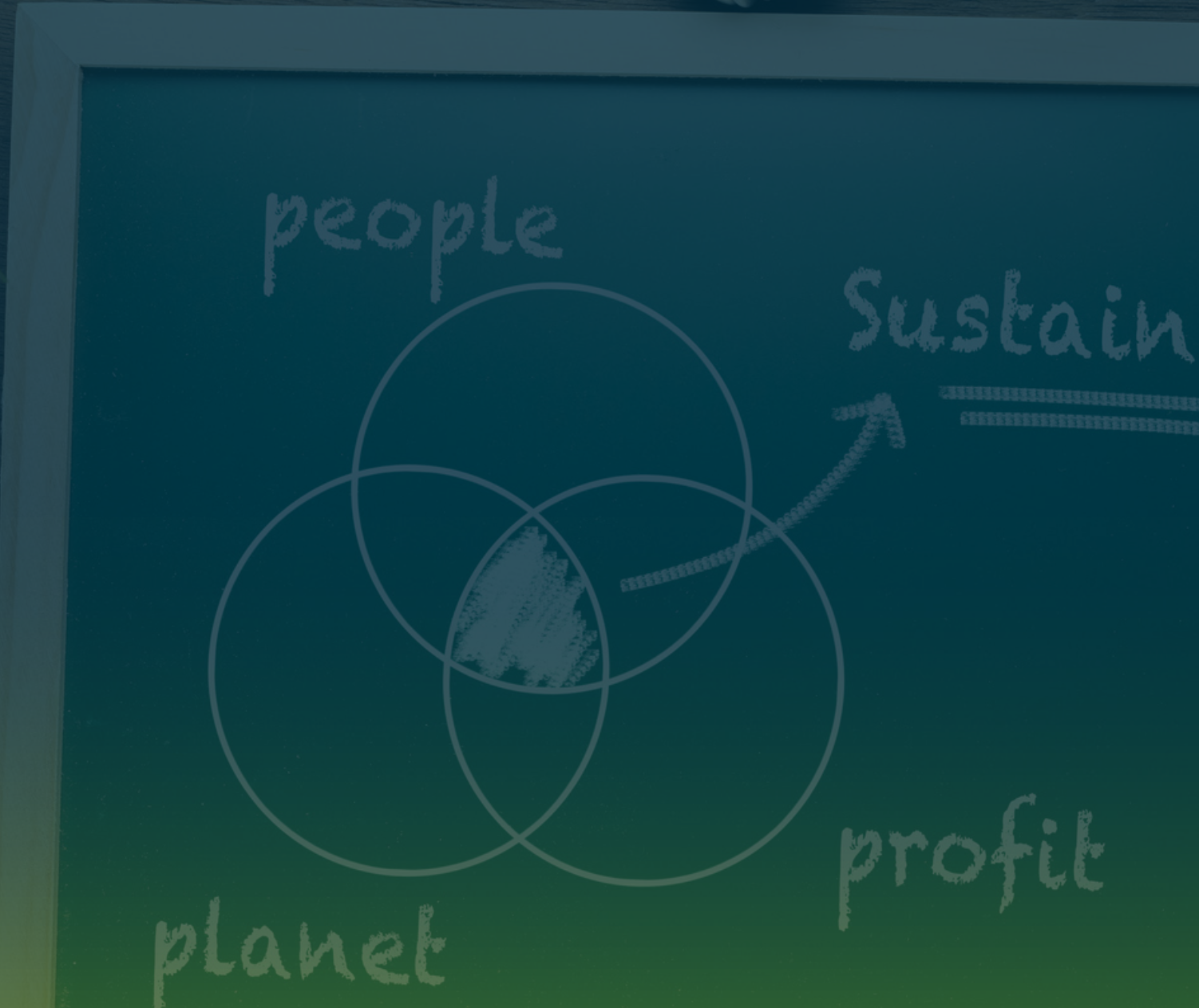
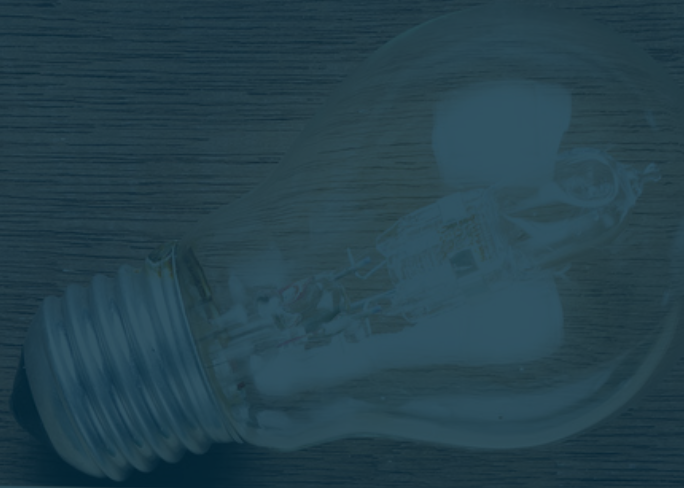
Logistics Reply is the supply chain solutions division of Reply, the global management and technology consultancy. Its solutions are based around LEA ('Logistics Execution Architecture'), the world's most advanced Supply Chain platform, which uniquely utilises cloud-based 'microservices' to offer a bespoke suite of software solutions designed to bridge the gap between real-world operations and the need to provide real-time visibility across any supply chain configuration: from Manufacturer to Warehouse/ DC, through to Retail Store/Customer Delivery. Logistics Reply regards client satisfaction as core to its values, hence its reputation for being 'refreshingly transparent and innovative'. In an ever greener and sustainable world, its technology can help with:

- **Dynamic Warehouse Management:** to enhance product processing across both permanent and pop-up distribution points
- **Visibility:** to certify green and provenance credentials, drive better stock management and decrease waste
- **Direct-scan Feeds from Suppliers:** better demand planning, JIT production and less waste
- **Last Mile:** route optimization to decrease CO2 emissions
- **DropShip/Supplier Direct Fulfilment:** to simplify supply chains and promote product diversity

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