

# POST-PANDEMIC REBOUND IN THE RETAIL SECTOR

In the next few years till 2025, the retail sector is anticipated to grow at yearly rate of 3.5% to reach \$5.8 trillion in sales, aided by post pandemic rebound in the economy and continued increase in disposable income resulting in higher consumer spending.

2025 Outlook



Revenue  
**\$5.8 trillion**

Profit  
**\$128.3 billion**

Businesses  
**3.5 million**

Employees  
**18.5 million**

Source: 2025 Outlook - IBISWorld Retail Trade Industry Report (Aug 2020)


## Procurement & Supply chain – 6 Future-proof Steps

Customers' baseline expectations will continue to chart towards faster service and wider options. Procurement and supply functions within retail have the added pressure of delivering higher expectations with minimal change to cost

1. Fix the core		2. Enable next-gen procurement & supply			3. Adapt & Lead
Data-driven Strategy	Customer-led Strategy	E-commerce / Omni-channel	Technology in Harmony	Digital Demand-driven Supply Chain	Innovate & Adapt
<ul style="list-style-type: none"> <li>Data analytics for eCategory management</li> <li>Digital media and social media insights</li> <li>Predictive demand forecasts and agile supply chain</li> <li>Precision revenue growth management (RGM)</li> <li>Dynamic pricing / costing management</li> </ul>	<ul style="list-style-type: none"> <li>User experience</li> <li>Purpose-led portfolio: Health and safety, sustainability, CSR, &amp; values</li> <li>Reverse logistics</li> <li>Customer access, predictive suggestions and service</li> <li>In-store integration &amp; experiential shopping</li> </ul>	<ul style="list-style-type: none"> <li>Partner with all growing channels to increase customer access</li> <li>Embrace D2C, digital sales, &amp; subscription services</li> <li>Integrated sales pipeline</li> <li>Drive loyalty to improve profitability per order</li> </ul>	<ul style="list-style-type: none"> <li>Predictive planning &amp; merchandising</li> <li>Integrated technology ecosystem</li> <li>Digital technology (IoT, AI, ML)</li> <li>Extreme personalization (product &amp; marketing)</li> <li>E-marketplace management - build developer teams with consumer in mind</li> </ul>	<ul style="list-style-type: none"> <li>Cost against risk</li> <li>Inventory management</li> <li>Fast, flexible supply chain</li> <li>Automation for efficiency &amp; accuracy</li> <li>Focus on infrastructure &amp; workforce readiness</li> <li>Coordinated sales &amp; merchandise planning</li> </ul>	<ul style="list-style-type: none"> <li>Foster a culture of change and innovation</li> <li>Channel / supply chain innovation</li> <li>Service leadership</li> <li>Diversity &amp; sustainability initiatives</li> <li>Increase tempo and adaptability using agile</li> <li>Relevance-led brand building, innovation, &amp; marketing</li> </ul>

## Industry Trends – Sustainability

Ethical Fashion	Consumer Products	Circular Economy
<ul style="list-style-type: none"> <li>Goal to reduce consumption for fast fashion</li> <li>Recycling in-store (Madewell)</li> <li>Sourcing recycled raw materials (Nike)</li> <li>Reduced waste manufacturers, less water</li> </ul>	<ul style="list-style-type: none"> <li>Manufacturing for recycling (Apple)</li> <li>Food labeling for sustainability &amp; health (Amazon, Target)</li> <li>Eco-friendly cleaning supplies (Mrs. Meyers, Bite)</li> <li>Health products</li> </ul>	<ul style="list-style-type: none"> <li>Consumer-to-Consumer (CTC) Economy (Etsy)</li> <li>Re-sellers (Ebay, Poshmark)</li> </ul>



**Role of Procurement**

Focus - Traceability and transparency – sourcing from suppliers who can provide sustainability, ethical manufacturing, and buzzwords customers are looking for

Source: IBISWorld Retail Trade Industry Report (Aug 2020)  
What Got Us Here Won't Get Us There (McKinsey)

## Industry Challenges – An Overview

The CPG industry faces multiple unique challenges that are only expected to increase over time, many of which revolve around disruptions in new technologies and customer expectations and shifts due to COVID-19

Industry	Current	COVID-19	Future
<b>Technology</b>	<ul style="list-style-type: none"> <li>• Boom in e-commerce / mobile</li> <li>• Mandatory social media presence and cohesive omni-UX</li> </ul>	<ul style="list-style-type: none"> <li>• Reliance on digital</li> <li>• Changes in delivery technology</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing pace of change; AR/ VR, AI, personalization, IoT</li> <li>• Predictive data analytics implementation</li> </ul>
<b>Competition</b>	<ul style="list-style-type: none"> <li>• Shifting business models</li> <li>• Local competition in developing markets</li> <li>• Private label and brand competition</li> </ul>	<ul style="list-style-type: none"> <li>• High demand for DTC models, including: subscription services,</li> <li>• delivery, and contactless pickup</li> </ul>	<ul style="list-style-type: none"> <li>• Competition for younger consumers – health, value, innovation, UX</li> </ul>
<b>Retailers</b>	<ul style="list-style-type: none"> <li>• Increased customer touchpoints</li> <li>• Increasing competition in e-commerce, discounters and consolidators</li> </ul>	<ul style="list-style-type: none"> <li>• Supply chain risk and reliability</li> </ul>	<ul style="list-style-type: none"> <li>• Partnership with retailers</li> <li>• Retailer investment in digital and delivery space</li> </ul>
<b>End consumers</b>	<ul style="list-style-type: none"> <li>• Higher expectations for brand authenticity, sustainability, CSR</li> <li>• Consumers faced with unlimited choices (global marketplace)</li> </ul>	<ul style="list-style-type: none"> <li>• Decreased spending power</li> <li>• Demand for food, medical and health-conscious products</li> </ul>	<ul style="list-style-type: none"> <li>• Growth of new selling channels; e.g., DTC, subscription services</li> <li>• Digital &amp; automatic replacement shaping decisions</li> <li>• Channel-agnostic consumers</li> </ul>
<b>Internal</b>	<ul style="list-style-type: none"> <li>• Slowed growth for large veteran brands</li> <li>• Fragmentation of bulk orders for larger variety</li> <li>• Cost and margin squeeze</li> </ul>	<ul style="list-style-type: none"> <li>• Emphasis on cash management</li> <li>• Higher financial risk</li> <li>• Increased in M&amp;A activity</li> </ul>	<ul style="list-style-type: none"> <li>• Prioritize omni-channel strategy priority</li> <li>• Cost management</li> </ul>
<b>Safety &amp; regulation</b>	<ul style="list-style-type: none"> <li>• Consumer concerns over privacy, customer data, and biometric data</li> <li>• EU privacy restrictions implemented</li> </ul>	<ul style="list-style-type: none"> <li>• Increased focus on customer &amp; employee safety</li> <li>• Increased regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on consumer data protection and privacy</li> <li>• Increase in market-driven privacy solutions</li> </ul>

## Procurement Retail Priorities

To conclude, businesses can move forward and address an increasingly challenging retail environment; here, procurement can lead and support across multiple areas.

Reduce costs	Support Private Brands/ Labels	Increase Access to Innovation	Increase 'Front of Store' Links	Reduce Risk	Increase ESG Emphasis	Create Single Truth with Finance	Find New Suppliers & Products
Address falling margins & increase business decision speed	Support contract manufacturing & direct sourcing for in-house manufacturing	Gain access to supplier innovation to address changes in customer expectations	Understand SKU, supplier & retail experience links (e.g., logistics, display, services, etc)	Mitigate & reduce disruptions and fragility in supply base.	Understand & address changing expectations of customers	Support RoIC decisions, protect cash, help customer payment challenge analysis	Address change in customer preferences & address new risks

## Infosys S&P capabilities

Critical services across six steps to future proof procurement & supply:

1 <b>Data-driven Strategy</b>	<ul style="list-style-type: none"> <li>• Technology</li> <li>• Data strategy &amp; MDM</li> <li>• System selection</li> </ul>		4 <b>Technology in Harmony</b>	<ul style="list-style-type: none"> <li>• Tech Optimization</li> <li>• System selection</li> <li>• Design &amp; implementation</li> </ul>
2 <b>Customer-led Strategy</b>	<ul style="list-style-type: none"> <li>• Analytics</li> <li>• User experience</li> <li>• Process improvement</li> </ul>		5 <b>Digital Demand-driven Supply Chain</b>	<ul style="list-style-type: none"> <li>• E2E Category Management</li> <li>• Cost to serve</li> <li>• Supplier Relationships</li> </ul>
3 <b>E-commerce / Omni Channel</b>	<ul style="list-style-type: none"> <li>• Sales channels</li> <li>• Supply chain optimization</li> <li>• Cost to serve</li> </ul>		6 <b>Innovate &amp; Adapt</b>	<ul style="list-style-type: none"> <li>• Strategy</li> <li>• Transformation</li> <li>• Market Intelligence</li> </ul>

For more information, contact [infosysbpm@infosys.com](mailto:infosysbpm@infosys.com)

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