

DID YOU KNOW...

78%

OF SHOPPERS SAY OUT-OF-STOCK PRODUCTS AND DELAYED DELIVERY IMPACTED THEIR DECISION TO SHOP EARLY THIS HOLIDAY SEASON

HOLIDAY SALES BETWEEN NOV- DEC ARE PROJECTED TO INCREASE BY 8.9% TO

\$923B

THIS YEAR, COMPARED TO LAST YEAR

RETAIL 101: HOLIDAY PREP FOR CPG

CPG RETAILERS WILL NEED TO EFFECTIVELY MANAGE THEIR INVENTORY AND EXECUTION TO MAXIMIZE THEIR IMPACT THIS HOLIDAY SEASON. WITH SUPPLY CHAINS FACING COVID-RELATED HEADWINDS AND SIGNIFICANT SHIFTS IN CONSUMER BEHAVIOUR, HOW CAN RETAILERS ENSURE THEY BUILD RESILIENCE INTO THEIR LOGISTICS, FORECASTS, AND PERSONNEL PLANS?



**TPG CONSULTANT
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Concern #1:

Identifying the right inventory mix

The COVID pandemic has shifted consumer expectations, and expanded the variation in consumer preferences. Getting the **right mix of inventory in-store and in the 'endless aisle' online is more critical** now than ever.

Solution #1

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- ★ **IMMEDIATE:**
Identify the **right mix of items: 'cash cows', 'best sellers' and 'gambles'** ensuring you segment your products appropriately and have a close pulse on trends in consumer behaviour.
 - ★ **SHORT-TERM:**
Plan contingencies for your 'gambles'. For example, what will you do with excess or in case of delivery issues?
 - ★ **FOR NEXT HOLIDAY SEASON:**
Build supply chain resilience by continuously tracking and mitigating risks for your 'cash cows' and 'best sellers'.

Concern #2:

Missed sales due to supply chain disruptions

Global supply chain disruptions, inaccurate forecasts and missed deliveries may result in a significant opportunity cost of missed sales. This is due to out-of-stock, overstock positions or reduced sales windows.

Solution #2:

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- ★ **IMMEDIATE:**
Ensure the customer is informed of key holiday order dates/deadlines through multiple communication channels.
 - ★ **MID-TERM:**
Build your forecasts and orders to consider market trends, online/in-store variation, and 'hot' seasonal items.
 - ★ **FOR NEXT HOLIDAY SEASON:**
Utilize a master planning calendar incorporating all key functional areas of the business and closely partnering with key vendors. Put special emphasis on building contingencies and resilience into the calendar where appropriate.

Concern #3:

Execution risks due to personnel constraints

The ongoing “Great Resignation” and unused vacation time across various sectors pose risks to promotional execution including resourcing, merchandising, and vendor management.

Solution #3:

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- ★ **IMMEDIATE:**
Conduct an HR risk assessment and consider retention strategies.
 - ★ **SHORT-TERM:**
Track and mitigate risks— particularly execution risks— working with key vendors if applicable. Ensure you have a business continuity plan addressing People, Process and Technology.
 - ★ **FOR NEXT HOLIDAY SEASON:**
Incorporate execution risk, service level agreements, and vendor scorecards into procurement plan.