Modern Retailers Must Prioritize Freshness and Differentiation To Survive

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Supplier Enablement Investments Considered Key Enabler

Think back to the time when retailers like Toys “R” Us, Sears, and Bed, Bath and Beyond were in their heyday. You walked into those stores for the endless aisles of merchandise, because there was simply nowhere else to find such wide selection.

Those days are long gone. While this strategy worked in the 1980s and 1990s, as e-commerce exploded it became apparent something new was happening: for consumers, selection was now a solved problem. Credit Amazon.

As global marketplaces with mass selection continue to grow, forward-thinking retailers such as Target and Kroger are increasingly finding that thoughtful curation is essential for a number of reasons:

1. Traditional marketplaces are weak at surfacing new, interesting brands because of the inherent clutter on the site.
2. A focused website can deliver a superior customer experience based on the target buyer’s lifestyle.

Modern Retail Strategy

The cornerstone of modern retail strategy is not trying to beat the global marketplaces at their own game. Instead, it is incumbent on every retailer to specialize and focus on three things:

1. Identifying emerging brands before they become household names and are found in Walmart or Amazon.
2. Onboarding them at lightning speed, to take full advantage of accelerating consumer desires for newness and social signaling.
3. Helping these brands access new consumers and tell their stories to the world.
The retailers that can achieve these 3 aims will be able to better specialize their offerings to their target buyer’s demographics, aspirations, and behaviors. Retailers that fail in this mission will increasingly find themselves to be just another site used to price-compare against Amazon.

Having identified these imperatives, this whitepaper outlines the need for a new degree of nimbleness from modern retailers, making the case for a shift in how retailers transact with their partners.

RMW Commerce interviewed five mid-market and enterprise retailers and relied on its extensive 20+ year experience in the retail industry to provide background research for the report. What came out of this research is identifying a new set of capabilities that retailers need to learn how to do well, broadly termed Supplier Enablement.

Supplier enablement’s goals are enabling the fresh and differentiated experience required by consumers: though the combination of technology, process, and people.

In the past, investments in supplier enablement were made to support dropshipping with “endless aisle” aims. Since a focused, curated selection is required, however, modern supplier enablement software must diverge from its roots in mass selection. As Mike’s Computer Shop reports: “One SKU in a batch of 1,000 new SKUs onboarded can eclipse all others in combined revenue.”

Of course, no retailer can add only one product and survive. Instead, the primary mission of this type of retailer must be to deliver freshness without overwhelming the buyer’s experience.
Obstacles to Overcome
In our experience, a retailer with three to six categories containing several thousand products must deliver on a target of 50-250 brands per year in order to continue to surprise and delight its customers. This is not easy for a traditional retailer who buys and holds inventory.

A retailer's Chief Merchandising Officer is always faced with numerous issues when planning their assortment for the season, resulting from several factors:

01 **Forecasting limitations.** Predicting how much of each brand to buy is an especially vexing issue. If you plan for $100 million in sales, how much should you allocate to new brands you are launching? Over-buy, and you are left with inventory you have to mark down later in the season at a loss. Under-buy, and you leave millions of dollars in sales on the table.

02 **Funding constraints.** Growing retailers are often not well-financed, making procurement difficult, even if forecasting is accurate.

03 **Supply chain constraints.** Suppose somehow a retailer was lucky enough to forecast and buy the right amount of product. In that case, there often isn’t enough warehouse space to carry a significant number of brands in inventory, or other upstream supply chain constraints prevent the product from being received at the right time.

These retailer tradeoffs create a deadlock between the merchandiser’s ability to introduce new brands and the consumers’ expectations of freshness. To break this deadlock, retailers often turn to their brand partners for answers and ask them to hold and ship hold the inventory instead: what is commonly called *dropshipping*. 
False Promises: Why Today’s Approach to Dropshipping Doesn’t Deliver
The promise is powerful: offer any product without inventory, fulfillment, or forecasting limitations. From a pure technology point of view, many retailers accomplished this in the past two decades using Electronic Data Interchange (EDI), a standard invented in the 1960s.

While traditional dropshipping takes away several limitations inherent in an inventory model, its roots in EDI add new ones:

| 01 | Dropshipping using EDI requires a complex and expensive IT project to onboard each new vendor or EDI network. |
| 02 | Dropshipping using EDI requires getting on both retail IT’s and brands’ roadmaps, and takes time to execute. |
| 03 | Brands readily available on standard EDI networks (and thus not requiring roadmap negotiation) are also widely available at competing retailers. |

Merchandisers’ Ambitions Blocked by Complex EDI Integration Projects

Due to its non-Internet-based protocols and formats, the number of vendors and employees comfortable with EDI integration common in most dropship implementations is low. These specialized skills are in demand within a technology organization and must be scheduled on a business-approved roadmap for maximum impact.

Even if a mutual roadmap can be negotiated, such projects routinely last between three and six months, according to retailers surveyed. As a result, the chances of an EDI integration calendar matching up with a retail merchandiser’s calendar is extremely slim. Quite often, when a new integration is finally delivered, the product is too late to meet the merchandiser’s forecast.

For many traditional retailers, it is rare if they can onboard more than 3 EDI vendors per quarter using in-house resources, according to retailers surveyed. This pace of integration is simply too slow to support the growth and freshness needs of the retailer and often too cumbersome to be worth the time of the brands.
Public EDI Networks Means Your Competition Already Has The SKU

Because of the amount of time it takes to onboard each new EDI supplier, the traditional dropship approach avoids point to point integrations in favor of network based integrations. These Value Added Networks (VANS) promise an available catalog of SKUs that are readily available to plug into any new retailer who wishes to use them.

It is because of this same cost that the first retailers to onboard a new brand are commonly largest retailers like Walmart, Target, Macy’s, and Kohl’s, whose vendors make up the vast majority of most commonly available dropship networks.

While this can be helpful for some staple items that your customer may expect to be present, by definition these same brands cannot fulfill the uniqueness requirements demanded by modern consumers because these SKUs are already present in big-box retail at multiple locations.

Many retailers in this situation are left wondering what the incremental value of adding a new SKU if your customers can already get it from a highly trusted source at a lower price.
Supplier Enablement: A New Way Forward
We have seen throughout this document that today’s retail imperatives are inhibited by legacy dropship approaches. As a result, the opportunity exists for the creation of a new category of software which I’ll refer to as **Supplier Enablement**.

**Supplier Enablement Phase 1: Fixing What Dropship Broke**

In the short-term, Supplier Enablement is primarily focused on fixing a Dropship use case which has been hindered by legacy technology. Several retail merchandisers were surveyed who came up with these business requirements for a solution:

01 **Uniqueness**: Deliver interesting and unique brands that enhance a retailer's differentiation and consumer value proposition.

02 **Timeliness**: Brands must be able to be onboarded on the merchandiser’s calendar, not IT’s calendar. Modern brands should find it so easy to use that the brand’s effort to integrate with a retailer should not factor into the brand’s decision.

03 **No Forecasting**: Retail merchandisers should not be required to forecast inventory sell-through in excruciating detail.

04 **Capital-efficient**: Should not require purchasing inventory up-front.

05 **Fulfillment-light**: Should not require allocating new warehouse space.
The table below outlines how the various solutions available to a merchandiser stack up against their requirements:

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Wholesale Only</th>
<th>Traditional Dropship</th>
<th>Supplier Enablement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uniqueness</td>
<td>Yes</td>
<td>-</td>
<td>Yes</td>
</tr>
<tr>
<td>Timeliness</td>
<td>Yes</td>
<td>Only Legacy Brands</td>
<td>Yes</td>
</tr>
<tr>
<td>Low Effort</td>
<td>Yes</td>
<td>-</td>
<td>Yes</td>
</tr>
<tr>
<td>No Forecasting</td>
<td>-</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Capital-efficient</td>
<td>-</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Fulfillment-light</td>
<td>-</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

**Supplier Enablement Phase 2: Solving Procurement and Trading Partner Management More Broadly**

The mission of creating a truly great supplier experience goes far beyond fixing the issues of traditional dropshipping. Indeed, once the Supplier Enablement category breaks free of its legacy EDI shackles, it can turn its attention to all sorts of high-impact challenges including sourcing, management, payments, quality control, and more.

Ultimately, all supply chain relationships between a retailer and a brand should be managed and controlled by a fully realized Supplier Enablement solution, regardless of the financial, location, or fulfillment characteristics of that relationship.

**How Can Supplier Enablement Make it Easier For a Merchandiser?**

Ironically, when you design software that works for suppliers, you automatically solve the retailer’s biggest problem as well: onboarding more unique brands in a timely manner.

As a result, the traditional dropship solution needs to be reimagined into a solution that is primarily designed to make things easier for suppliers. This key insight forms the foundation of Supplier Enablement software.
Benefits of Supplier Enablement

**Shifts the Power Dynamic**

Unless you are named Walmart or Amazon, most retailers are never going to be the biggest customer for a larger brand partner. When approaching a brand for dropship, it can be difficult to convince them to onboard if your pitch includes an expensive, time consuming IT project. By removing this hurdle, integration efforts never again enter the conversation.

Due to their relationships with large retailers, many larger brand partners often prefer EDI. Of course, this is not going to change anytime soon and any Supplier Enablement solution needs to give brands the option to integrate using the technology they are truly comfortable with, even if that is EDI.

Supplier Enablement software helps onboard smaller, more modern brands as well. Such brands are often on cloud-based eCommerce platforms. Modern Supplier Enablement software should integrate with these solutions automatically.

**Results:** Increased supply leading to increased revenue.

**Opens Up New Categories**

Today’s retailers can’t survive unless they continuously align to the evolving lifestyles of their target consumers. The ability to quickly add new brands allows a retailer to offer new categories to these consumers at the time they’re searching for them.

New categories are often great ROI opportunities that you would have previously not been possible.

**Results:** Increased supply, leading to higher average order values (AOV), leading to increased revenue, due to increased cross-sell and up-sell capabilities.
Access to New and Innovative Brands

Attracting leading-edge brands requires thinking like the leading-edge retailer these brands are looking to partner with. Forcing these upstart brands into old technology solutions (such as EDI) is the fastest way to drive them away. By integrating automatically with the cloud-based platforms favored by modern brands, innovative retailers meet brands where they are.

**Results:** Increased supply leading to increased revenue.

Unlocks Retailer Development Resources

Most retailers have very limited development resources. Because of the ease of integration, Supplier Enablement software removes a huge development burden by eliminating custom development and EDI integration projects from their team’s roadmaps entirely.

**Results:** Decrease in development costs focused on repeatable integration patterns. Happier developers working on projects that challenge their thinking and skills. Increased development focus on higher-value business goals, leading to greater Enterprise Value creation.

Remove Retailer Liability for Order Placement and Planning

Most retailers would make much more money each year if they had the correct amount of inventory in stock. Supplier Enablement using dropshipping retains all the advantages of traditional dropship software solutions by using virtual inventory held by the brand. Both overbuys and under-buys are eliminated.

**Results:** Preservation of capital due to avoidance of unnecessary wholesale buys before the potential of a new supplier relationship is known.

Improved Speed to Market and Time To First Order

Rather than waiting for mutual roadmap availability, brands onboard quickly which greatly reduces the time to get their first order. This metric is ignored in traditional dropship approaches.

**Results:** Faster recognition of revenue, and improved customer experience due to the consistent freshness of incoming brands.
Why Does It Work?

The primary reason that supplier enablement software works is due to ease of onboarding. The software provides the following benefits to the supplier:

01 **Reduces technical roadblocks.** Brands are now able to onboard without waiting for custom projects to be completed by their technology teams.

02 **Increases flexibility.** Many retailers do not initially appreciate the fact that providing options for brands enables faster onboarding. Today’s suppliers have more choices than ever before, will pick one that best suits the requirements of their brand.

The philosophy of Supplier Enablement software mirrors how the best IT departments in the world think about their mission: enabling their company’s growth and transformation.
Quantitative Results: Realistic Expectations
Retailers adopting Supplier Enablement software are often moving from either an exclusively wholesale platform or a hybrid approach of wholesale and traditional dropshipping. This section attempts to document realistic and achievable targets for a retailer adopting such software, based on a number of retailers surveyed.

**Results from Traditional Dropship Software**

Smaller retailers on traditional dropship software platforms report between and 1 and 3 suppliers being onboarded each quarter, with end-to-end supplier integration times between 3 and 4 months, on average.

While some larger retailers have found they can double their onboarding resources to double their onboarding throughput, most have found that this is not a scalable solution because they have not found that they are able to compress a brand’s end-to-end integration time.

Additionally, retailers report that using traditional approaches requires a dedicated EDI team which becomes 80% of the bottleneck in any new implementation.

**Results from Supplier Enablement**

With proper Supplier Enablement software, most retailers report going from 1-2 suppliers onboarded each quarter to between 15 and 60 suppliers onboarded per quarter, with an average of 10 suppliers per month reported.

This is an order of magnitude shift, with approximately half of the resource requirements of previous approaches. Additionally, this approach allows even small to midsize retailers to work with over 10 suppliers at once, at least a three-fold increase over previous solutions.

Lastly, many retailers have started promising brands they can receive their first order within 2-3 weeks of being invited to the program.
A summary of results of typical retailers is presented here:

<table>
<thead>
<tr>
<th></th>
<th>Fastest Supplier Onboarding Time</th>
<th>Suppliers Per Month</th>
<th>Average Onboarding Time</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Traditional Dropshipping</strong></td>
<td>2 months</td>
<td>1-2</td>
<td>3-4 months</td>
</tr>
<tr>
<td><strong>Supplier Enablement</strong></td>
<td>4-5 days</td>
<td>10-20</td>
<td>1 month</td>
</tr>
</tbody>
</table>

As you can see from the above results, a good rule of thumb is that retailers should expect an order of magnitude increase in supplier onboarding throughput by adopting Supplier Enablement software. What’s more, these results can be achieved quickly — most retailers reported implementation times of only 60 days.

These results can be achieved primarily because developer integration bottlenecks at both the retailer and brand are completely removed with this approach.

**Capturing a Supplier Impact Equation**

This section attempts to capture more definitively the impact of Supplier Enablement software in a way that a retailer could predict the results of these efforts to their own organization. This supplier impact equation considers only the variable costs associated with suppliers, and not the fixed overhead costs of any platform, which diminishes over time as a percentage of the impact of the entire program.

Beginning at the highest level, the total economic impact of Supplier Enablement is the sum of the profitability impact of each new supplier onboarded, over a given time period.

\[
\text{Profit}_T = \sum \text{Profit}_S
\]

\(\text{Profit}_T\) represents the profit impact of the entire Supplier Enablement program.

\(\text{Profit}_S\) represents the profit impact of each newly-onboarded supplier.
The important part of this equation is that more suppliers yields more profit, assuming the incremental costs of adding each new supplier are negligible compared to the variable costs of maintaining them. Furthermore, because Supplier Enablement adds suppliers an order of magnitude faster than alternative solutions, this applies to the profitability impact as well.

**Breaking this down further, the financial impact of any new supplier over a given time period is simply:**

\[
\text{Profit}_S = \text{Revenue}_S - \text{Costs}_S
\]

\(\text{Revenue}_S\) represents the average revenue contribution of each new supplier.

\(\text{Costs}_S\) represents the average costs to onboard each contribution of new supplier.

In other words, the financial impact of a new supplier relationship is simply the sum of the positive revenue attributable to the new supplier, minus the total costs associated with onboarding and managing that supplier.

Let's continue breaking down the components of a solution.

\[
\text{Revenue}_S = ( ( \Sigma \text{Traffic}_c + \Sigma \text{Traffic}_b + \Sigma \text{Traffic}_p ) * \text{CR} * \text{AOV} )
\]

\(\text{Traffic}_c\) represents the traffic to a new category page

\(\text{Traffic}_p\) represents the traffic to a new product detail page

\(\text{Traffic}_b\) represents the traffic to a new brand homepage

\(\text{CR}\) represents the conversion rate to the website (generally) or this type of page, specifically

\(\text{AOV}\) represents the Average Order Value of purchases completed to the website (generally) or this type of page, specifically
As you can see, this analysis can be made more specific if desired, but overall conversion rate and average order values can be applied for ballpark figures.

Please note that incremental traffic and conversion is also dependent on the supplier’s website placement and a retailer’s other marketing activities, both offline and online.

There are additional revenue streams not modeled here. Advertising, supplier financing and marketing or merchandising services could and should be included depending on the retailer’s capabilities. Any fees collected through a supplier compliance program could also be included, although the collection rate of such fees in dropship programs is historically low, in the 25-50% range.

Finally, additional revenue could be modeled here related to a wholesale relationship due to under-buying, which happens often in the retail industry. Dropshipping sidesteps such issues.

Modeling costs is a bit trickier, because the results somewhat depend on the setup of an individual retailer. In general, there are three types of costs: inventory, people, and software.

\[
\text{Costs}_S = \text{Costs}_I + \text{Costs}_P + \text{Costs}_{SW}
\]

\text{Costs}_I \text{ represents the costs of inventory for a supplier. In a dropship arrangement, this is zero.}

\text{Costs}_P \text{ represents the costs of people associated with the supplier relationship}

\text{Costs}_{SW} \text{ represents the cost of the software solution}

For the best analysis, retailers should be comparing one solution to another. This section attempts to capture a few of the considerations for your analysis.

The cost of inventory for a new dropship supplier is zero, while the cost of inventory for a new wholesale relationship depends on Minimum Order Quantities (MOQs) and landed freight costs, among other factors. The benefits to a dropship relationship in this case are twofold:
The costs avoided by using a consignment or virtual inventory relationship.

The costs avoided by over-buying inventory.

The cost equation in a dropship inventory relationship is not entirely upside, however, at least from a margin point of view. Unit Cost of Goods for a dropship purchase order is almost always higher than the same unit costs for a wholesale purchase order, unless that dropship order is simultaneously supporting a deeper retail relationship. These considerations are too complex to model in this format, and often contract-specific.

**Scalable Supplier Enablement solutions, when applied to people costs, offer the following advantages that can be modeled in a retailer’s P&L:**

1. Because development bottlenecks are removed, some of the retailer’s most expensive and precious resources can be applied to higher value projects, representing a significant strategic gain.

2. Fewer onboarding resources are required as the solutions scales, meaning more can be done with less. Essentially, once a 1-3 person team is established for a Supplier Enablement onboarding program, such a team does not need to expand unless the retailer needs to onboard more than about 25 suppliers simultaneously.

In other words, for many retailers the variable people costs of adding a new supplier could be essentially zero once the team is established and running.
Software costs are somewhat easier to model. Considerations for modeling these software costs with Supplier Enablement software includes:

01 To the extent that the retailer can avoid EDI networks through the use of modern APIs and pre-built connectors, fixed and variable VAN and other per-transaction or per-KB message charges can be avoided entirely.

02 The costs of avoiding the creation and maintenance custom supplier integrations to standard platforms is difficult to overstate, and even harder to model in an equation. Suffice to say, a Supplier Enablement solution moves a significant number of these costs to the chosen Supplier Enablement software provider.
From Here to There: Change Management
While the benefits of adopting Supplier Enablement software are substantial, proper planning and implementation are required to achieve the desired results. This section outlines a set of recommendations, thoughts, and occasionally, warnings, for retailers who are considering adopting Supplier Enablement.

Planning Considerations

A Retailer’s Onboarding or Merchandising Team Might Argue Against Supplier Enablement

Ironically, it’s common for retailers using traditional dropship solutions to lament the fact that brands take too long to onboard, while at the same time these challenges were created by the retailer’s own software and processes.

A retailer’s merchandising team might say something like:

“I asked for new assortment but it didn’t come in time — didn’t make my merchandising calendar.”

While the same retailer’s onboarding teams report:

“You can ask for a lot of new assortment but you can’t make the brands do anything they don’t want to do.”

Of course, the brand is left holding the bag:

“Is this really worth our time? What is the ROI of all this onboarding effort?”

If you are considering Supplier Enablement and a software demonstration doesn’t immediately convince your team, don’t be surprised.

The key is understanding who to listen to. Retailers who have successfully implemented Supplier Enablement universally agree: focus on the needs of your merchandising team, which are more commonly aligned to business vs. technology goals.
If the business demands assortment, but your process and technology are failing the needs of the business, the way forward is working with partners that can deliver the required business solutions.

**Focus More on Brands Than SKUs**

While those retailers coming from an “endless aisle” background may incorrectly believe that more SKUs is always better, the consumer’s highest priority is the number of unique brands offered. Every SKU is not created equal.

**Product Data Quality Increases In Importance**

Supplier Enablement software solves the development bottleneck, but can create new challenges to solve. Generating and validating quality product content can quickly become a new constraint which may need a larger, low-cost, team to handle the volume of products being onboarded.

**Implementation Considerations**

**Add Revenue Responsibility to Enabling Teams**

One way to focus your onboarding team on results after adopting Supplier Enablement software is to add revenue responsibility to onboarding teams. Introducing this metric can immediately change their outlook from “it’s their problem!” to “how can we overcome this challenge?” The proper role of vendor onboarding is to enable revenue and not simply support onboarding.

Of course, doing this prior to adopting Supplier Enablement is not helpful because the supplier onboarding team is not the primary bottleneck.
Legal Processes May Need Streamlining

Even when onboarding a few suppliers a quarter, a retailer’s legal team can be too overwhelmed or distracted to contribute positively to a great supplier onboarding experience.

Our recommendation is to greatly streamline these agreements by incorporating a standard click-wrap agreement as part of the onboarding process for the vast majority of suppliers. This leaves the legal team reserved for only the most strategic relationships, where they belong.

Your Merchandising Teams Might Need Additional Guidance

There are a few considerations that proper Supplier Enablement adds to merchandising team that must be considered as well. Here are a few important considerations:

01 Merchandisers with a retail stores background are often not familiar with dropshipping. Plan to run educational training seminars internally so that the team can speak confidently to suppliers about the process.

02 Retail merchandisers who have not traditionally worked in situations where both wholesale and dropship inventory relationships are possible may not understand how to treat inventory as a “portfolio” conversation with suppliers. Team members need to be educated on how to move faster movers to wholesale terms, and slower movers to dropship relationships to optimize inventory carry.

Protect Your Buyer Experience

A new problem that dropshipping creates for those not familiar with the practice is a relative lack of control over the fulfillment experience, both timing and packaging. Although these challenges can be monitored, prepare to devote resources to ensuring vendor compliance with your fulfillment standards.
Don’t Always Expect a “Plug and Play” Integration to Standard Platforms

In certain situations, a brand’s product data is readily extractable by cloud-based software integrations. For example, product data can sometimes be hidden in Shopify apps that are integrated into the theme rather than stored directly in a product’s metadata. The lesson here is that the reality of installations in the field can be messier than expected.

Evaluation Criteria

Here are the most important considerations when looking at Supplier Enablement vendors:

01 **Connectivity.** Easy connectivity to all popular cloud-based platforms such as Shopify, BigCommerce, and WooCommerce. You should ask to demo the brand’s experiences with each of these platforms.

02 **Brand-focused thinking.** The software vendor’s primary efforts should be towards thinking like a brand, rather than catering primarily to the needs of the retailer. Warning signs to look out for include too much focus on enforcement of standards and exception management.

03 **Enables unique supply.** An important criteria for many retailers must be finding unique supply which competitors do not already have. Most trading network software based on EDI or legacy standards are not suited to this task. Warning signs to look out for include primary messaging which includes “endless aisle.” Which buyer asked for an endless aisle? Buyers want to solve problems in their lives.
Implementation Scenarios
There are two primary ways to implement Supplier Enablement software, one is in a traditional eCommerce environment, and the other is in an Omnichannel environment.

**eCommerce Environment**

Many retailers will decide for expediency that the fastest route to market is to integrate Supplier Enablement software directly with their eCommerce platform, such as Shopify or BigCommerce.

**Omnichannel Retail Environment**

Retailers with store chains may wish to consider if they want to offer their consumers “Ship to Home” or even “Buy Online Pickup in Store” functionality for suppliers integrated through Supplier Enablement software. In order to enable such functionality, Supplier Enablement software needs to be integrated into a retailer’s core infrastructure (such as ERP, PIM, and OMS) rather than directly to the retailer’s eCommerce platform.

This implementation model allows the consumer to walk into a retail store, checkout through the retailer’s POS system, and receive a product which is shipped directly from the brand’s warehouse.
Supplier Enablement: What’s Next
While Supplier Enablement is a great leap forward for the traditional dropshipping world, it is only the beginning. Many more gains are possible for retailers if Supplier Enablement continues to evolve in the future. This section outlines what could be next for the Supplier Enablement industry over and above what we have already discussed here.

**Extended Product Assortment**

Today, Supplier Enablement enables retailers to carry new brands that they were not previously able to. More difficult is a hybrid scenario where core sizing (colors, etc.) of a style is owned in inventory by a retailer, with extended sizes provided by third-party dropshippers. This is a huge opportunity for capital savings because retailers can be more selective in their inventory buys.

**Supplier Enablement as a Wholesale Enabler**

We mentioned earlier in the document that the next phase of Supplier Enablement software should be agnostic to the source of supply, such as wholesale or dropship. While traditional dropship solutions are often implemented to enable dropshipping *in between* traditional wholesale purchase orders, we envision a world where Supplier Enablement could actually be a common testbed for wholesale participation in the first place.

Using Supplier Enablement as a funnel for their wholesale program completely flips the traditional model and allows retailers to make smarter data-based decisions about which brands to own, and how much inventory to acquire.

**Supplier Financing**

Traditionally, retailers and brands have competing cash-flow goals. Brands want to get paid as quickly as possibly, while retailers only want to pay when items sell. Future Supplier Enablement solutions could build in reverse-factoring financial technology and allow retailers to pay brands faster than competing outlets.

**Merchandising-as-a-Service**

In the future, Supplier Enablement could also move beyond onboarding functionality and into more traditional merchandising processes, such as:
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01 **Sourcing.** Supplier Enablement software could help retailers find innovative brands in specialized niches on social media or other outlets, with a focus on identifying emerging brands not yet popular in big-box retail.

02 **Product Data and Translation Services.** Such services could help copywriters and data specialists translate products into new languages or optimize product data quality.

03 **Photography Services.** While commonly available software allows resizing and background removal for images, more is possible. Outsourced agency and workflow solutions could appear that act as extensions of a retailer’s own teams: enforcing, retouching, and reshooting imagery to enable greater consumer experience consistency.

04 **Buyer Experience Scorecard.** True vendor scorecards aren’t just about product data, they are about the entire post-purchase experience including communication, delivery, and unboxing. As the number of suppliers grows, the complexity of monitoring the consumer’s experience also increases. New services could appear that automate this process as well.
In Conclusion
This report has thoroughly examined the need for a new category of software called Supplier Enablement which puts brands first. Not only does this software category allow retailers to continually surface innovative brands to their buyers, it does so in a capital-efficient manner.

Retailers who adopt Supplier Enablement have documented a brand onboarding throughput that is an order of magnitude faster than previously available industry solutions. While these are impressive results, what's more interesting is the potential for this category to transform not only onboarding, but the entire relationship between brands and their retail partners.

It will be exciting to watch the continued development of the Supplier Enablement category as it stretches towards the future.

This research report was written by RMW Commerce, but commissioned by Convictional, Inc. Retailers, including Convictional customers, were spoken to in order to produce its contents.
About Rick Watson

In February of 2019, I formed my own eCommerce consulting firm, after spending the last 20 years as a technology entrepreneur and operator exclusively in the eCommerce industry with companies like ChannelAdvisor, Barnes & Noble.com, Merchantry, and Pitney Bowes. In addition to my expertise, I have a vast network of industry experts and talent across marketing, business development and solutions providers to add bench strength to larger projects and initiatives.

My practice areas are centered around supporting CEOs of B2B software and services companies, and investors and management teams incubating and growing direct-to-consumer businesses.

Television and Conference Speaker:

I have also been a featured speaker at nationwide news programs such as Bloomberg Surveillance and Bloomberg West, as well as at a number of retail-focused industry events including NRF Shop.org, ECommerce Europe, ETail West, and others.

Specialties:

- Working with Investors and Boards
- eCommerce Consulting
- eCommerce Strategy
- Marketplace Strategy
- eCommerce Replatforming
- Amazon and eBay Marketplace
- Strategic Technology Advice
- Digital Transformation
- Retailing
- Executive Management
- Online Marketplaces
- eCommerce Strategy
- eCommerce Product & Engineering Management
- Startup Advisor
- Agile Processes and Transformation
- Software as a Service (SaaS)
- Product Management
- Product Planning
- Portfolio Management