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Whitepaper

True Frictionless Retail Begins With Digital ERP

Consumers don't shop like they used to.

The COVID-19 pandemic has forced changes in consumers' buying habits and those habits are likely to endure. As a result, it's no surprise that e-commerce has soared in the past two years. However, consumers aren't exclusively shopping via digital channels — they are also shopping in stores. This has led to growth in true omnichannel shopping, and customers now expect seamless experiences across channels.

What this means for retailers is they need technology that will allow them to not only embrace omnichannel shopping but win in omnichannel. Those who don't adopt this kind of technology risk "business oblivion," according to Kim MacIntosh, senior vice president and general manager — Americas with Rizing

Many fashion retailers continue to use outdated Enterprise Resource Planning systems, but the shift in shoppers' buying patterns means these legacy systems are unable to keep up.

"Outdated ERP systems were pushed to the brink in trying to provide timely critical business insights and end-to-end visibility across the supply chain," MacIntosh said.

However, state-of-the-art ERP systems such as SAP S/4HANA can bring retailers into the current consumer environment, allowing them to combine all channels of their business and satisfy the new needs of their customers.

"Brands must invest in next-generation ERP systems like S/4HANA to provide a single source of truth, with detailed real-time insights into customers and business processes, while enabling flexibility for innovation to accommodate new business models, new regulations and market expansion," MacIntosh said.

Tapping into the value of true omnichannel retail

34% of consumers report using a **buy online, pick up in store option** since the beginning of the pandemic, according to Data from NPD Group

31% of consumers have used **curbside pickup**

208% during April 2020 alone, the number of **buy online, pick up in store orders grew** according to **Adobe Analytics.**

This is an opportunity that retailers can't ignore. Omnichannel shopping is driving retail sales, and data from Think With Google indicates that omnichannel strategies help generate around 80% of in-store visits by customers. In addition, as many as 74% of customers do online research before visiting a physical store, Google found.

Consumers are shopping in the ways that suit them, and keeping up with them directly benefits a retailer's bottom line:

30% of shoppers who make purchases from a **brand both in store and online have a higher lifetime value** than single-channel shoppers, according to **invesp**

Finding where digital ERP technology fits in

Retailers need to meet customers where they are but, to do so successfully, they need underlying technology to hold different systems together behind the scenes. A solid end-to-end digital structure is necessary for retailers to thrive.

Although fashion and lifestyle brands already use technology in the form of traditional ERP, such tools often don't integrate every aspect of a retailer's business. When brands receive orders through multiple channels, for instance, it can overwhelm their systems and cause delays or errors — both of which can lead to dissatisfied customers who may not return. Legacy ERP systems also require a lot of manual intervention to counter the lack of inventory transparency.

On the other hand, digital ERP tools such as SAP S/4HANA for Fashion and Vertical Business are different. These tools show all inventory in real-time, and they integrate all data, from warehouses and distribution centers to stores and e-commerce.

This allows retailers to serve their customers at any given moment, across all channels, with the right information, the right products, in the right locations, and at the right price.

Finding where digital ERP technology fits in

SAP S/4HANA, MacIntosh said, enables business growth for the long term. "If you're a brand looking to grow and/or expand to new markets, geographies and new business models, you need a backend capable of supporting this type of growth," MacIntosh said. "ERP is at the core of an enterprise's value creation, business continuity, and innovation."

"SAP S/4HANA provides a stable core while allowing fashion companies the flexibility to adapt to new challenges and opportunities, helping them pursue new business priorities, cope with the impact of the pandemic and respond to economic and consumer dynamics," MacIntosh said.

Digital ERP systems also allow retailers to offer choices to consumers when it comes to their purchases. For example, once they buy a product, they can choose how they receive it — shipped to their homes or made available to pick up and pay in store if that is what they prefer. And consumers who are happy with their choices and purchases are likely to become repeat customers.

Retailers who continue to use these traditional legacy systems are at a disadvantage:

- They're unable to grab new market opportunities that arise in today's dynamic, digital landscape.

- They face challenges in managing supply and demand because of a lack of visibility across the supply chain. It's also cumbersome for them to respond to supply-demand shifts.

- They have a lack of customer-centricity, resulting in lost brand loyalties.

Retailer benefits of SAP S/4HANA®

Implementing SAP S/4HANA is not just a matter of implementing technology, it's also holistic.

"It's a complete business transformation initiative," MacIntosh said. Retailers, MacIntosh pointed out, "need to ensure executive alignment and sponsorship throughout the project life cycle."

One of the biggest roadblocks to embarking on such a project is the uncertainty of the outcome. Another is a lack of visibility on what post-implementation business processes may look like. A good way to understand how S/4HANA will affect and change existing practices is to carry out a pre-implementation assessment.

This can be accomplished by utilizing the attune Fashion Suite™, an SAP-qualified accelerator on SAP S/4HANA® with built-in industry-leading practices. An assessment will give retailers a good understanding of what the processes will look like and help set up a road map to implementing a new ERP.

Among the many **benefits** to **fashion retailers**, SAP S/4HANA ensures

Agility and visibility across the supply chain by being customer-centric.

Customers are highly satisfied, receiving correct items and receiving orders on time.

Retailers can handle high-volume orders, which represent their most important customers, by processing them faster, rather than on a first-come, first-served basis. This also allows retailers to easily handle seasonal business spikes.

Fashion retailers' businesses can run as a single enterprise because SAP S/4HANA consolidates the front and back offices across digital channels and brick-and-mortar.

Case Study: Carhartt

Global apparel and workwear brand Carhartt implemented SAP S/4HANA Fashion — [attune Fashion Suite](#) — with great success. The 130-year-old company's top priority was to provide a frictionless shopping experience for customers, with no negative effects on its business. To add to the challenge, the technology upgrade coincided with the COVID-19 pandemic.

Carhartt's traditional ERP used multiple systems, hampering its omnichannel strategy. The company's decision to switch to SAP S/4HANA created a scalable, integrated IT core across operations able to handle the evolution of its traditional wholesale business to integrate online and retail stores.

"From very early on, we appreciated the fact that Rizing was willing to create meaningful relationships with the Carhartt project team," said Jenny Hall, Carhartt's director of Project Catalyst. "This paid off time and time again as it created open lines of communication and healthy dynamics when the work was heavy or complex. We often looked to Rizing's extensive experience in the fashion space to help us drive to standard, and at the same time build a system that would support future growth."

However, the biggest change SAP S/4HANA brought to Carhartt was implementing SAP's standard industry best practices to allow the company to speed up its digital transformation journey and move away from highly customized systems that affected the brand's ability to quickly adapt to changing market conditions. "With the implementation of S/4HANA, the company can now simplify many of their core business processes to drive operational efficiencies across the full value chain," Rizing's Kim MacIntosh said.

With SAP S/4HANA, Carhartt gained a single, vertically integrated platform, offering:

Rapid growth	**Complete inventory management**	**Digital Capabilities**	**End-to-end view of all products**
All data on a single platform	**Manufacturing control**	**The ability to innovate**	**Ideal omnichannel experience**

A simple solution for an integrated retailer

The time for change is now. Retailers who stick with outmoded ERP systems will be left behind as customers come to expect a seamless shopping experience — with a retailer who doesn't let them down and who can be fully trusted to support them across all purchasing channels.

And retailers are discovering that they need a single platform to bring all aspects of their business together under one technology roof.

Using SAP S/4HANA, retailers can revolutionize their business while improving customer satisfaction, reducing errors, bringing new value to the company, and seizing opportunities to expand and grow.

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