From ‘Brick-and-mortar’ To ‘Click-and-mortar’- A Retail Revolution in Apparel supply chain:

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Arindam was delighted when he found his favorite brand of shirt in the shop, and he purchased it. After a week, he was surprised to receive fabulous offer from the same brand at discounted rate, that too on his pet items! He was truly amazed to find how the company knew his tastes and choices.
Above is not a fancy. Rather it has become a reality with E-retailing. The retail landscape has metamorphosed with many "**brick-and-mortar**" retailers adding an Internet shopping-component to their offering. Enter "**click-and-mortar**" giants Wal-Mart, K-Mart, Target, Barnes and Noble, Sears to name just a few.

For example, if a person spends a certain amount on cosmetics at Sears, the world-famous retail joint, he will receive notices of any sales on face powder or lipstick. The trick is that when a customer shops using a Sears Card, details about the purchase and the customer are stockpiled electronically. This “data warehousing” permits Sears’s marketing people to target promotions to a more receptive group of its customers.

True, promotional marketing has attained a new dimension with **E-tailing**, the electronic counterpart of retailing. Manufacturers and retailers now target consumers directly with attractive offers. Using credit or charge card to buy clothes triggers clockwork of activities in retail. These activities range from "automatic stock replenishing," which refills the store's shelves, to alerting a distant manufacturer to turn out more clothing. However, as manufacturers and retailers more closely scrutinize individual customer tastes, habits, and buying patterns, they opt for a direct route to consumers. Instead of waiting for consumers to visit their stores, retailers may simply send them target e-mail, offering deals too good to refuse. The rise of "**automatic customer replenishing**" as retailers begin to restock consumers’ closets, instead of their stores. Wal-Mart, the world’s largest retailer, successfully incorporates this e-retailing in their supply chain through electronically enabled stock-replenishment. The result is dramatic. It offers shoppers more than a 98-per-cent chance of finding a complete selection from its diverse collections!

Supply chain strategy is also redefined as a result of going online. "**Click-and-mortar**" retailers have changed their strategy of stocking in their various warehouses. High volume products, that is, products whose demand can be accurately matched with supply based on long-term forecasts, are stocked in local stores. And low-volume products are stocked centrally for online purchasing. The latter products have highly uncertain demand levels and thus require high levels of safety stock. Centralized stocking in this case effectively reduces uncertainties by aggregating demand across geographical location and thus reducing inventory levels.

As E-retailing has pushed the boundary of business in the forward direction to establish direct links with consumers, it also integrates the back-end manufacturing operation with real time information sharing about what consumers are buying. This enables vendors and suppliers to plan proactively in response to

real-time demand. The upshot is that orders are filled quickly; stock is made as it's needed, and there is no need to waste revenues, as stockpiling unsold goods in physical warehouses is avoided.
“Influence of information technology on everything from stock replenishing to manufacturing may lead new form of selling”, say David Anderson of Accenture and Hau Lee of Stanford University. Having the distribution and warehousing infrastructure in place, these “click-and-mortar” retailers have advantage over their "brick-and-mortar" counterparts.

Consider Wal-Mart, who uses **Retail Link**, a software system that provides vendors with up-to-date access to point-of-sale price and volume information and highlights Wal-Mart's inventory positions and forecast of future needs. As a result, Wal-Mart improves fill-rate and customer satisfaction. Implemented in 1991 as a closed network only for large suppliers, Wal-Mart transferred the system to the Internet in 1997. RetailLink now processes tens of thousands of supplier queries per week. The fact that Wal-Mart is the world’s largest retailer brings natural advantages to the job of supply chain management. Paul Ritter, director of online retail strategies at the Yankee Group, a technology research and consulting firm in Boston acknowledged, "Wal-Mart has the critical mass to exact all kinds of concessions from the suppliers they deal with. And they have the demand side of the equation covered as well, because they bring the demand to the suppliers."

Same sentiment echoed by Michel Lapierre, president of Claudel Lingerie, a Montreal manufacturer of women's apparel. He avers, **" We don't have to wait to find out what's selling... Our designers know what our customers are looking for, and they can create new designs based on his information."** No prize for guessing the impact of this innovative approach on Claudel’s sales. Within two years top-line grows by 100 percent!

Nygård International, a manufacturer and retailer of women's fashion lines with global sales well over $300 million annually, also follows the trend. Nygård runs an automatic reorder sales system. Called ARTS2, it links all Nygård stores and retail accounts, with each sale of pre-selected staple items, such as pants, reorder forms are instantly filed on computer. Once or twice a week, a bundle of these reorders are flashed electronically to the Nygård central plant. A kind of high-tech workshop for women's wear, the center fills new orders for Nygård brand labels in a day. As clothes are shipped out of the plant, replacements are already being manufactured.

Same for Sears, the celebrated retailer. In a similar fashion, information about sales are collected daily from all stores through electronic linkages and contained in the sales data warehouse. Using this information, Sears’s buying staff can quickly learn if a particular raincoat along with its color, size, and style is selling well in one store or region. Further, it permits suppliers to compare sales among stores or regions and estimates needs for future buying.

Today’s customers are significantly reducing their supplier bases, providing the opportunity for the most capable suppliers to seize huge market share. The “win” factor in gaining these new avenues is a new business model built around inter-company supply chain innovation. E-retailing is the new entry to this business paradigm, pushing the business-frontier closer to actual consumer.