

Why ERP is a must for your Retail Business

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WHY ERP IS A MUST FOR YOUR RETAIL BUSINESS



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THE NEED FOR ERP IN THE RETAIL BUSINESS



Prelude

Regardless of the size of the company, enterprise resource planning, or ERP, has become a need for the retail sector. ERP systems are now essential for brands to survive and compete in the face of shifting consumer demands. Retailers can seamlessly integrate and manage all major operations with the help of ERP, a suite of configurable software. These activities include managing several locations, regularly shifting inventory, changing prices, offering product discounts, and much more. If these tasks were carried out by hand, they might take a long time and be difficult; however, ERP software offers the quick, easy, and dependable management solutions required to run enterprises more successfully.

USAGE OF ERP IN THE RETAIL SECTOR

An ERP system employs a central database to store all of the data related to the various system components and automates and combines key business activities. Order entry, purchasing, sales, finance, inventory management, production scheduling, and human resources are just a few of the modules that make up ERP systems. The parts are made to integrate seamlessly with one another and offer a unified user experience across the system.

ERP software solutions provide cross-functional capabilities to the firm and are accessible throughout the entire enterprise. A single system integrates all of the functional departments engaged in the inventory or operations activities. Order entry, shipping, and warehousing are just a few of the company operations that are handled by an ERP program. Additionally, it supports a variety of corporate operations, including marketing, accounting, strategic management, and human resource management.

Challenges Facing the Retail Industry

1. Adapting Customer Behaviour

The shift in consumer behaviour has grown prominent and apparent all across the world. The modern consumer demands customisation when they shop, and this need extends beyond pricing to include customized goods, deals, and services.

Retailers in the modern world must be more dynamic in their data analysis, and more efficient and adaptable in their consumer offerings in order to meet the demands of their customers.

2.Competition

In order to stay competitive, merchants must comprehend customer demand at every point of contact and react instantly to different inputs from across the company. In order to ensure customer happiness, the retail company must adopt a proactive strategy by identifying the unique demands of the consumer ahead of other competitors and promptly responding to them.

Furthermore, margins in the retail industry are typically quite low, which eliminates any room for waste or inefficiencies in the operational procedures. Being efficient is essential to surviving in the retail sector. A proactive strategy from the retail company necessitates enterprise-wide oversight and management of the several business operations that could eventually result in the targeted efficiencies, long-term profitability, and customer happiness.

The socio-economic context and compliance with regulations, Retailers need near-instant performance reporting, data access, and enterprise-wide process visibility in order to comply with regulatory norms. However, with the current portfolio of legacy, in-house, and packaged software programs used by most retail firms, it is very difficult to satisfy the requirements for flexibility, process efficiency, trustworthy information, and responsiveness.

Thus, an integrated information system infrastructure that continuously monitors and transmits the required information about the flow of goods all the way from the supplier to the cash register and then had to accounting as well as other functions of tie retail organization would be extremely beneficial to a retail business.

Retail businesses require responsiveness, flexibility, efficient processes, and reliable information. ERP packages have been launched to address the reduction of IT complexity, albeit there are certain implementation issues for IT management staff and line of business personnel.

Synchronization between the many business operations engaged in a retail business requires integration of the various business functions as a necessary precondition. In order to unify their fundamental business operations, some major retail chains worldwide have already made investments in bundled software suites. To manage their key business processes, many retailers still rely on fragmented legacy software solutions, which leads to somewhat lower levels of effectiveness and efficiency.

Furthermore, the majority of Chief Information Officers [CIO] in the retail industry feel that replacing their current information systems, which handle the day-to-day management of retail operations, would be laborious.

ERP encompasses the following

1. Store operations: All activities pertaining to the store management function are handled by this component of the ERP system. Since the retailers maintain the majority of their merchandise at the stores, shop operations are crucial to a retail chain. Additionally, the store operations feature of retail ERP systems is exclusive to them; other ERP packages do not provide a feature as complete as that of shop operations.

The shop-specific inventory management, sales audit, returns management, perishable management, and labour management are all included in the component of retail operations. The customer management and related promotion execution systems may also be included in the store operations component.

2. Corporate administration - This section tries to meet the information demands of the administration and often consists of the compliance reports and process management that upper management needs in order to make decisions. Additional corporate financial reports, including those on accounts receivable, accounts payable, the general ledger, and asset management, are also included in this function.

The corporate-level Human Resource Management [HRM] systems may also be part of the corporate administration component. Through the numerous financial reports that this component generates and makes available through the retail ERP systems, we can thus see that the corporate administration component is essential in giving top

management the information they need to gain a broad understanding of the state of the retail business.

The corporate administration division is sometimes referred to as the retail industry's senior management's eyes and ears. This element provides the information needed to offer a financial health assessment of a retail company. Additionally, this retail ERP system component generates particular compliance reports that are submitted to industry watchdogs or other monitoring agencies that might need periodic reporting of this kind of data.

3. Improved client relations

An ERP system gives businesses a 360-degree perspective of their consumers, allowing for more individualized experiences and better customer support. This means having an ERP system means having a comprehensive customer experience. An ERP improves customer service quality, lowers inventory costs, boosts loyalty through multi-channel loyalty programs, and enhances sales by reducing lost sales. It also represents total control over cash and inventory.

4. Merchandise management

Merchandise Management is the main element of a retail ERP system that helps merchants with their merchandise management activities. This component covers tasks including inventory management, retail outlet setup, upkeep, and management, as well as maintaining tabs on item prices and vendors.

Along with the related business intelligence modules, this Enterprise Resource Planning [ERP] system component provides several essential reporting features.

In order to promote more effective retail operations, the merchandise management component also provides an integrated interface to link other retail applications. This functioned as a bridge between the many retail applications offered by the retail ERP suite. Customers can choose from hundreds of thousands of products at a typical retail chain.

All of the tasks involved in overseeing the inventory that is put up for sale at the retail establishment are handled by the merchandising management component. To put it briefly, all of the activities centred around the merchandise sold at the retail store are covered by the merchandising management component of an enterprise resource planning package [ERP]

5. Retail planning

This ERP system feature enables merchants to plan on both a large and small scale, depending on the circumstances. It focuses on the various tactics that should be used to assist the retail establishment in boosting product sales. The goal of the retail-planning component is to increase goods sales at the retail level in order to achieve economies of scale and the appropriate efficiency.

This part aids retailers in organizing a range of sales and promotional activities meant to enhance or augment sales of the goods they sell. Retail planning serves the crucial role of providing planning activities that may be carried out at the macro and micro levels to boost retail store goods sales.

In this sense, it is a significant and essential part of the retail ERP systems.

The middle and upper management heavily use the retail-planning component when creating advantageous promotional plans to boost sales and guarantee higher inventory turnover at the retail location. As a result, one may argue that retail planning is an essential part of retail ERP systems.

6. Planning and executing the supply chain:

This helps both the internal and external supply chain processes. It addresses both the retail supply chain management's planning and execution phases. The supply chain is the foundation of retail operations. The information, money, and materials that move from a supplier to a wholesaler, retailer, and ultimately the end-user or consumer of goods are represented by the supply chain.

The retail ERP system's supply chain planning and execution are essential components. The goal of retailers is to benefit from the operational synergies. Retail ERP systems' supply chain planning and execution feature enables merchants to monitor the whole supply chain, from the producer to the customer, in order to satisfy the demands of these kinds of chains.

It enables a retailer to monitor every action and procedure that makes up the supply chain for the goods sold at the retail location. By regularly monitoring supply chains / Inventory and guaranteeing their management in a smooth and efficient

manner to ensure business profitability, this helps merchants run their businesses profitably

7. Strengthened Défense

Since security is everyone's top priority, all are aware of the significance of data security. ERP offers numerous other advantages in addition to enhanced data protection. It is far more crucial, especially when it comes to shopping, as it can shield private information from outside threats. To help retail organizations with their data security, many ERP systems can provide advanced security features like encryption and multi-factor authentication. Retailers that utilize strong cloud-based ERP systems have access to significant security capabilities, such as safeguarding critical data from cyber threats and other security breaches, which sets them apart from traditional on-site ERP systems.

8. Enhanced process effectiveness

Every retail company wants their business procedures to accelerate in order to provide an unmatched customer experience and draw in more clients. Businesses can streamline retail operations, automate jobs, and minimize human data entry by using a proper retail ERP to automate procedures and streamline the entire retail process.

9. Easier Compliance

It is challenging for retailers to restructure compliance routines and procedures while overseeing other business operations.

On the other hand, a lot of retail ERP systems come with integrated guides and instructions that support merchants in adhering to industry standards and legal requirements.

As a result, this feature of ERP can rapidly lower the danger of fines and other consequences.

ERP software offers strong analytics that enable merchants to completely understand their operations and guarantee compliance with all applicable rules, which can help ease compliance. Not to mention, ERP ensures that companies stay competitive in the market while avoiding expensive fines and penalties.

10. Point of Sale System (POS)

Nowadays, the majority of consumers pay for goods and services with credit and debit cards, e-payments, thus all retailers—big and small—have point-of-sale (POS) systems installed in their establishments.

Integrating your ERP software with your POS system, which consists of both hardware and software, is a smart idea. This facilitates inventory and client management and makes it simple to record sales and revenues.

POS hardware is installed at the checkout and handles transactions once the customer has completed their purchase. Examples of this hardware include card readers, barcode scanners, register screens, cash drawers, receipt printers, and so forth.

11. Better decision making and data analysis

Having a smart ERP in place is the ideal approach for retailers to increase collaboration and communication; with real-time analytics and data, retail management can make data-driven and strategic decisions. Assume it is information from the inventory and warehouse department or information pertaining to sales and customers. In that scenario, the ERP system can easily gather, process, and evaluate the data to provide accurate departmental insights. The decision on where to spend and distribute resources can then be made using these facts and insights from other departments.

12. ERP and E-commerce Integration

Retailers who do not offer online shopping through their eCommerce stores in this digital age will lose ground to their rivals. The pandemic has only served to strengthen the growing trend of individuals preferring to purchase from the comfort of their homes. But running an online store isn't always an easy feat—it may be quite complicated. One of the best ways to increase efficiency, cut down on redundant data, prevent mistakes, increase output, cut expenses, enhance customer happiness, and obtain real-time financial data, analytics, and reports is to integrate it with your ERP. You'll have more control over your retail firm and a clearer view thanks to the combination of all these aspects.

13. Financial Administration

Your company's entire budget planning process can be implemented and managed using the retail ERP software's finance management module.

It can handle budgets from the perspective of the dept: head, project manager, or accountant carrying out the work, allowing each of these staff members to examine data pertinent to their respective responsibilities and roles.

Reasons why Retail needs an ERP

A retail ERP, in contrast to generic ERP systems, is made specifically for retailers, so it can readily support the key elements unique to the sector.

A retail ERP, in its most basic form, links the procedures that comprise your back-office business, such as:

Multichannel marketing

Inventory control

Forecasting inventories

Shipping and fulfilment

Client oversight

Book-keeping Returns

By combining data in this manner, you may support all of the departments in your company by creating a shared database or hub. By doing so, you'll cut down on human error and free up valuable time that you can use to improve branding, merchandising, and customer service, boost conversion rates, and expand your retail operation.

Signs that indicate that your Retail Needs an ERP Now

1. You are selling through a variety of channels.

In the competitive environment of today, running a retail store is already difficult.

Adding more than one sales channel to the mix makes everything much more intricate.

Separate channel management makes it easy for there to be misaligned inventory, unavailable customer data, terrible return policies, and accounting issues.

That might be your future if you don't have a retail ERP in place to combine all of your orders, inventory, and financial and customer data.

2. You have several login credentials.

You might discover that you're still logging into several systems even if you only sell through one channel. As an example, you could manage:

Order fulfilment and shipment via your point-of-sale (POS) system or e-commerce admin panel financial reports, diaries, and accounts all contained in a different account package. Customer information using a manual spreadsheet or a third-party CRM system.

Using a specialized email marketing platform for marketing

These are merely a few illustrations, but you get the idea—you and your team are wasting a great deal of time and clicks. All of this is combined into a single system that serves as the foundation of your retail business: a retail ERP.

3. Inventory problems are visible to your customers.

Retail performance is largely dependent on customer pleasure. However, problems with order fulfilment might generate bad press.

People are posting more evaluations and anticipating a quicker response from businesses than they did before to the outbreak. Additionally, clients are less inclined to work with businesses that have a rating of fewer than four stars.

Therefore, you must resolve any inventory issues that your clients are observing. Inventory control and customer experience are enhanced by implementing a retail ERP by assisting you in monitoring stock levels at various places.

Scan barcodes quickly when picking, packing, and shipping. Automate the order process from the client to the warehouse.

4. Your clients are following up on their purchases.

If you fail to provide your clients with timely updates, they will come after you.

While typical communications like order confirmations and shipment notes can be handled by your e-commerce website, a retail ERP's real value comes in its capacity to assist you in tracking orders that deviate from the standard, like, orders that were reported as falsified. Oversold goods that aren't really in stock Shipping delays resulting from missed cargo deadlines

Your clients should be informed of any problems (or underlying causes) before they call you because their package is running late.

These kinds of events are easier to monitor with a retail ERP, which also gives you the tools you need to promptly send order status updates to customers — in bulk if you need to.

5. You are unable to give precise order updates.

Something worse than clients trying to find their orders? not finding their order information or client details when they do. It's a serious problem, particularly for multichannel retailers. Customers should have access to a single customer service centre regardless of how they make their purchases—online, in-person, via social media, at a pop-up shop, or at an event.

Additionally, if they don't have an order number, they shouldn't be turned away completely and shouldn't have to be asked 20 questions in order for you to locate their order. To be able to swiftly locate purchase history data using a range of search keywords, such as customer name, order number, and delivery address, you need to have reliable, centralized systems in place.

6. Your processing expenses are way too costly.

Your processing cost per order, which indicates how much you pay to ship each purchase, is a fundamental retail KPI that you should be monitoring.

An order is a definite way to go out of business if shipping it costs you more money than it brings in.

Your processing expenses can be reduced with an effective fulfilment procedure and a well-thought-out warehouse arrangement. To enable both of those things, though, you must have the appropriate systems in place; one such system is a retail ERP.

7. Your flawless order rate has drastically decreased.

Your perfect order rate is another important retail KPI in addition to your processing expenses. It can measure things like:

If clients obtain the appropriate merchandise
Order fulfilment timeliness and product return rates

If you don't have the proper procedures in place to manage sales and inventory with ease, you'll probably notice a steady decline in your perfect order rate below your target.

8. To oversee sales channels, you employed a group of individuals.

Having a large crew picking, packing, and shipping orders from within your warehouse is one thing, but updating inventory, order statuses, and accounts records shouldn't need hiring a different workforce.

Many of your sales procedures can be automated with a retail ERP, giving your employees more time to concentrate on developing and promoting the company.

9. You curse the holiday season.

You may have a backlog of overselling problems, stressed-out employees, and disgruntled customers if you don't have the procedures or systems in place to handle a significant spike in orders over the Diwali or Christmas season.

Using a retail ERP system, you and your staff can focus on physically completing orders in time for the holidays since you can update accounting and inventory in real time across tens of thousands of orders each hour.

10. You compute your taxes by hand

Similar to e-commerce, taxation is a difficult beast to master. Different states have different tax rates due to:

Taxability of Products

State laws

Local and municipal laws

Status of customer exemptions Sales tax holidays

If you're doing your taxes by hand, you're undoubtedly stressed out or, worse, you can be fined for filing paperwork incorrectly or paying less than what's required.

In an instance like this, a retail ERP that facilitates automated tax integration can assist you by

Cut down on computation mistakes

Accelerate procedures

Maintain tax compliance for your firm.

Next actions

It could be time to put a retail ERP in place if any of the aforementioned circumstances apply to you.

Step 1: List the qualities that a retail ERP system must have.

Different things are needed by different kinds of enterprises. A solution with unique features is required if you:

Sell through a variety of channels

Make sales both offline and online.

Work from a number of different warehouses or warehouse sites.

Collaborate with major distributors and suppliers

Provide choices to buy online and pick up in-store.

These are just a few examples, but you need to capture all of this and more to check whether your chosen retail ERP solution can successfully support you and your unique business.

Step 2: Remember to record the non-functional criteria that you have.

Consider essential non-functional criteria in addition to your must-have product features. These consist of items such as:

Terms and conditions of the contract

Cost arrangements

Uptime and performance of software

Application of software

assistance services

It's critical to comprehend and precisely record each of these. In the event that a retail ERP project fails, bad migration, poor adoption, poor change management, and a lack of continuous, high-quality assistance during critical times are more likely causes of failure than a lack of functionality.

Step 3: Assess vendors in accordance with your needs

You might not know how to go about reviewing ERPs because it's not a chore that most retailers do frequently.

First and foremost, make sure your selected vendor is a risk-free, future-proof, and scalable solution by making sure you ask the proper questions.

Conclusion

Retailers struggling to keep pace with merchandise management, compliance routines, tracking of sales & inventory, manually entering orders are wasting valuable time that they could spend on more strategic tasks. In order to compete with other big retailers, businesses have to streamline their operations.

NOTE: IF YOU ARE CONSIDERING AN ERP FOR YOUR BUSINESS, KINDLY READ THE RELEVANT BLOG IN

<https://www.retailperformance.in/>