

Takeaways from our Live Session on Taking Your Supply Chain from Cost Center to Growth Enabler

By Claire McBride // November 28, 2023 // Research, Webinars

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Stratably hosted Brian Birch from Netrush to share four ways to take your supply chain from cost center to growth enabler.

Key Topics:

1. Opportunities to drive immediate supply chain savings
2. Four ways your supply chain can unlock growth:
 - Out-of-stock protection
 - New assortments and offerings
 - Marketing and customer engagement
 - Packaging

[Watch The Recording Here](#)

Action Items:

1. **Identify opportunities for new eCommerce assortment** by digging into data like category sales and share data, product-level profit margins, and your first-party DTC data.
2. **Involve supply chain in key internal merchandising conversations** as supply chain capabilities are often the linchpin to sales and merchandising initiatives like kitting and bundling.
3. **Rate your current 3PL partner(s) on both B2B and DTC shipping abilities.** Increasingly, the

best partners for your business will be the ones that can effectively and efficiently ship both ways.

4. **Review your supply chain costs to identify cost savings**, with the biggest opportunities likely in labor (automation can help), transportation (scale and therefore leverage is critical), and rightsizing packaging.

Here's what we found most interesting:

1. **Typically 70-80% of supply chain costs are in labor**, therefore, significant cost savings exist in rightsizing labor where able and investing in automation and robotics throughout the supply chain. Transportation tends to be the next highest supply chain cost, particularly for brands with large DTC businesses.
2. **Rightsizing packaging can also result in significant savings, particularly if dealing with Amazon's fulfillment fees.** Even a reduction in packaging size by 1/10 of an inch, as an example, can generate significant dollar savings if it takes the product into a lower pricing bracket.
3. Relative to traditional retail, **eCommerce offers a more direct line to the end consumer and data advantages that allow for quicker product launches and refinements.** You're likely already sitting on new assortment ideas through your DTC and Amazon data, and can test and learn quickly given eCommerce's fast feedback loops.
4. Initiatives like kitting and bundling can be great in driving sales and customer satisfaction, **but they can be very hard to pull off from a supply chain perspective.** Ensure your supply chain capabilities are fully vetted and bring the supply chain team into these conversations as soon as possible.
5. **"We're in the golden age of marketing through supply chain"**, reported Birch. Amazon's shipping boxes that advertise upcoming shopping events or its next big Prime Video movie are great examples of this. Test and learn with ways you can leverage your own supply chain to market your brand and drive greater customer engagement and loyalty, such as through creative packaging, inserts, sampling, and more.
6. **Amazon's Ships in Product Packaging** is a rebranding of its Ships in Own Container program and can offer a host of benefits including packaging and fulfillment savings. Evaluate if the program makes sense for your products. Roughly 60% of benchmarked brands plan to invest in the program in 2024.

