

Retail opportunities in the global community: Outsourcing and offshoring

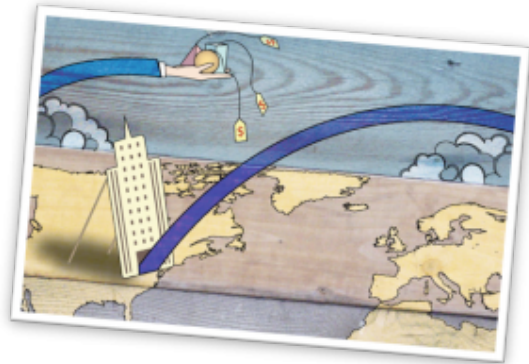
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Today there are two dominant strategies in retail:

1. A continued global expansion of brands
2. A need to tailor the offering to focus on the local customer

The fact that these are sometimes at odds creates complexity for retailers. With the global expansion of retail and the drive for brand consistency – many products are manufactured and sourced internationally, however – today customers are more sophisticated than ever, with competing objectives such as:

- a return to locally sourced products
- an eye to sustainability
- value for money
- brand recognition



These demands pose a challenge to retailers that have spent significant time and effort simplifying their supply chain sourcing and distribution. It also poses a big logistics question as more and more retailers expand their chains into global markets. Now retailers are faced with the task of restructuring their processes, re-routing their distribution patterns and re-branding their image to embrace the task of localization as they reach into the global sphere of retail.

So how do retailers think globally and act locally?

They need to have a supply-chain that is able to be responsive to customer needs, now and in the future, and one that can be efficient at distributing product on a global scale. Retailers need to look for opportunities that leverage intelligent international partners for ideas in technology, analytics, customer service, and distribution. This will allow them to extend their reach and scale their capabilities far beyond that which they can manage effectively today.

What is the difference between 'outsource and offshore' ?

Outsource – means you look for ways to scale and build capacity by divesting of critical yet non-core functions

Offshore – means you are looking for ways to reduce costs by accessing lower cost resources (this applies to US exports and imports) – lumber, steel, wheat etc.

What are companies looking for in sourcing and off-shoring:

- Solutions not just lower costs
- Scalability of business, processes and people
- Technical innovation, not maintenance of existing systems
- A stable environment that has a predictable cost with increased efficiency over time

Global presence means understanding foreign trade, complex supplier relationships and materials sourcing – it's not just about IT or process... it's about everything retail. Even with the recession of 2009 it's important to note that thriving retailers are now even more aggressive about global supply chain expansion, they don't want to depend solely on US revenue stream.

Get resources on how to adapt to the challenges of today's retail market [HERE»](#)