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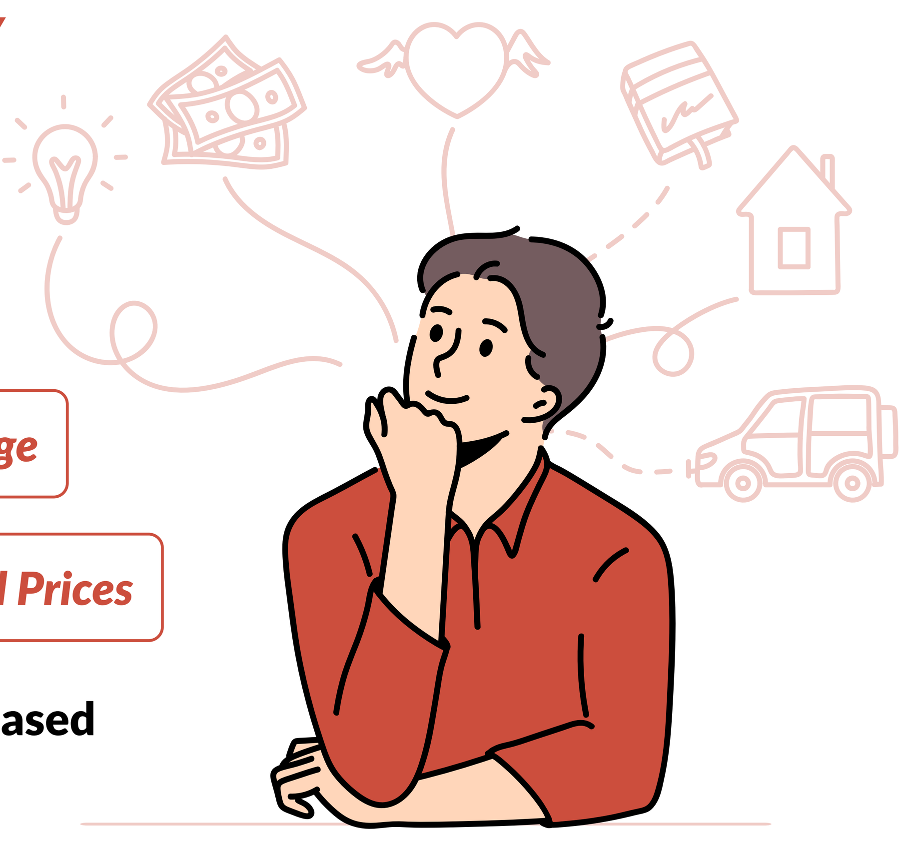
The Retailer's Guide to Resilience & Growth During Times of Inflation

THE NOT-SO-INFLATED REALITY



US consumers had approximately **$3.3 trillion** more in savings post-pandemic than they had in 2019, which was partly used for spending, along with credit card usage[1]

The rise in spending power → Increased Demand → Supply Shortage

Supply Shortage + Raw material-driven cost pressure = Increased Prices

High costs and eCommerce sales (13% of retail sales) led to decreased retailer profitability[1]

In early 2022, US consumers started displaying value-conscious behavior; customers switched brands and retailers and continued to do so with price as the motivational factor

RISING INFLATION, UNFAVORABLE CONSEQUENCES

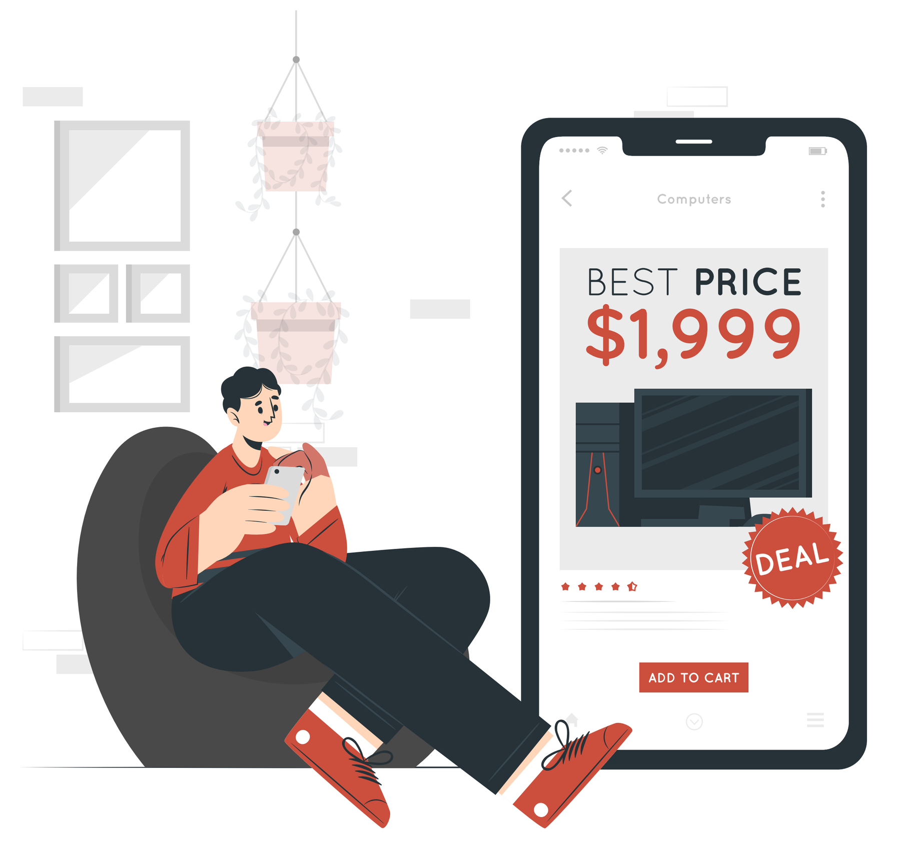
The current Annual Inflation Rate in the US is **8.3%** - the highest in **40 years**[2]

The projected Annual Inflation Rate in the US is **2% by 2027** but inflation could be above this projected figure for the next year and beyond[2]

If inflation continues and prices of non-discretionary items like gasoline and groceries continue to go up, spending on discretionary items could drastically decrease

WHAT RETAILERS NEED TO DO

#1: ADJUST PRICES SMARTLY



Retailers need to adjust inflationary prices based on consumer's willingness to pay and profit margin

Promote private-brand goods as near substitutes or brand equivalents but at a lower price

Analytics To The Rescue

- Retailers can use real-time cost-monitoring tools to identify the real impact of input cost changes and take action.
- Use these insights to effectively manage the pricing of products and optimize other related costs like product design and packaging.
- Analytical tools can help understand customers' willingness to pay and the margin performance expected from price changes.
- Personalization and segmentation tools can tailor promotions and reduce promotion-related costs.

#2: HAVE A CONNECTED VIEW OF THE SUPPLY CHAIN

Focus on building a digital, agile, connected, and a transparent supply chain

Transparency helps identify and manage potential supply chain risks

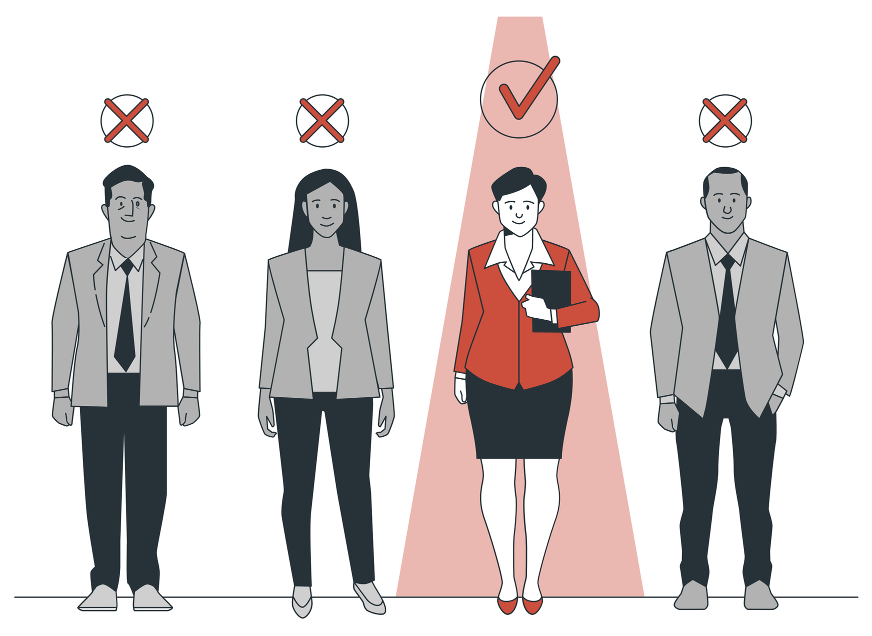
Retailers can re-examine their supply chain costs and overhaul their supply and distribution chain networks

Use third-party logistics and supply-chain-as-a-service (SCaaS) providers to decrease asset and overhead costs

Analytics To The Rescue

- Supply chain analytics provides visibility of end-to-end inventory and fulfillment costs. Along with customer experience insights, this can help optimize the supply chain and eliminate unnecessary costs.

#3: MAKE SMART INVESTMENTS IN THE TALENT SPACE



Labor costs are one of the retail businesses' biggest costs

The current tight labor market implies companies are competing for workers; This puts additional pressure on overall cost and inflation as wages are competitive

Minimize barriers to entry, rethink role requirements (invest in the non-traditional but skilled workforce), and improve employee selection and hiring process

Analytics To The Rescue

- Retailers need to re-evaluate their store operating model using technology and analytics to allocate and schedule labor efficiently. Invest in talent and recruitment analytics to improve capacity building and employee retention.

REPOSITION FOR FUTURE GROWTH WITH LATENTVIEW ANALYTICS

Partner with LatentView Analytics to navigate rapid economic changes, increase decision-making speed, ensure a systematic, fact-based approach to tracking implementation, identify gains and losses, and prepare for future uncertainties.

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References - 1, 2