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(Checklist) Smart Replenishment

How to Evaluate & Choose the Right Technology

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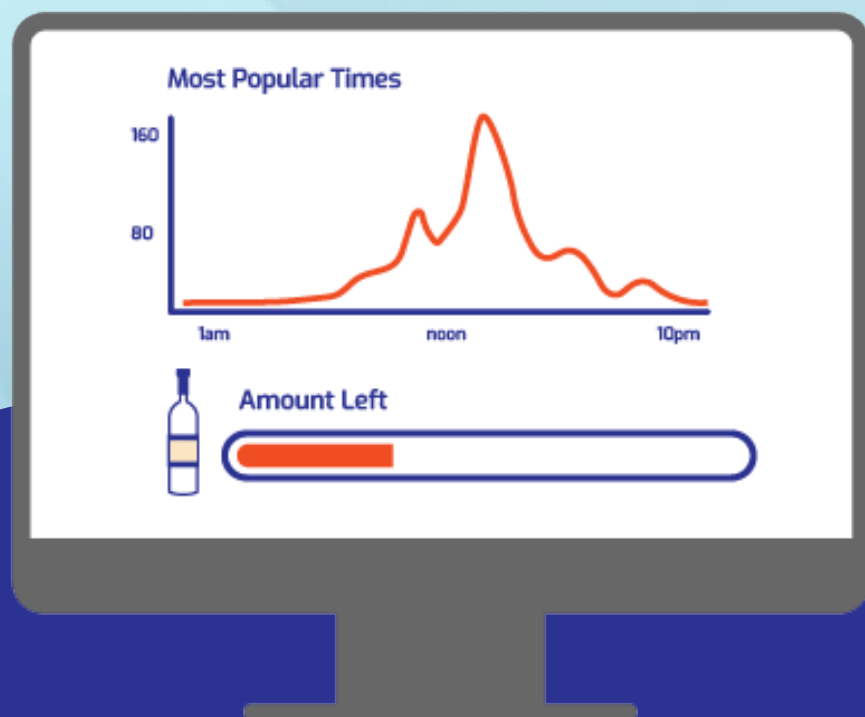
Smart Replenishment:
# How to Evaluate & Choose the Right Technology

Smart Replenishment is Changing the eCommerce Game for Brands

Smart replenishment allows brands to better serve consumers with products at the exact point in time it is needed. Thanks to smart labels, attached to bottles, bins or containers, brands can have their products automatically re-ordered (or notify consumers) when the product is running low. This is a significant upgrade from the regular calendar-based auto-replenishment, where the consumers pre-select the delivery quantity and frequency and therefore, are often left with too much or not enough of the product. Smart replenishment, for the first time in history, automates the process of aligning consumer needs with replenishment.

In addition to the opportunity to elevate consumers' experience with the brand, smart labels generate an unprecedented level of consumption data, which can be integrated with internal systems, fulfillment and ecommerce platforms in order to establish a deeper understanding of usage patterns and automate the reorder process.

There are many benefits to brands when they use connected products for smart, auto-replenishment, such as an increase in lifetime value, longer subscription terms and better consumer satisfaction.

So how do you choose the right technology to best support your business goals? Let's take a look at what brands should consider in selecting the technology to launch a successful smart replenishment program.

RUNNING LOW
REORDER?
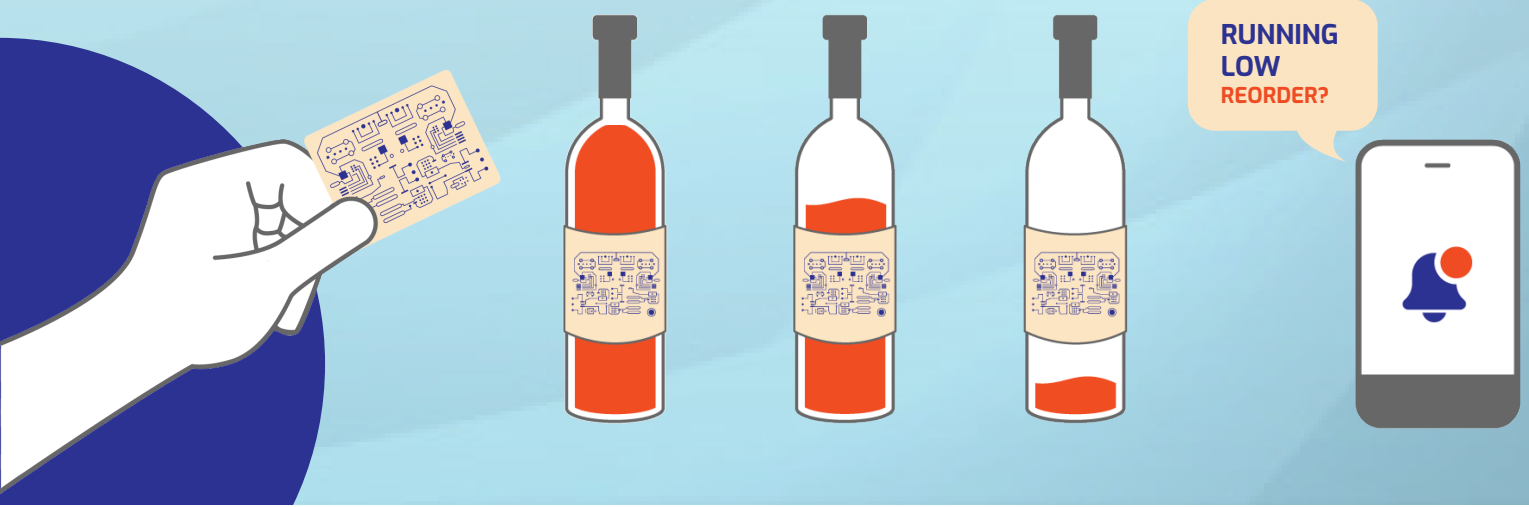
7 Questions to Ask When Evaluating a Smart Replenishment Solution

#1 Does the solution provide flexibility and speed for implementation?

There are many variables to test and learn about and many aspects to measure when it comes to connected products especially if this is your initial IoT project. Therefore, it is important to find a technology partner that can support your iterative approach of "test and learn" and "fine tune" in an agile manner.

Consider whether the vendor can help you pilot your initiative quickly. For instance, using a 'peel and stick' sensing label as opposed to a sensor that is embedded in a product allows you to rapidly gain real-time market feedback with minimal upfront investment as this can be attached even "after-market" at any point in the supply chain – e.g., factory, copacker, consumers' homes. This could be even more important for consumables manufacturers where their core competency is not in the electronics or powered devices. The ability to easily pilot or test-market so that you can quickly apply the learnings to a commercial roll out provides you with the flexibility, while helping you accelerate your time-to-market.

#2 What kind of data will you get?

IoT-powered products can provide you with a ton of consumer data and insights but, which data is most valuable to your brand? Further, what kind of data will you need to measure success?

Smart replenishment platforms can offer data ranging from geolocation, temperature, usage data (such as time of day, day of week), how much product has been used, product consumption rate, to inventory levels. Does the prospective solution provide you with the right data that you need for your business to achieve the strategic goals set for the launch of your connected product and auto replenishment? Further, does it help you find out the why behind certain consumer behaviors by enabling direct communications with them in real-time? Also think about how you will access and leverage the data. Will the solution integrate with your internal systems such as your CRM, data lake or ecommerce platform?

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#3 What's the value-added for your consumers?

Without focusing on the value that you will be creating for your consumers to improve the quality of their lives, all of your hard work will not mean much. So how will you ensure consumer adoption of smart replenishment or re-ordering?

First, evaluate whether or not your solution will make it easy for consumers to stay connected. Is the solution 'lifestyle-inclusive' or does it require a lot of work from consumers?

Next, what relevant benefits are you providing to your consumer? If your product is in a category where the consumer wants to be highly involved with the brand or the product, it will be important to have a user-friendly app for the consumers to easily interact with it. Would the consumers be able to monitor their own usage patterns to see if they are on target or in compliance with the usage instructions? Can the consumers receive personalized tips and guidance either from the brand or the retailer at the right time based on how they are actually using the product? Can they provide their own feedback directly using the app? If your consumer is primarily seeking convenience from the connected product, how easy is it for the consumer to set up or change their re-ordering preferences and just "forget about it"? The value and the experience you want your consumers to derive from your connected, smart re-ordering product will determine the type and the capabilities of the technology you should look for.

#4 Is the technology scalable and secure?

Once you prove out the consumer value proposition and the capabilities of the technology, you will want to quickly ramp up to a commercial rollout. Does the technology scale up into the millions or more? What kind of economies of scale can the vendor provide? Has the technology gone through the necessary security audits and tests? Make sure the technology complies with the required regulations and that the data is secure according to the IoT data security protocols.

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☑ **#5 Does the vendor offer a flexible pricing model?**

Be sure to explore the pricing plan that your technology vendor offers. We recommend choosing a vendor that offers a variety of pricing plans, from an upfront investment to a monthly plan to a revenue share or performance-based plans so that you can choose the right pricing model that supports your business plan for your connected product.

☑ **#6 What is the overall business impact of the technology and how does it help you achieve your strategic priorities?**

In most organizations, driving sales and revenue and having a deep understanding of your end consumers is extremely important. To that end, the right technology should be able to provide extensive analytics on consumer behaviors and usage data as well as how auto-reordering has increased their purchase frequencies. The vendor should be able to provide some statistics on the increase in sales that they've seen using their technology. For example, at Adrich, we typically see a 35% increase in sales when working with our customers.

Also consider how the technology will help your organization save costs and increase efficiency. The right technology should help the brands drive ROI on their marketing spend and improve efficiency by being able to reduce the dollars spent on acquiring and re-acquiring the same consumers. Better visibility into consumer usage patterns, and therefore your supply chain, means better forecasting accuracy and lower inventory carrying costs. Additionally, adoption of sustainable, reusable packaging is another important goal that can be achieved through connected, refillable packaging.

A good way to identify the business results will be to start with your internal stakeholders. Think about what they care about and how they will benefit from smart re-ordering or auto replenishment. What kind of business impact can the connected technology bring across the P&L line items -- from revenue and sales, spend efficiency, inventory carrying cost to your retail service levels?

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#7 How easily can you measure the results against your KPIs and attribute the benefits to the technology investment?

The right technology should enable you to identify which sales have been triggered by the connected product. How easily can you attribute your incremental sales to the smart auto-replenishment? What other important metrics does the technology offer to help you validate and prove the business case in pilot, test market or on an ongoing basis in a commercial rollout with your real consumers? Being able to clearly and quickly measure the results helps you refine your go to market for your smart replenishment initiative.
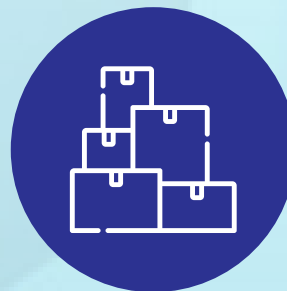
Smart replenishment and smart re-ordering technology has presented an unprecedented opportunity for brands to adopt a new way of driving incremental sales through increased repeat purchases and loyalty - while meeting the exact needs of their consumers. Asking the right questions will help you determine which smart replenishment solution will meet your needs and allow you to achieve the highest potential for success.

Are you ready to learn how Adrich can help you offer smart replenishment to your consumers and increase their lifetime value?

GET IN TOUCH WITH OUR TEAM OF EXPERTS TODAY >

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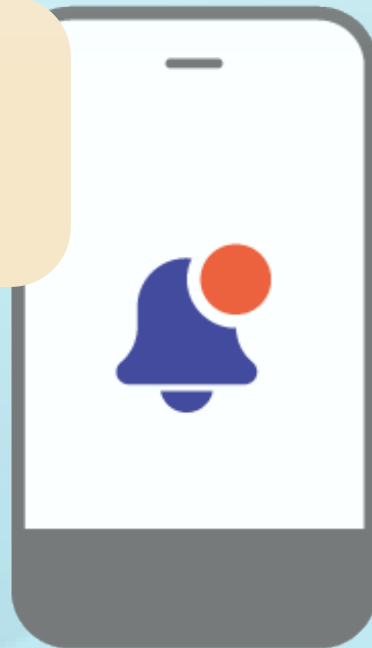
ADRICH

Adrich is a platform that helps brands and retailers understand and act on consumer product consumption habits through real-time insights by leveraging IoT and AI technologies. Through the world's first patented Smart Consumer Platform™, Adrich's customers can access a wide range of usage data on how their consumers interact with their product and leverage the insights to provide personalized consumer experiences such as smart auto-replenishment.

For more info, visit

www.adrich.io