

# Retail Resilience in a Time of Recession

A report exploring how businesses can reduce operational costs through process automation to mitigate the effects of reduced consumer buying power.



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# INTRODUCTION

Many retailers have made significant changes to meet the needs of their customers due to the global challenges. Direct to Consumer (D2C), supply chain agility and tactical stock allocation are all good examples of best practices.

However, there's another macro pressure in the form of a looming recession<sup>1</sup>. Consumer willingness and ability to purchase is diminishing as inflation climbs to levels not seen for three decades. This means retailers will need to reduce operational costs for continued success in the future. Insightful retailers are currently implementing changes that address the mid-term impact of a possible recession, delivering more robust and competitive business operations.

A central pillar of a digital transformation strategy for any business is process automation. This report explores how process automation delivers efficiencies for the Finance and Customer Service departments. Included are three examples of how retailers can maximise the implementation of process automation to create a scalable framework of simplified processes that are all centred around cost reduction.

# EXECUTIVE SUMMARY:

## 3 Key Takeaways

### 01.

Support  
Consumer  
Demand by  
Optimising  
the Stock  
Replenishment  
Process

Fast home delivery is the latest differentiator, as consumers seek better value and convenience online. As a result, the traditional stock replenishment process for bricks and mortar stores is no longer sufficient.

EDI stock reporting and replenishment is now an essential step if retailers want to retain their share of the market. Retailers need to consider the best return on budget as revenues tighten. The customer service departmental budget can be repurposed to remove manual processes. This can be achieved by connecting more suppliers to EDI and converting PDF orders into data files that can be imported directly into an ERP or other in-house application.

### 02.

Remove the  
Burden of Data  
Entry from  
the Customer  
Service Team

**Which EU countries are impacted by ViDA and eInvoicing mandates?**

The short answer is all EU Member States. The VAT in the Digital Age (ViDA) reform is an EU-wide initiative that applies across the entire European Union. It introduces harmonised rules for structured eInvoicing and real-time digital reporting, meaning every member state is either already implementing mandates or preparing to do so. According to the European Commission, eInvoicing frameworks and developments now cover all 27 EU Member States, with each country implementing its own roadmap aligned to ViDA.

### 03.

Future-Proof  
International  
Trade by  
Scaling eInvoice  
Capabilities

Now is the time to automate AR processing, by removing the costs associated with manual processing, speed-up invoice submission, and by default, also revenue collection.



## 1. Support Consumer Demand by Optimising the Stock Replenishment Process

Consumer demand for better value and convenience has led the way for fast home delivery to become the latest differentiator amongst retail businesses. For traditional retailers, this has led to a high reliance on third-party delivery providers, either serviced directly from store or via hyper-local distribution points.

As a result, the weakness of legacy EDI batch process has been thrown into sharp focus.

The traditional overnight batch stock replenishment process for bricks-and-mortar stores is no longer capable of fulfilling these higher cadence requirements.

EDI stock reporting and replenishment is now an essential step if retailers want to retain their share of the market.

**A Transalis Health and Beauty client recently upgraded from a legacy EDI batch process to near-immediate reporting. The key learnings from this roll-out are outlined in Figure 1 below:**

**Figure 1. The key wins and considerations for the client using EDI reporting**

Easy Wins	Considerations
Improved levels of stock replenishment	Run a POC* with a key logistic partner
Optimised warehouse utilisation	Scope of change should focus on 80/20 rule
Surge demand fulfilment improved	Evaluate downstream EDI capabilities to ensure other EDI vendors can meet the new requirements

*\*Proof of Concept*

The table in Figure 1. outlines a good starting point for any business wanting to upgrade its EDI performance and reduce costs in the process. Non-Transalis clients should ensure that their current EDI provider has the capability to provide this upgrade in service delivery.

**Contact our CX Team to talk about the benefits immediate EDI reporting could make to your stock replenishment process: email [cx@transalis.com](mailto:cx@transalis.com) or call 0845 123 2752.**

Fast delivery is just the latest example of the fragmentation of the traditional retail model. Businesses wanting to remain relevant and optimise their costs in a time of recession need to consider the benefits of EDI reporting.



## 2. Remove the Burden of Data Entry from the Customer Service Team

Retailers need to consider the best return on budget as revenues begin to tighten due to reduced consumer spending.

Customer services might not seem an obvious place to digitise, however, many customer service teams spend a high proportion of time on manual data entry.

The departmental budget can be repurposed to remove these manual processes.

This can be achieved by connecting more suppliers to EDI and converting PDF orders into data files that can be imported directly into an ERP or other internal business application.

Earlier this year, Transalis undertook a process review for a manufacturer selling natural pet products via their retail channels and Direct to Consumer (D2C).

**Figure 2. highlights the findings from an analysis which concluded that it was taking the customer service team 2 days a week to manually process incoming orders for a single D2C channel.**

**Figure 2. D2C manual processing analysis**

Days per week given to order processing per marketplace	Number of D2C	Total days per week	Total FTE required Per Week	Annual Salary Costs per FTE	Total Annual cost
2	4	8	1.6	£28,000	£44,800

When multiplied across four marketplaces, this meant that two of the FTEs in the customer service team were predominately tasked with admin rather than customer engagement. This totalled an annual cost of £44,800.

Transalis deployed a blend of direct connections and OCR reading technology between the four marketplaces and the 3PL.

This approach resulted in a 2.5X return on the investment.

The importance of using process automation to reduce costs has meant the business is now in a much stronger position ahead of a looming recession.

**Transalis eDI™ Connect and Transalis eDI™ Connect+ both offer integration and OCR reading solutions within their annual bundle price. For more information on these and other EDI products visit [our product page](#).**

### 3. Future-Proof International Trade by Scaling eInvoice Capabilities

Governments across Europe and further afield have been advocates of eInvoicing for many years. The Italian, Hungarian and Austrian Governments have already implemented eInvoice tax submission standards. These require businesses to submit digital invoices via local tax authorities.

Mandates are likely to be introduced sooner rather than later as Governments believe they can recover the cost. Imposing Real-Time Reporting (RTR) can be used as a mechanism to close the VAT gap, as opposed to taxing the citizen directly.

See the latest advice on our website:

<https://www.transalis.com/einvoice-country-directory/>

**With potential change imminent, now is the time to consider automating the Accounts Payable (AP) and Accounts Receivable (AR) functions, not only for the long-term requirement but also for other benefits including:**



**40% in cost reduction through the removal of manual process<sup>3</sup>**



**Elimination of errors through manual keying<sup>3</sup>**



**Ability to take advantage of invoice discounting<sup>4</sup>**

## AP Automation in practice

A cosmetics client found that due to a complex order and billing process, EDI didn't offer sufficient flexibility, instead they required a solution that would facilitate on-the-fly review and approval steps.

Transalis AP Automation offered the perfect solution. AP Automation provides automation of all inbound invoices into a standardised digital format that can be imported directly into the accounts application.

Machine learning and narrow AI capabilities built into AP Automation also route specific invoices into an exceptions queue.

This facilitates document review on-the-fly, as required by the client.

## AR Automation in practice

In our report, Frictionless Business for the Future<sup>5</sup>, we explore the process of managing RTR and how it reduces the cost of meeting emerging requirements from Governments across Europe.

One other emerging area of invoice standardisation is the growing use of PEPPOL to exchange electronic documents, with not only governmental bodies, but also private organisations. Not unlike EDI, PEPPOL operates using a set of standard message formats that simplify the process of exchanging documents between organisations.

PEPPOL offers an alternative to traditional EDI, particularly in the case of design and manufacturing businesses involved in capital projects, that have now switched to PEPPOL to exchange messages.

The client was already familiar with PEPPOL standards and so, they used Transalis to manage the transmission of messages. This approach resulted in a reduction of costs and implementation roll-out as opposed to using a traditional 'PEPPOL approved access-point' for the set-up and configuration.

**For further information on how Transalis AP & AR automated solutions offer flexibility to complex processes whilst saving time, cutting costs and reducing errors, visit [our product page](#).**

# Conclusion

Retailers<sup>6</sup> are already starting to forecast downturns in earnings for the second half of the year, acting now to transform processes will deliver short-term savings with long-term benefits.

Forward-thinking retailers are revisiting the traditional approach to stock replenishment for their stores. Using EDI stock reporting and replenishment optimises the balance between supply and demand. As revenues tighten, businesses are also repurposing the budget to be more effective. Customer service teams can be redirected to more valuable tasks thanks to process automation and system integration, which produce significant ROI. Organisations need to consider the long-term benefits of automating their AR processing to reduce costs, create efficiency in revenue collection, and meet the increasing international mandated eInvoice requirements.

Whilst EDI, AP and AR Automation are not new technologies, they are tried and tested, providing a risk-free solution to meet the challenges thrown up by today's changing retail environment.

However, businesses will need to ensure that their EDI vendor is not running legacy infrastructure rendering it unable to support them with the new strategies detailed in this report, which promises to boost resilience during tough economic conditions.

**For further information, insights, or advice on how our clients are building robust scalable and cost-effective business processes, call us on 0845 123 3746 (UK) or +44 1978 369 343, or via email at [sales@transalis.com](mailto:sales@transalis.com)**



# Discuss your unique business needs with our knowledgeable team

Get in contact with us today to find out how we can tailor our solutions to build greater resilience and efficiency across your business.

[Book a call](#)



Visit [www.transalis.com](http://www.transalis.com)

Email [sales@transalis.com](mailto:sales@transalis.com)

UK [0845 123 3746](tel:08451233746)

International [+44 1978 369 343](tel:+441978369343)

<sup>1</sup> The Guardian. [A UK recession seems certain – the question is how deep will it be.](#)

<sup>2</sup> Transalis knowledge Hub. [International digital transformation: France eInvoicing mandate.](#)

<sup>3</sup> A Report from Transalis. [Transforming Your Invoice Process.](#)

<sup>4</sup> Billentis. [The eInvoicing journey 2019-2025.](#)

<sup>5</sup> A report from Transalis. [Frictionless Business for the Future.](#)

<sup>6</sup> The Guardian. [Asos warns on profits amid 'significant increase' in customer returns.](#)