

Capgemini press contact:

Glen Nelson

Capgemini

Tel: +1 312 725 0325

E-mail: glen.nelson@capgemini.com

New Capgemini Study Reveals Majority of Retailers and Manufacturers Struggle to Respond to Real-Time Peak Demands in Supply Chain and Risk Losing Holiday Shoppers to Competitors

More than half of supply chain managers say supply chain issues have negatively impacted company revenue or profitability, as 9 in 10 consumers say they will go elsewhere for future purchases if they experience out-of-stock items or order fulfillment issues

New York, November 19, 2013 – In advance of this year’s holiday shopping season, a new survey released today from Capgemini, one of the world’s foremost providers of consulting, technology and outsourcing services, reveals that despite growing consumer expectations for perfect order delivery and always-available inventory, the majority (83 percent) of U.S. supply chain managers say it is challenging to adequately plan for supply chain capacity to address peak requirements or timely fluctuations in demand, including during the holiday season. Just 21 percent of the surveyed managers say their systems do an excellent job of providing accurate real-time insights into supply chain performance. Yet, the potential impact of out-of-stock items and order fulfillment issues is clear:

- 89 percent of U.S. consumers say they are likely to shop with another retailer in the future if an item is delivered late;
- 73 percent would purchase from a different store than originally intended if they were unable to find an item they wanted in stock this holiday shopping season, and 29 percent would decide not to purchase the item at all;
- More than half of U.S. supply chain managers (54 percent) admit supply chain issues have had a negative impact on their company’s revenue or profitability over the past few years.

The “Supply Chain Impact” survey was commissioned by Capgemini and conducted online in October 2013 by KRC Research among two audiences – 1,000 consumers nationwide and 150 U.S. senior supply chain managers at retail, consumer products and distribution companies with at least \$1 billion in revenue worldwide.

Among the top challenges to maintaining seamless supply chain operations, foremost is having the right processes that can respond to volatile consumer demand in real time, which continues to be a struggle for a strong majority of supply chain managers (86 percent). Nearly all report that finding the right talent with the analytical skills (89 percent) or functional knowledge (85 percent) necessary for supply chain management and insights is an issue for their company.

Other key challenges include:

- Top-down pressure to continually reduce costs and optimize working capital (87 percent),
- End-to-end visibility and coordination across the supply chain (84 percent),
- A lack of integration in multi-channel supply chains, in store and online (67 percent).

This year, Shop.org is projecting online holiday sales will rise between 13 and 15 percent over 2012, to as much as \$82 billion. In addition, the National Retail Federation predicts total holiday sales will grow 3.9 percent to \$602.1 billion in 2013, an increase from 2012's 3.5 percent growth in total holiday sales¹.

With the predicted growth in holiday sales, the survey reveals some of the biggest frustrations consumers have when shopping during the holiday season as retailers delivering the wrong product (95 percent), followed by delivering an order late (93 percent) or not having an in-store item in stock (82 percent). Most supply chain managers (80 percent) recognize that consumer expectations for perfect, on-time delivery of their products has increased over the last five years, yet nearly a third (31 percent) of supply chain managers feel their company's top executives are not concerned about supply chain issues during the holidays impacting revenue or profitability.

"Our research raises concerns about the ability for large, global businesses to effectively adapt their supply chain processes to anticipate and manage the stress of major shopping seasons like the upcoming holidays, including the critical need to maintain the right items in stock and deliver products on time," said Paul Cole, Senior Vice President and Head of Consumer Products and Retail for Capgemini's Business Process Outsourcing Division. *"As supply chains become more complex and consumers grow ever more demanding, business executives and supply chain managers are increasingly feeling the pressure to improve their operational visibility and responsiveness to market demand."*

To meet increasingly demanding consumer expectations for perfect orders, supply chain managers' number one priority for the next year is to increase the talent and skillsets for those overseeing supply chain processes (65 percent). Other priorities for 2014 include bringing in best-in-class processes to improve specific business outcomes (55 percent) and better leveraging data and analytics modeling to improve supply chain response to consumer demand (54 percent). According to Cole, these two trends, when taken together, speak to the need for Consumer Products companies to transform into "Demand-Driven Enterprises" in order to win at the shelf.

For more information, to access the full study or to view our infographics, please see here: <https://www.capgemini.com/supply-chain-management/supply-chain-management-bpo>.

¹ NRF and Shop.org's 2013 Holiday Sales Forecast:
http://www.nrf.com/modules.php?name=News&op=viewlive&sp_id=1674

About the Study: The “Supply Chain Impact” study is an online survey conducted by KRC Research among 150 senior supply chain managers in the United States, and fielded October 4-13, 2013. For this study, supply chain managers were defined as professionals with decision-making authority or influence over supply chain issues at companies with at least \$1 billion in revenue worldwide that make, sell or manage distribution of physical products for consumer use such as toys, computers and cars. The study also separately surveyed 1,000 consumers nationwide among a demographically representative U.S. sample of adults 18 years of age and older, and fielded October 10-13, 2013.

About KRC Research

KRC Research is a full-service research firm that specializes in the kind of research needed for effective communications—communications that reach, engage and persuade. A unit of the Interpublic Group of Companies (NYSE: [IPG](#)), KRC Research offers the quality and custom service of a small firm along with the reach of a global organization. For over 30 years, KRC Research has worked on behalf of corporations, governments, not-for-profits and the communications firms that represent them. Staffed with market research professionals from the worlds of political campaigns, consumer marketing, journalism and academia, we are flexible, practical, creative, knowledgeable and fast, combining sophisticated research tools with real-world communications experience. For more information, visit www.krcresearch.com

About Capgemini

With more than 130,000 people in 44 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2012 global revenues of EUR 10.3 billion (more than \$13 billion USD). Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want. A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model. Learn more about us at www.capgemini.com.

Rightshore® is a trademark belonging to Capgemini

###