RetailWire DIALOGUE

Unlocking Supply Chain Resilience:
Leveraging AI for
Retail Success

Key Theme: AI-Enhanced Supply Chains Energize the Shopping

Resilient, responsive, and responsible supply chains optimize inventory and power the overall shopping experience. Leveraging data, new technologies, and AI significantly raises supply chain efficiency, personalizes customer journeys, and improves business results. Successfully incorporating new technology requires a thoughtful and strategic approach to change management of people and processes.

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Recap: On a recent RetailWire LIVE session on LinkedIn, RetailWire, SAP, and El Puerto de Liverpool executives discussed the challenges, complexity, and new capabilities needed for modern retail supply chains. A comprehensive look at Liverpool's supply chain strategies was shared. The industry experts also provided practical advice on how to unlock the combined power of new technology, processes, and people to transform supply chain operations, better serve customers, and thrive in a competitive and dynamic marketplace.

To ensure the optimal flow of goods, retail chains must mitigate disruptions and increase efficiency while building a more socially responsible supply chain. Flexible supply chains are a backbone for customer satisfaction. The combination of people, processes, new technologies, and generative AI can radically improve supply chain operations and customer satisfaction and ultimately drive business growth.

"It is clear that having a robust and resilient supply chain is not just a competitive advantage, but a necessity. We need to be nimble, agile, and redundant to react to those kinds of situations and fulfill the customer's desire to get immediate access to products."

Gerardo

El Puerto de Liverpool

El Puerto de Liverpool, S.A.B. de C.V. is a Mexican omnichannel company with a leading presence in department stores and e-commerce. The company serves the entire country with 291 stores, including Suburbia stores and 119 specialized boutiques, along with 29 shopping centers in 15 states of Mexico. Liverpool has 7.3 million credit card holders, including private labels and visa cards.

For 176 years, Liverpool has been offering the widest selection of comprehensive quality products and services: from the latest in fashion for the whole family to advice on interior design, food and drink, housewares, technology, and much more. Liverpool is recognized as one of the best places to work in Mexico, employing more than 70,000 workers throughout the country. The company is committed to operating with the greatest efficiency, growth, innovation, prestige, service, profitability, and adaptation to specific markets, building a strong sense of social responsibility toward the world. For more information, visit:

www.liverpool.com.mx

1 Resilient, Responsible Supply Chains

Goods must be available to shoppers when they're ready to buy. Accurately predicting customer demand, managing suppliers, and controlling inventory is a perennial problem for retailers. Supply chain efficiency is further complicated by a growing number of geographically diverse suppliers, transportation bottlenecks, customs and regulation compliance, and the global geopolitical landscape.

> "Customers are more than ever expecting to gain immediate access to products from all over the world."
>
> **Gerardo**

Liverpool currently has **four** national distribution centers, **40** regional centers, and **three** omnichannel fulfillment centers. The company also fulfills online orders at Liverpool and Suburbia stores. Liverpool is planning to consolidate the four national distribution centers into a single facility by the end of 2025 — when they expect to operate **35** regional centers and **seven** omnichannel fulfillment centers.

Liverpool is building a more resilient and efficient supply chain, and the core of its strategy is to be an engine of social change as well. The company has developed a responsible procurement program to provide better products, fair prices, and excellent customer service to positively impact customers, partners, and employees.

> "Customers are increasingly aware of the importance of social responsibility. Customers are rejecting those companies that do not invest in these issues. And more than that, they punish them by shopping somewhere else."
>
> **Gerardo**

"It's a consumer-driven business, retail. It's been there. It always was there. But if the values of the consumer do not match with the values a retailer is bringing to the outside world, then it will become tougher and tougher to stay successful."

Christoph

Liverpool develops long-term relationships and strategic partnerships that make a positive impact on society as well as drive satisfaction and growth. Muñoz Martin revealed details about the procurement program's sustainable practices, ethical principles, and social commitment. These initiatives, which are designed to benefit customers, stores, brands, and strategic suppliers, include:

- Certification for private label production
- Certification model for last-mile delivery vendors
- Electromobility use in transportation fleet vehicles
- Use of recycled materials in packaging
- Conformance to LEED specifications for new distribution center

"It's very important not just to have commercial relationships, but to make sure the entire network of suppliers that we manage is sustainable, responsive, and socially responsible as well."

Gerardo

2 Incorporate Technology for Innovation

It's essential to have unified data and a strong foundation on which to apply analytics and AI in order to improve supply chain operations. Demand forecasting, stock level management by location, and price optimization by channel are important supply chain functions that can be optimized using these new technologies.

Data, analytics, and AI also help retailers serve customers across the physical and digital worlds in a myriad of ways. Muñoz Martin described how his team has unified customer, inventory, and shopping data and is taking their applications to the next level by deploying real-time analytics.

This enables Liverpool to offer two-hour click-and-collect services in stores, dynamic credit updates for shoppers, and self-service inventory verification capabilities for store associates.

The experts agreed that there are many ways AI can be used to enhance the customer experience. AI-enabled virtual assistants and chatbot tools can be used to predict the next step in a shopper's journey at any point in time. Liverpool is using AI to identify patterns to generate personalized content and more relevant product recommendations for online customers.

AI is reshaping the retail supply chain by enabling **data-driven decision making**, from predictions to autonomous operations for enhanced efficiency and profitability.

Whether you are just starting your AI journey or leading the pack, unlock the future of advanced retail.

[Read the playbook on transforming retail with AI](#)

"You want to make sure that the consumer spends more time with you as a retailer. Because then the consumer doesn't spend it with the competition. So this is something that's quite appealing for retailers from that point of view."

Christoph

Starting Small

All retailers, including brands with limited resources, can benefit from AI. Schroeder recommends a circular process of identifying a few quick-win projects with tangible business impact, measuring results, and iterating. Every retailer will have a different starting point and project.

"Have a clear strategy and goals, then look at the toolset and resources available before you integrate AI into your overall business objectives."

Christoph

A strong foundation is a prerequisite to reaping real AI benefits. Retailers must focus on the people, processes, and technologies that form the foundation for advanced analytics and AI. The components that must be in place are:

- Single, stable enterprise platform
- Data management strategy
- Flexible technology infrastructure
- Ethics and governance program
- Ongoing communications and education
- Change management system

3 Human Impact of AI

Customers and employees will likely have concerns about security, privacy, job displacement, and discrimination bias related to AI.

Muñoz Martin is addressing these concerns at Liverpool by creating an AI center of excellence to guide efforts and share experiences. He is also offering his team formal training on the technology and how it can be leveraged and exposing them to challenges like hackathons, development forums, and partner training events so that they become comfortable with tools and co-creation engagements.

"While creating these software products, we are taking advantage of cloud platform native functionalities. Our partnerships with key technology players like SAP help us face these challenges of evolving the entire technology stack for the company."

Gerardo

Schroeder advises retailers to over-communicate about the technology — how it works, where it helps the organization, and what the usage strategy is — to reduce apprehension and generate excitement for AI and other new technologies.

"I believe there's this famous saying that you will not be replaced by AI, but by people who will use AI. I think the key message is that it [AI] needs to be the combined power of the human and the technology...to really bring that to the next level. Of course, we see a lot of efficiency gains, but at the same time — and we've seen that in the past with other technologies — if you are able to have these heavy efficiency gains, there will be additional tasks coming."

Christoph

Summary

Today, retail success depends on consistently fulfilling on the brand promise in a competitive, dynamic industry. A resilient, responsive, responsible, and proactive supply chain is essential to long-term customer satisfaction, loyalty, and sales growth. Adopting new processes and technologies that help people optimize processes and operate more efficiently will help brands stand out from the crowd.

"AI will have a profound impact, generating insights, creating content, and making decisions in a matter of seconds, making our staff much more efficient and combining information that otherwise would take a lot of time and effort for a single person."

Gerardo

See a recording of the RetailWire LIVE discussion for more details

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