

What Matters to Retailers in 2024?

New Research on Using AI, Addressing Logistical Challenges, and Other Key Focus Areas to Future-Proof Your Operations



Staying ahead of trends and technological advancements in the retail industry can help businesses maintain a competitive edge.

With the 2024 peak season on the horizon, retailers are intensifying their efforts to leverage technology and innovative fulfillment solutions to boost revenue and enhance customer experience.

Reflecting on the successes and lessons from the past year provides valuable insights for future planning.

The 2023 holiday shopping season marked a turning point, signaling a reduction in the disruptions that have plagued recent years. To understand the strategies and challenges ahead, Retail Dive's studioID conducted a study on behalf of Radial, an ecommerce fulfillment and omnichannel solutions provider.

Our research gathered insights from 150 U.S. retailers with annual revenues between \$10 million and \$1 billion, surveyed from January 4 to January 9, 2024.

Retail executives shared the positive outcomes from the 2023 peak holiday season, with over 75% reporting significant improvements in profitability, inventory management, customer service, and more.

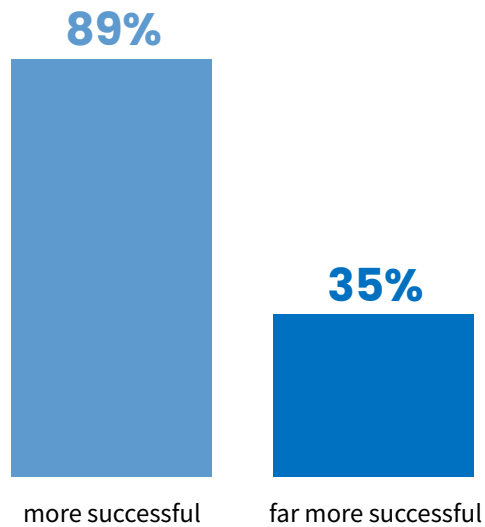


Overall

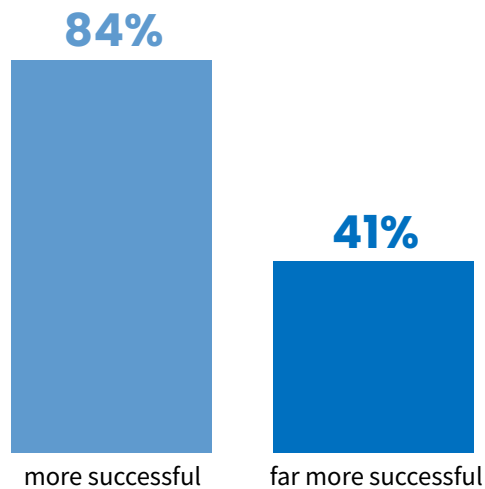
2023 peak was



Sales:



Profitability:



Additional Components:

more successful		far more successful
83%	Inventory management related to merchandise availability	43%
81%	Access to supply chain data	37%
75%	Ability to provide responsive customer service	28%
75%	Cost related to returns	34%
81%	Cost related to shipping	37%

Looking ahead, retailers are focusing on artificial intelligence (AI), inventory strategies, sustainability initiatives, and overcoming logistical challenges to future-proof their operations. Read on to explore the findings and see how your 2024 fulfillment goals compare.

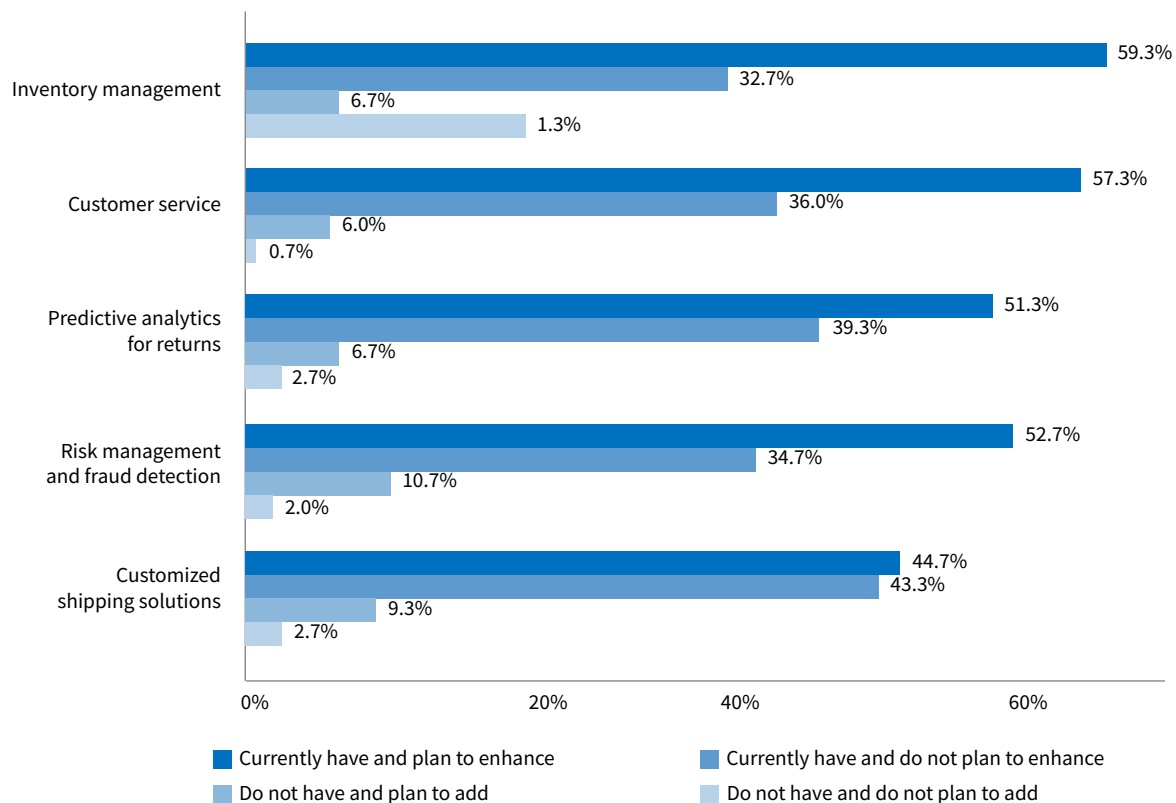
01. Blazing Trails in Retail Innovation

Point 1:

If 2023 was the year of AI hype, 2024 will be the year of AI evolution.

Retailers are exploring new opportunities inherent in artificial intelligence (AI) with over half of respondents using AI or looking into it for their operations.

In 2024, which of the following AI functions is your company planning to add or enhance? (Please select the response that best aligns with your current status/plans)



In fact, more than four out of five retail executives report that their companies are using AI and plan to enhance their use in five functional areas:

- Inventory management, such as forecasting demand, managing inventory levels and optimizing the allocation of stock across different locations
- Customer service, including chatbots and virtual assistants providing real-time support to customers in tracking shipments and answering queries
- Risk management and fraud detection, through activities like detecting anomalies in shipping patterns and identifying potential fraudulent activities
- Predictive analytics for returns that include analyzing historical data to predict potential returns and enabling proactive measures to streamline the returns process
- Customized shipping solutions, including tailoring options based on individual customer preferences

As one of the Retail Dive survey respondents said, “With the advent of new technologies such as artificial intelligence, blockchain and the Internet of Things, logistics companies need to invest in integrating these technologies into their operations to improve efficiency and remain competitive.”

While retailers are eager to reap the benefits of AI, there is work to be done, finds [a recent survey from market research firm First Insight](#), which concluded: “The strategic disconnect discovered between retail CEOs and their management teams points to a severe knowledge gap within enterprise-level retailers that will impede future growth and profitability. CEOs and their teams will need to transform their organizations into more agile, data-driven businesses by leveraging AI’s vast potential not simply to cut costs, but also to win at innovation.”



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Retail Dive
survey respondent

Point 2:

Retailers will increasingly deploy technology to enhance forecasting.

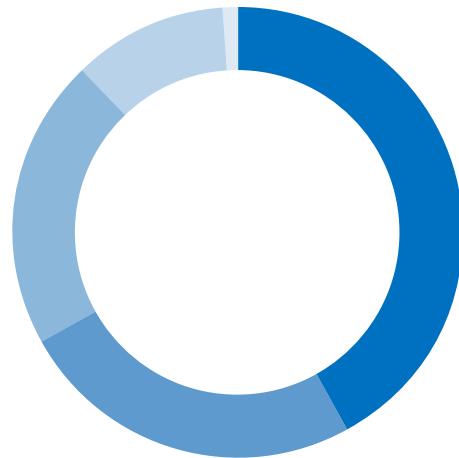
Given current fluctuating consumer consumption, predicting inventory demand continues to be difficult without real-time visibility and accompanying data. And yet, those insights are critical to success: The more accurately brands can predict inventory and order accordingly, the better they will be able to control costs and navigate economic headwinds.

This realization came through in the survey results, with retailers saying they plan to bolster their forecasting capabilities to more thoroughly anticipate product demand and stay ahead of market trends. Most retailers currently have and plan to enhance AI capabilities for inventory, customer service, risk management/fraud protection and predictive analytics for returns.

Investing in advance data analytics tools (25%) and implementing ML algorithms for predictive modeling (21%) are two other top ways retail executives say their companies plan to enhance their forecasting capabilities.

“These real-time insights, combined with historical data, can help inform brands on purchasing behaviors that allow them to match supply with demand, thereby eliminating stock-outs, surpluses—and surprises,” says Matt Barr, Vice President of Marketing for Radial.

In preparing for 2024, how does your organization plan to enhance its forecasting capabilities for anticipating product demand and staying ahead of market trends?



- 42%- Enhancing collaboration with suppliers for real-time market insights
- 25%- Investing in advance data analytics tool
- 21%- Implementing ML algorithms for predictive modeling
- 11%- Exploring partnerships with technology providers specializing in forecasting solutions, etc.
- 1%- We do not plan to enhance our forecasting capabilities

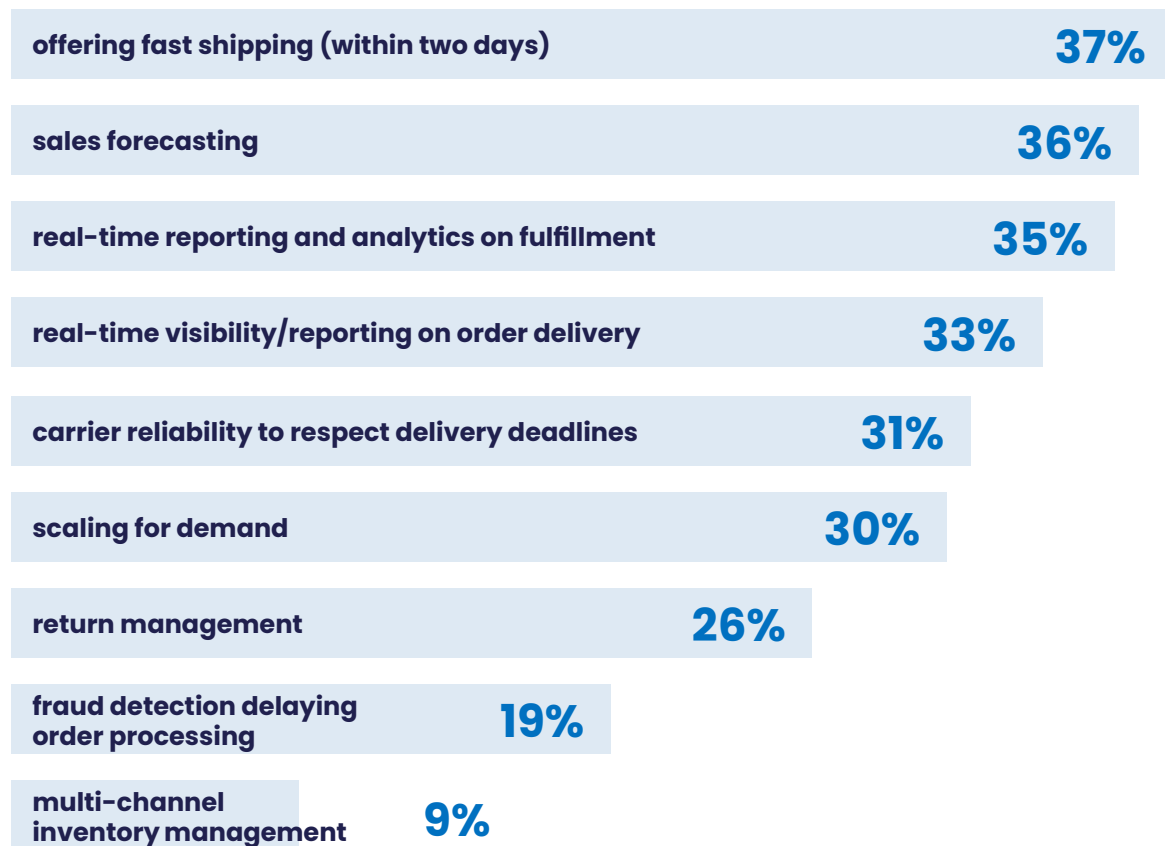


Point 3:

Retailers seek new ways to mitigate challenges in their fulfillment processes.



Other challenges include:



“Partnering with a 3PL is a strategic advantage, as we can offload the challenge of order processing speed and accuracy, assisting brands with the entire cycle from click-to-delivery,” Barr explains. “When brands entrust operations to a dependable 3PL partner, they can focus on other challenges while the 3PL does what it does best—deploying fulfillment strategies that align with the brand’s goals.”

02. Seizing Opportunities to Enhance Fulfilment

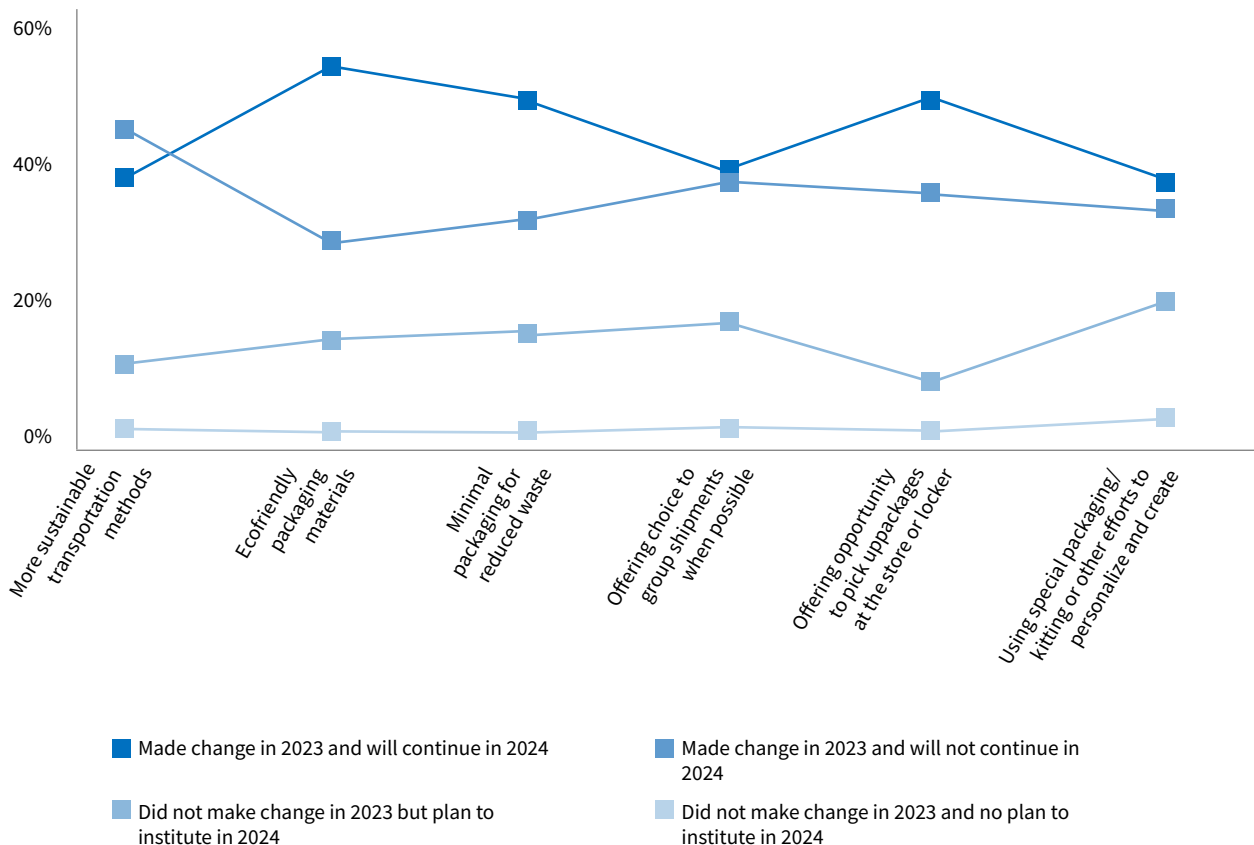
Point 1:

Retailers will continue to embrace innovations in sustainability.

Sustainable choices resonate with consumers, According to [The State of Consumer Spending: Gen Z Shoppers Demand Sustainable Retail](#), 62% of Gen Z shoppers prefer to buy from sustainable brands, and nearly three-quarters are willing to pay more for sustainable products.

One important win can be found in packaging, with consumers saying they prioritize sustainable packaging features such as recyclability (52%), biodegradability (49%) and refillable/reusable options (41%) in a survey from [Packaging Machinery Manufactures Institute \(PMMI\)](#).

What sustainability-related changes, if any, has your company made and which will it prioritize for 2024?





Retail executives are meeting the challenge, reporting that their companies will continue many sustainability-related changes they embraced in 2023:

53% will continue using
**ecofriendly packaging materials
(recycled/recyclable)**

51% will continue
**offering opportunities to pick up
packages at the store or locker**

50% will continue using
**minimal packaging for
reduced waste**

40% will continue
**offering choices to group
shipments when possible**

Survey respondents are adamant that the logistics process must be optimized. As one said, “Logistics companies need to address their carbon footprint and find ways to make their operation more sustainable.”

It’s an area where Radial excels in helping its clients, notes Barr. “We provide ecofriendly solutions in transportation—such as consolidating shipments and choosing more environmentally conscious shipping partners—as well as in our fulfillment centers, where we prioritizes right-sized packaging and streamlining order processing and reverse logistics.

One respondent noted on the survey that it’s important to “partner with sustainable suppliers to improve the experience for those who are conscious of their environmental impact.”

Point 2:

Evolving return strategies lead to crucial benefits.

It's no secret that returns are an ongoing pain point, as the National Retail Federation (NRF) reports that total returns for 2023 reached a staggering \$743 billion in merchandise.

A previous Retail Dive survey found that consumers expect choices:

76% of online shoppers
want free returns

51% of online shoppers
want free returns at a store

50% of online shoppers
want longer return windows

That's why brands are grappling with maintaining a positive customer experience, yet not sacrificing profit.

To help mitigate this burden, retailers experimented with shifting return strategies and found some clear winners. These are the changes they instituted in 2023 that they intend to continue with in 2024:

51%
charge fees for restocking

49%
offer a shorter window to accept returns

41%
enact stricter standards and restrictions, such as requiring that returns be unused and in their original packaging



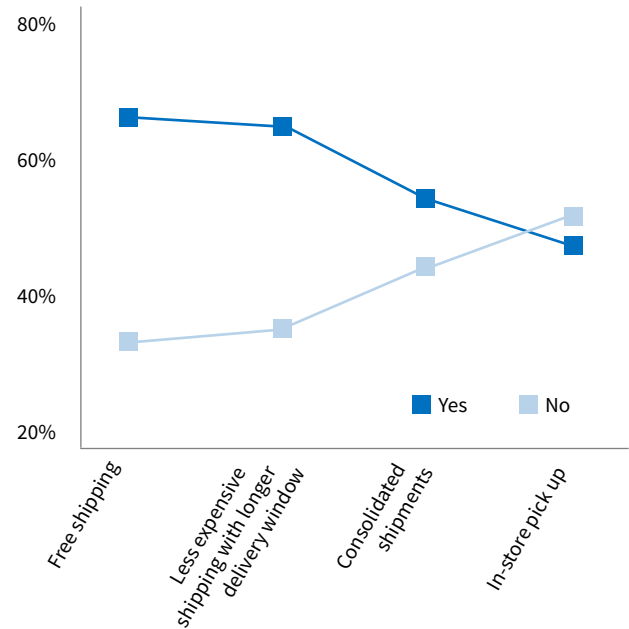
Point 3:

Consumers continue to prioritize convenience and choice in shipping methods.

Free shipping remains important, with the survey finding that on average, 47% of orders are shipped with faster solutions (26%) or fastest solutions (21%). Only 24% of orders are shipped with slower services, such as ground delivery.

And yet, consumers are willing to give up 1- to 2-day delivery for a variety of other inducements.

Do you find that consumers will give up 1 - 2 day delivery for the following options?



65%
free shipping

64%
less expensive shipping

55%
consolidated shipments

48%
in-store pick up



Point 4:

Navigating crucial logistical details remains a barrier.

In the race to provide the ultimate customer experience, fulfillment can make or break the impression your brand makes. The moment of truth is the moment an item arrives at a customer's home and gives them the opportunity to react to your company's merchandise in a tangible way.

Respondents cited a number of goals they had for the delivery process as they look ahead to peak season 2024. Some verbatim responses include:

Providing **faster delivery** is the next challenge we need to address.

Reliability of carriers can present serious difficulties especially for those with supply chains that are time sensitive. Problems like missing pickups, delayed deliveries or misplaced shipments can result in high expenses and harm to one's reputation.



Reducing transportation cost while improving the delivery service is the most important challenge that we need more consistency with throughout the year.

One of our company's most pressing logistical challenges is **balancing stock availability with storage expenses** while minimizing stock outs or surplus inventory.

Adopting technology for real-time tracking and visibility and developing agile strategies to quickly adapt to disruptions such as natural disasters, geopolitical events, or unexpected demand fluctuations.

Establishing **effective procedures** for product management and returns, including product recalls, repairs and returns.



Drivers, warehouse workers and other **critical staff** are in short supply in our organization. This reduces efficiency, raises prices, and causes supply chain disruption.

Ensure the **integrity of the goods** in transportation to reduce the damage situation.



These are all areas where Radial can support your retail brand, Barr points out. “From a robust transportation management capability that allows us to diversify the transportation landscape, taking advantage of different rates, options and speeds, to transparency around delivery through frequent communication, we can handle all aspects of fulfillment. Brands can be confident their customers are receiving best-in-class service in the most cost-effective manner possible,” he says.

Are You Ready To Optimize Your Logistics For Peak Season 2024?

Working with the right 3PL partner can significantly impact your brand's image, and now is the time to consider how you can elevate peak season 2024. Are you ready to learn more about how you can successfully deliver best-in-class customer while boosting profitability? [Contact Radial today](#) to explore solutions to all your fulfillment challenges.





Radial is the industry's largest 3PL fulfillment provider that offers integrated payment, fraud detection, and omnichannel solutions to mid-market and enterprise brands. Leveraging over 30 years of industry expertise, Radial rejects the one-size-fits-all approach, instead tailoring its services and solutions to align strategically with each brand's unique needs.

Our team supports brands in tackling common eCommerce challenges, from maintaining delivery consistency to ensuring secure transactions. With a commitment to fulfilling promises from click to delivery, Radial empowers brands to navigate the dynamic digital landscape with the confidence and capability to deliver a seamless, secure, and superior eCommerce experience.

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