

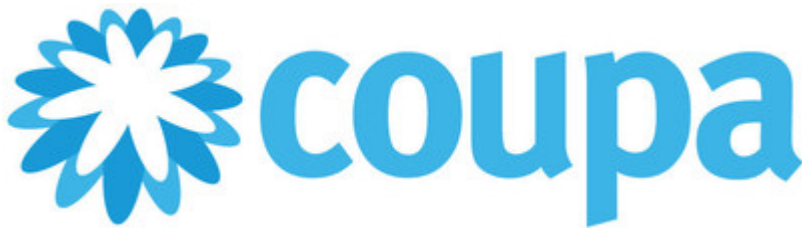


## Supply Chain Woes Could Mean Empty Stockings for Consumers

November 17, 2022

*Annual study from Coupa shows that retailers are battling challenges on all fronts during this critical revenue period including labor, supply chain, and more*

SAN MATEO, Calif., Nov. 17, 2022 /PRNewswire/ -- 95% of retailers think that they cannot fulfill consumers' holiday needs this holiday season, according to new research from Coupa Software (NASDAQ: COUP), a leader in Business Spend Management (BSM).



### Key Takeaways

- 7 in 10 retailers anticipate that supply chain disruptions will negatively impact their company's revenue – an 11% increase from 2021.
- 93% of retailers worry a recession will reduce consumer spending.
- 9 in 10 retailers that experienced supply chain disruptions in 2022 are concerned one or more of their company's suppliers will shut down – a staggering 61% increase from 2021.
- 65% of retailers are currently understaffed.

Disruption and uncertainty over the past two years have been compounded by geopolitical conflict, rising interest rates, an ongoing pandemic, and changing consumer demand. Nearly all retailers (98%) expect supply chain disruptions to continue during the 2022 holiday season, with 88% predicting they will get worse.

"Seemingly overnight, relentless shortages are flipping to inventory surpluses in certain categories. This is further complicating retailer's ability to orient their supply chains to rapidly shifting consumer behaviors and evolving regulations," said Dr. Madhav Durbha, VP supply chain strategy at Coupa. "Retailers must pay close attention to consumption patterns and selectively build in optionality in their supply chain to address the changing wants and needs of consumers."

### Dipping Demand Impacts Inventory and Retailers

Demand swings in addition to supply chain snarls are causing additional complications this year. Many retailers are facing inventory issues due to seasonal merchandise arriving late and shifts toward "Just-in-Case" inventories, on top of the slowdown in consumer demand due to the inflationary economic environment.

Despite precautions, retailers are aiming to keep their customers shopping in their stores – 66% have or plan to over-order products, 55% have or plan to rush-order products, and 33% have or plan to invest in additional inventory management tools – they're stuck with too much of what consumers don't want and not enough of what they do. Ninety percent of retailers are experiencing excess inventory, and 88% are already experiencing out-of-stocks on key holiday items.

One way retailers can right-size their inventory is by leveraging demand-shaping practices such as dynamic pricing, promotions management, and markdowns to tackle inventory challenges.

### Shoppers Faced with Tightening Budgets

Consumers shouldn't wait to purchase gifts as 90% of retailers plan to offer fewer Black Friday and/or Cyber Monday deals, a 36% increase from 2021. More than half (56%) cited supply chain concerns as the primary cause. In fact, 97% of retailers encourage consumers to shop earlier, with nearly two in three running holiday ads and promotions earlier this year.

"What's particularly challenging this year for retailers are the labor shortages that have plagued businesses in 2022. Our data confirms it: a majority (58%) expressed concerns about staffing in the last 12 months. Labor challenges will be a compounding factor for struggling retailers this holiday season," said Durbha. "One-way tech-savvy retailers are counteracting these capacity constraints is through automation. Warehouse automation and AI-powered Digital Twins for decision support are emerging as areas with a high degree of interest. Automation can help streamline supply chain processes while minimizing risk and reducing repetitive tasks."

Coupa helps retail businesses globally control spend and optimize their supply chains, including Walmart, Ikea, and Lowe's.

Learn more about Coupa at [www.coupa.com](http://www.coupa.com).

### Methodology

*This survey was conducted among 602 total respondents in the United States. All respondents work in a role at the management level or higher for a*

*consumer retail company with 500+ employees. The survey was conducted online from October 4th - October 10th, 2022.*

#### **About Coupa Software**

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