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FACTSHEET

Between Consumer Pressure and Margin Volatility: The New Working Capital Pressure in the Retail Sector

Key Challenge: Why is working capital management so crucial for the retail sector?

The retail sector is under immense pressure: volatile consumer demand, high inventory levels, rising logistics costs, seasonal peaks, and increasing financing costs are straining both liquidity and margins. At the same time, digitalization and resilient supply chains require significant investment.
In retail in particular, day-to-day operations tie up considerable liquidity—often for long periods of time in inventory and purchasing processes.

Working capital optimization is becoming a key lever for freeing up tied-up liquidity and creating financial flexibility for growth, transformation, and seasonal peaks.

Solution & Impact

Treasury is ooking for flexible supply chain finance solutions that provide on-demand liquidity without placing a burden on suppliers or creating additional IT work.

cflox pay makes all the difference

- Suppliers receive timely payment
- Buyers are granted an additional payment term
- Merchants can actively take advantage of discounts without straining their own liquidity

Impact along the supply chain

- Additional payment terms to ease pressure on operating cash flow
- Flexible management of liquidity in response to seasonal fluctuations in demand
- Stabilizing international supply chains
- Greater financial flexibility in inventory management and purchasing volumes
- Rapid access to liquidity for expansion and transformation
- Working capital financing without additional debt
- No impact on existing supplier relationships

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cflox pay has effectively complemented our financing strategy. The liquidity flexibility we gained allowed us to free up tied-up working capital and expand our financial flexibility for seasonal purchasing periods and further growth - without affecting our debt metrics.

Head of Treasury at an omnichannel retailer in the beauty sector

BUSINESS CASE

Omnichannel retailer in the beauty sector

- Introduction of cflox pay to optimize central working capital management at an omnichannel retailer in the beauty sector.
- In just a few weeks, a program was implemented that allows for extended payment terms on supplier payments—without involving the suppliers and without platform integration.
- The new liability to cflox is an operating liability, not a financial liability—which means that the debt ratios remain unchanged.

Results:
Since the introduction of cflox pay, the omnichannel retailer in the beauty sector has been actively using the program to flexibly manage its cash flows - without making any changes to its partnerships with suppliers.

This gives the company the financial flexibility to expand its product range in line with demand, respond to seasonal fluctuations in demand, and allocate capital strategically to growth initiatives - without taking on additional debt.