



WHITEPAPER

Locus' Guide To Omnichannel Fulfilment



KEY FINDINGS

- The advent of e-commerce has shaken the retail space, to facilitate faster gratification to customers, retail companies are trying to shorten their distribution processes by going the omnichannel way.

• Omni-channel order fulfillment comprises of six basic processes:

- With customers using multiple channels for shopping, brands need to be present where their customers are.
- Understanding customer journey & behavior and integrating the channels to provide the essential customer 'experience' is the deciding factor of omnichannel retailing success.
- Data-driven analysis that uses artificial intelligence to predict upcoming trends might be the future of omnichannel retail.
- In the future, retail will shift from using multiple channels to a channel-less experience, where it will be virtually impossible to separate the different mediums of retailing.



What Is Omnichannel?

Omnichannel is an integrated approach to retail that tries to provide the customers with a consistent shopping experience on different channels: online, via telephone or a brick-and-mortar store.

However, according to a recent survey, only 22% of North American retailers consider “omnichannel efforts” a top priority. Compare that to 2015, when 45% of retailers claimed the same.



What Do You Mean By Omnichannel Fulfillment?

Omnichannel order fulfillment is a material handling fulfillment strategy, that treats the inventory as a single unit and uses it to fulfill all channels, (e-commerce, store replenishment, and wholesale) from one location. The whole process ranging from the customer placing the order to the time when the order gets delivered to him or her comes under omnichannel fulfillment.

Omnichannel order fulfillment comprises six basic processes:

1. Communication:

Circulating information about the product/ service through online/offline channels

2. Order Processing:

Receiving order, confirming the order.

3. Warehouse Management:

Merchandise availability, inventory control

4. Shipping:

Packaging and transporting the products

5. Last-mile Delivery:

Taking the product to the end-customer, the return of shipments.

6. After-sales:

Customer care, consumer services.



Challenges Of Omnichannel Fulfillment



Challenge 1: **Inventory visibility**

Challenge 2: **Different orders, same inventory**

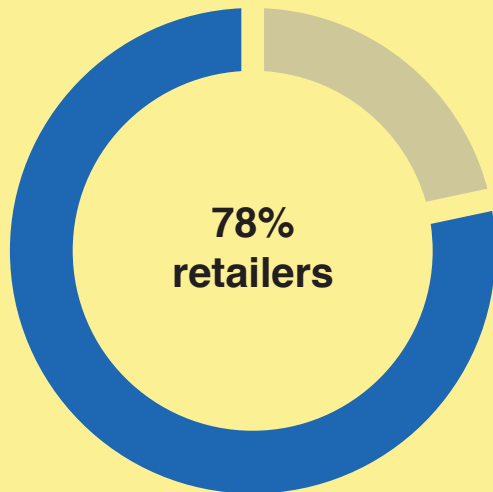
Challenge 3: **Manual processes**

Challenge 4: **Forward & reverse logistics**

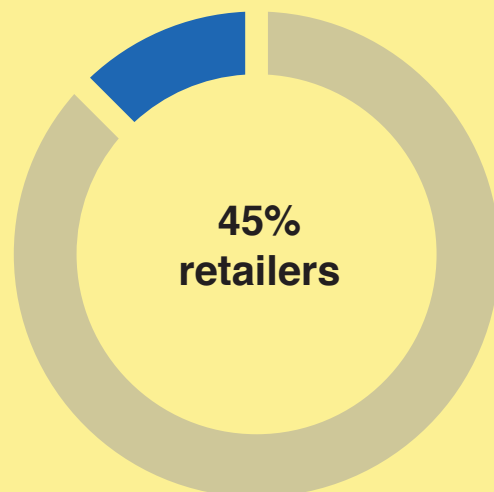
Challenge 5: **Consistency in multi-channel experience**

Challenge 6: **Finding the adequate transportation mix**

Consider this, in a recent study conducted by Periscope research,



admit their consumers do not have a unified brand experience.



also say that progress isn't happening fast enough.

Their primary obstacles with delivering great omnichannel experiences cited were:

- Lack of internal organization (**39%**)
- Lack of customer data across channels (**67%**)
- Functions working in Silos (**48%**)
- Subpar quality (**45%**)
- Inability to identify customers across shopping trips (**45%**)
- **91%** said they would use an online knowledge base (such as FAQ) "if it was tailored to their needs."

How Can Companies Go The Omnichannel Way?

Tracing customer journey:

Figuring out the customer journey is critical to going omnichannel.

How do people find your company? What channels are they using and how are they using them?

How do they interact with your brand?



Understand your customer:

Know their preferences, shopping habits, purchasing destination, the frequency of purchase and presence on the internet.



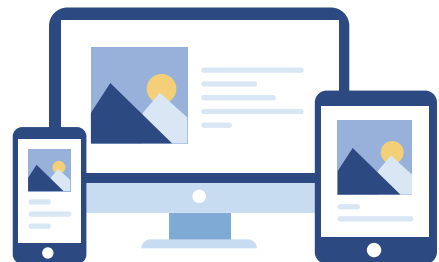
Figuring out the logistics:

Companies need to sort out their logistics requirements first, do they need to outsource the delivery vehicles? How will they take care of the reverse logistics



Integrate your approach:

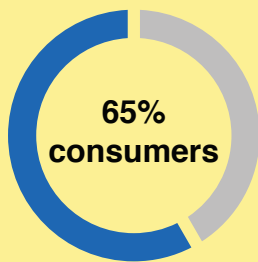
Organizations need to be consistent with their communication, look and feel and customer experience across all channels.



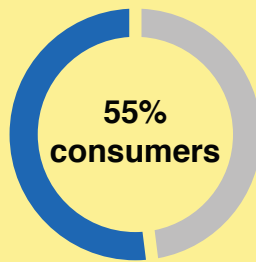
Benefits of Omnichannel Fulfillment

At its core, a good omnichannel fulfillment process should ensure that all orders are executed after evaluating all possible channels and supply sources. Centralized data should lead to a better demand forecast that will reduce wasting of inventory or overproduction of goods. Providing different buying channels and having channel specific communication leads to better customer experience and increased customer retention. The organization can also gather its learning from one channel and use it in another to provide a more fulfilling experience to the customers and improve overall efficiency.

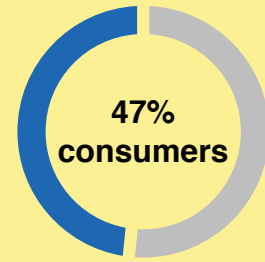
According to a recent study by Hansa Cequity,



search online before walking into an offline store



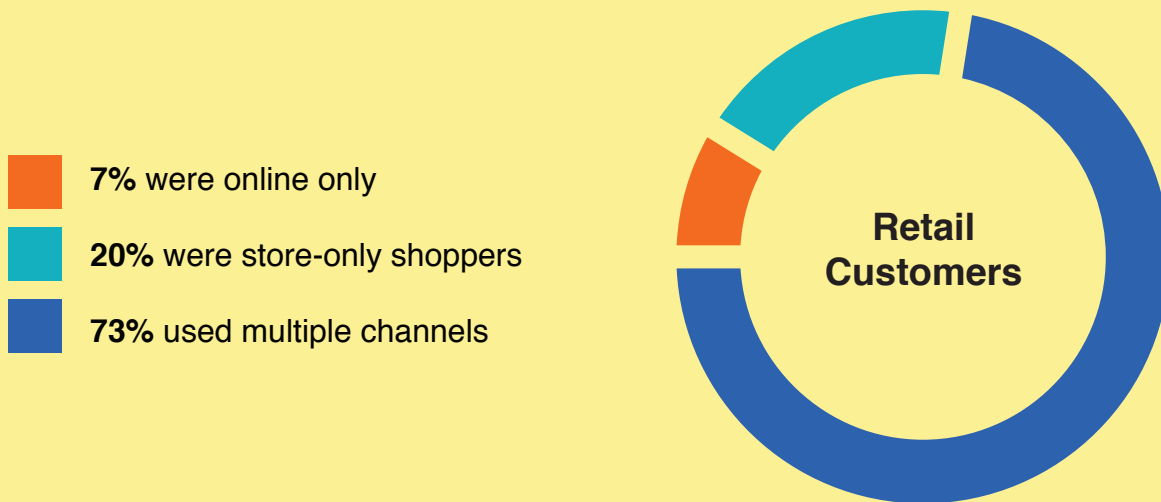
tend to look at consumer reviews



tend to check company websites

- **Reduce inventory costs with accurate inventory management**
- **Increase in revenue with new market opportunities**
- **Improved customer experience**
- **Decreased shipping costs**
- **Minimizing labor costs**
- **Cross channel insights**

A recent study by HBR found that of the retail customers:



Omnichannel shoppers spend 4 % more, on average, during in-store shopping trips and 10 % more online than customers who only used a single channel.

Similarly, Aberdeen Group found that companies with omnichannel engagement strategies enjoy an:

- Average **9.5%** year-over-year increase in annual revenue, compared with **3.4%**
- Average **7.5%** year-over-year decrease in cost per customer contact, compared with **0.2%**
- **89%** retention rate of their customers vs. **33%** for companies with weak omnichannel customer engagement.

Customers are not just shopping in-store, even when they're inside a store. Shoppers are checking prices, comparing products, researching reviews, and consulting social media before buying. If a brand is not available everywhere, the limited presence can result in a company losing out to its competitor.



A Real-world Example: Amazon-Wholefoods Partnership

Amazon's partnership with Wholefoods is Amazon's one of the biggest e-commerce investment to date.

Amazon's entry has caused a significant disruption in the retail landscape across the globe. It also brings in benefits with enhanced customer experience, breakthrough technology implementations and competitive pricing strategies across Omnichannel.

With the merger, Amazon gets its hands on lots of shopping data, which comes in handy as Amazon expands its online grocery business and private label offerings. As Amazon combines its Prime service and Whole Foods shopping experience, it's getting even more insight into how the same person shops on and offline.

Whole Foods' stores provide a more cost-effective way to take care of fresh food, while also providing a launching pad for transporting those groceries. Shoppers are more likely to order and trust fresh food and meat from a retailer-branded Whole Foods than they are from one named Amazon.

Amazon now controls the whole customer experience, from shopping to paying and now communicating directly with its customers.

From collaborations with top grocery stores to talking virtual assistants, Amazon has managed to thrive in all variables of retail. Not only will Amazon continue to dominate the world of online shopping, but it is also now taking its turn to take over physical stores to enable even more security to its loyal customers.

Future Of Omnichannel

Expect enterprises to move from a 'multi-channel' model to a 'channel-less' model as omnichannel retail becomes more and more seamless. Rather than adding more channels, companies will begin to orchestrate the customer experience by pairing channels to make a consumer's experience easier.

[As this article from ET Retail suggests](#), in the future, bots will be the default channel by which we will place our orders. The Bot will let the consumers know that it has put the order for daily/ weekly grocery supplies from the preferred online grocer using the rate of consumption, historical data, quantity left over in the cupboard & smart refrigerator to calculate the order. In many cases, the online grocers will automatically work out the weekly order based on predictive analytics using the consumption and shopper data, and inform the Bot the ETA of the courier/drone. Basically, all our mundane tasks of ordering groceries and daily use products will be taken care of by our bots.



The article goes on to suggest that even the smart commute that the customers will use, will have interactive TV displaying all the retailers selling the products that the customer wants to shop, their USPs and benefits, and the best deals available that day for a specific customer based on proximity and preference using big data and IoT!. Once the customer chooses the retailer he or she wants to visit, the smart display will enable the taxi to drive there and will let the retailer know in real time that the customer is on their way to them, the ETA, interest in the products that day, etc. So, while a lot of our shopping in 2030 may still be impulsive, predictive analytics will ensure that there is a fair bit of planning around this done by the machines around us.

The future of retail is more likely to be about ‘experience’, which will be the key differentiating factor. Rather than simply focussing on efficiency and discounts, retailers will try and provide customers with an ‘immersive experience’ in which differentiating or separating different channels completely would be seemingly impossible.

Locus Offerings For Omnichannel Fulfillment

Locus lets you use existing retail infrastructure to build your omnichannel platform by providing the following:



Cross-channel vehicle utilization:

Employ your vehicle for fulfillment and distribution of orders of various channels in a single route.



Optimal fleet mix (one-time as well as daily dynamic plans) for fulfillment operations.



Real-time ETA calculations, with delay notifications and adjustments on the go.



Consideration of business dynamics including SKU bifurcation, retail outlet work timings, regulatory constraints etc. for the optimized dispatch plans.



Locus analytics and insights help in tracking and comparing the performance of your vehicles, warehouses, and workforce.



Reduce TAT & vehicle count through automatic planning of optimal routes.



Identification of serviceable area for your stores and the optimal warehouse location.



Management of forwarding and reverse logistics effortlessly.



Live view screen with alerts (SLA breach, low battery, cancellation reason, etc)

Locus aids the retail sector with:



99% In-time store fulfillment



17% Reduction in freight costs



30% Increase in SLA compliance

Reference:

<https://www.conveyco.com/challenges-of-omnichannel-order-fulfillment/>

<https://legacyscs.com/9-omni-channel-logistics-challenges/>

<https://www.visualnext.com/business/what-is-omni-channel-and-what-are-the-benefits/>

<https://www.shopify.com/enterprise/omni-channel-retailing-commerce-what>

<https://www.forbes.com/sites/shephyken/2017/03/04/moving-from-omni-channel-to-a-channel-less-customer-experience/#19931dfb6629>

<https://etaileast.wbresearch.com/amazon-whole-foods-purchase-future-of-retail-ty-u>

<https://www.bookingbug.com/blog/why-whole-foods-is-just-the-start-of-amazons-retail-revolution/>

<https://www.forbes.com/sites/shephyken/2017/03/04/moving-from-omni-channel-to-a-channel-less-customer-experience/#789958086629>

<https://onereach.com/blog/10-omnichannel-statistics-need-know/>

LOCUS

www.locus.sh
