

Unlocking the secrets of click-to-door eCommerce

With eCommerce revenue set to reach US\$3.52 trillion in 2020, it's crucial for retail organizations to find faster, more efficient methods to supply their customers. That is, if they wish to continue to satisfy demand and remain competitive.

In their latest whitepaper, ABI Research,¹ a leading global technology market advisory firm, identified 54 technology trends most likely to impact the technology market in 2020. When discussing freight transportation and logistics, the paper forecasted the aforementioned eCommerce revenue, representing a staggering year-on-year growth of 19%.

"After a tumultuous 2019 that was beset by many challenges, both integral to technology markets and derived from global market dynamics, 2020 looks set to be equally challenging." Stuart Carlaw, Chief Research Officer at ABI Research.



Investing in opportunity

To head off the challenges that such a growth in eCommerce brings, retailers must, at least initially, exchange profitability for investment in logistics and transport optimization.

"This growth depends on ever faster and more convenient modes to reach the final mile and yard in suburban and urban markets, as well as share in rural areas."

Susan Beardslee

ABI Research – Freight Transportation and Logistics Principal Analyst

To meet modern customers' demands for one-day delivery, seven days a week, retailers need to cut their "click-to-door" time. They should also consider making more of their physical outlets, using them as a "hub" for online purchase deliveries and returns. ABI Research points to a rise in popularity of Buy Online Pick up in Store (BOPIS) solutions over the coming year.

Using examples from leading Chinese corporations Alibaba and JD.com, ABI Research also highlighted the need to meet more local demands. Both businesses countered market challenges by chasing growth through lower-tier cities. For Alibaba alone, Singles Day² in China surpassed US retail holidays such as Thanksgiving and Black Friday in terms of sales, increasing revenues by 26% YoY, compared to 2019's record-setting US\$38.4 billion.



Reshaping the business model

Though some retailers need to optimize their logistics for eCommerce, others need to review their whole business model to improve efficiencies.

Even Amazon isn't immune:

"Amazon already felt the financial pressure in 2019, with North American margin compression, as it grew investments in its next-day Prime delivery, expected to impact Walmart as well. Other retailers have been pushed into offering expanded shipping options and reverse logistics in order to compete." Susan Beardslee, Freight Transportation and Logistics Principal Analyst at ABI Research.

For retailers who are exclusively direct store distribution (DSD), this presents more challenges. Because invoices are generated in the field, wherever the transactions take place, this can result in inventory issues through shrinkage, damage and theft. To optimize productivity, tools are necessary to accurately track and monitor field worker activity. And then there's the ever-changing stock portfolios and discounting measures to consider, which can make the processes particularly onerous on staff.

Unpacking the solutions

- Create flexible warehouse solutions to improve speed and cost efficiency against ever-changing customer shopping habits – e.g. a pop-up warehouse close to the retail outlet not only saves on transport cost, it avoids set-up charges and long contracts.
- Integrate your systems so that data can be synchronized between multiple warehouses, helping to improve forecasting and inventory accuracy. Dashboards and reporting tools are also useful for reducing ambiguities in inventory management.
- Establish robust processes to respond to unpredictable but inevitable interruptions, such as severe weather and tariff increases.
- Call on a network of providers, with sufficient service across each market, when required.

Research by Retail Dive³ found that:



73% of corporate retail professionals thought that inaccurate forecasting was a constant issue.



87% reported that forecasting was a bigger contributor to revenue loss than theft.

When all parties and all systems are on the same page, it is significantly easier to upscale and meet unforeseen issues and spikes in demand.

Responding to the needs of DSD

To address the unique issues of DSD, systems to provide staff with the flexibility to take, submit and modify orders on-site during delivery are essential. These need to be deployable on any mobile or computer device, to enable them to seamlessly work and communicate with warehouse systems.

Key functionality includes:

- Robust route scheduling and management
- Easy management of expanding product lines
- Easy management of promotions and special offers
- Automatic support for stock and lot tracking
- Precision management of recalls and compliance issues

Looking to the future

With trillions of dollars in sales available, the eCommerce market is clearly ripe with opportunity. But before retailers can claim their share of the prize, they need to put in the groundwork to refine their processes and align their systems, before their competitors get there first.

References

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