

The Micro Fulfillment Center (MFC)

Optimizing city logistics and closing the distance for faster deliveries

What is an MFC?



Compact

A small-scale urban "warehouse"



Efficient

Leverages underused urban space



Fast

Shortens distance to the consumer



MFCs move fulfillment closer to the consumer and lower transportation costs.

Why is it growing?



Agile

facilitates same-day delivery



Cost-efficient

a saving of up to 75% for each fulfillment



Conserves resources

can reduce emissions in urban areas

Why now?

Mass urbanization

In 2021

54%

of the world's population lives in urban areas²



by 2050

68%

of the world's population will be urban²

by 2030

There will be

43 mega cities

(+10 million inhabitants)²



Sudden rise of e-commerce

In 2020 online grocery shopping had risen to **10%** of US grocery sales **4 years earlier** than expected¹

2019 **5%**

2020 **10%**



The BIG picture

Globally, **e-commerce sales increased to 16%** of all sales in 2020. This is an **increase of 19%**³

All of this means customer requirements and expectations have rapidly shifted, driving the need for faster fulfillment.

The opportunity

Micro fulfillment presents a big opportunity for retailers and e-tailers of many different sizes and verticals.

“ Amazon has spent billions of dollars building out its shipping infrastructure, including operating 175+ fulfillment centers across the world and investing \$1.5B to build an air hub in Kentucky. Walmart, on the other hand, is relying on its existing footprint across 5000+ US stores to help deliver online orders faster. To compete with the formidable logistics infrastructure these giants are building, smaller retailers are turning to **micro-fulfillment**. ”

How to get started

Micro fulfillment can be implemented by retailers of any size, by:



Using an existing space

Adapt spaces in existing locations, such as the storage room in a supermarket, and have some of the staff act as "pickers" rather than as sales assistants.



Converting an existing space

Convert underused retail spaces into MFCs, by closing the doors to customers and turning them into "dark stores."



Building a dedicated space

Build a space within an urban environment, designed exclusively for micro fulfillment.

“ Analysts predict there will be 80 MFCs in the UK by 2023. Some will be dedicated warehouses like Zoom's. Others will be built within larger stores. Tesco is rolling out 25 in-store MFCs over the next three years. ”

Large retailers are using their stores as MFC hubs to offer:



Click-and-collect



Curbside delivery



Same-day home delivery

How to deliver

There are plenty of green and innovative delivery solutions. The carrier gig-economy for example, in the style of Deliveroo and Uber, is perfectly suited to micro-fulfillment.

Key benefits of MFC

- ✓ Meeting customer demands for faster delivery times.
- ✓ Saving money via efficient use of existing spaces and shorter and greener transport choices.
- ✓ Operational flexibility and agility via smaller, more easily managed operations.



How Körber can help you close the distance

Our supply chain solutions can help organizations of different sizes and verticals manage and optimize their MFCs.

Improve...



Visibility



Efficiency

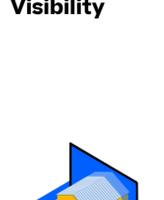


Productivity



Cost management

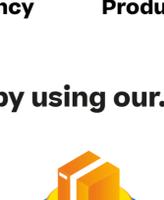
by using our...



Warehouse Management Systems (WMS)

Keep track of inventory across multiple locations in real time, work out the best location for fulfillment, and manage both carrier selection and costs.

[Learn more](#)



Autonomous Mobile Robots (AMR)

Pick products faster and more accurately, with flexible goods-to-person processes supported with AMR. AMRs fit into many existing compact spaces.

[Learn more](#)



Voice-Directed Work (VDW)

A hands-free, eyes-free system increases overall picking accuracy and productivity. Voice is easy to implement too, and reduces training time by at least 50%.

[Learn more](#)

Are you ready to perfect your Micro Fulfillment Center?

Visit our website to find out how Körber can help you to manage and optimize your MFC

References:

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4. www.thegrocer.co.uk/property-and-planning/what-does-micro-fulfillment-mean-for-the-future-of-rapid-delivery/602575.article



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