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The Retail Playbook For Thriving
in an Omnichannel World

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Content

Overview

Retail fulfillment has undergone dramatic changes in recent times as consumer expectations have sharply risen, leaving old models of fulfillment wanting. The lines between a brick-and-mortar and an omnichannel experience are no more sharp, making an omnichannel retail strategy powered by technology solutions the best bet for growth in this highly competitive space.

According to a recent report, global retail sales are anticipated to grow between 4% and 5% each year through 2025, ultimately landing at just over $31 trillion. Retailers have their eyes set on the future and are looking at robust strategies to make the best of this new oppotunity.
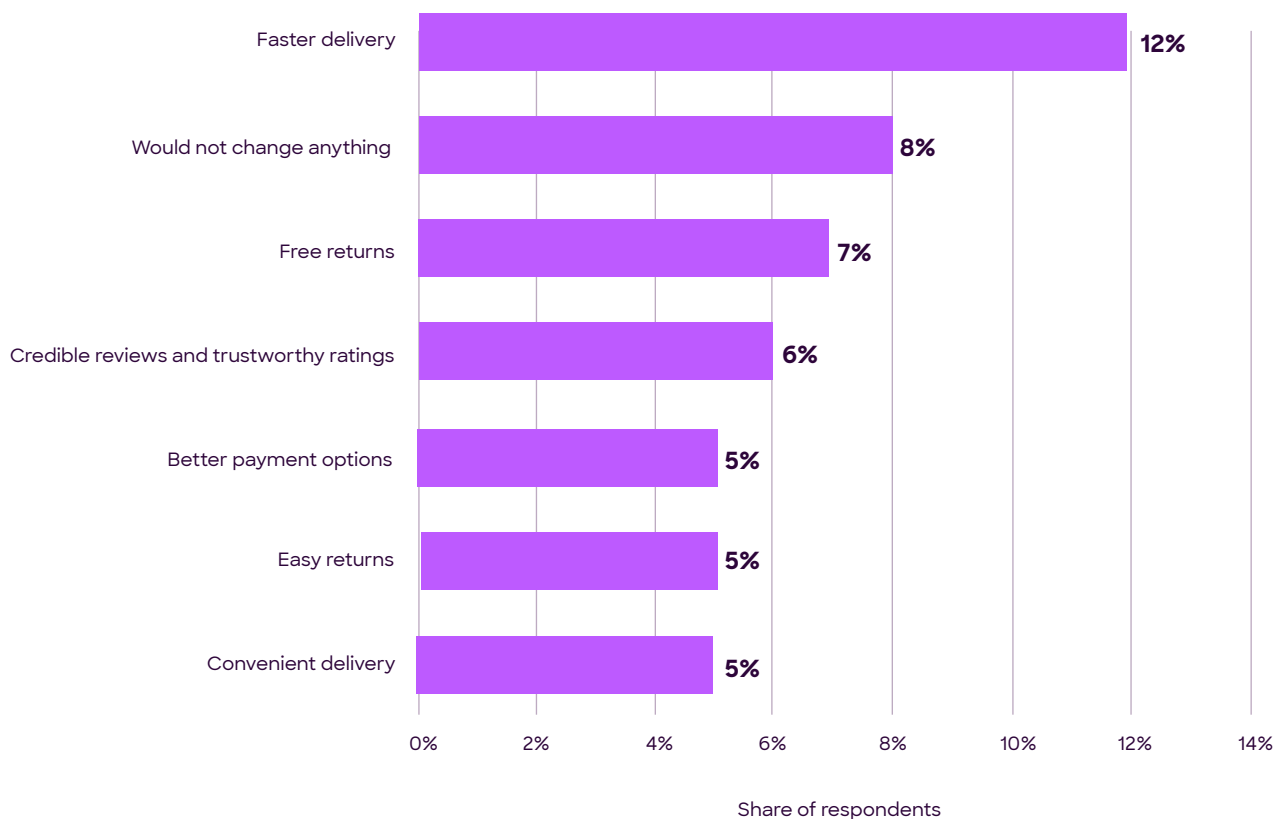
This e-book will deep dive into retail fulfillment and study the evolution of the landscape: changing customer expectations, growing competition, the ever increasing popularity of omnichannel strategy, and the role of data-driven technology solutions in shaping the all-mile retail landscape.

Modern retailer's journey into the digital landscape

The transition of contemporary retailers into the digital landscape has been marked by profound transformations, catalyzed in large part by the impact of the pandemic on consumer behavior. As consumers increasingly prioritize rapid, convenient, flexible, and predictable fulfillment of goods delivered to their doorsteps, the digital realm has become the new frontier for retailers seeking to meet these evolving demands.

To illuminate the factors driving this shift towards online shopping, an extensive survey spanning 31647 consumers worldwide was conducted in 2023. The findings revealed that faster delivery was the primary motivator that lets the shoppers decide the online shopping experience. Free returns, better payment options and consumer delivery came in second place for consumers to drive them towards online shopping.

LEADING ASPECTS THAT SHOPPERS WORLDWIDE WOULD CHANGE ABOUT THEIR ONLINE SHOPPING EXPERIENCE IN 2023

Aspect	Share
Faster delivery	12%
Would not change anything	8%
Free returns	7%
Credible reviews and trustworthy ratings	6%
Better payment options	5%
Easy returns	5%
Convenient delivery	5%

Share of respondents

Moreover, a deeper dive into consumer expectations through an additional survey of 31,040 respondents unveiled compelling insights. A notable 41% of online shoppers expressed a desire for delivery within a swift 24-hour timeframe, underscoring the growing emphasis on speed and efficiency in fulfillment services. Surprisingly, less than a quarter of respondents indicated a preference for expedited delivery times of fewer than two hours, suggesting that while speed is valued, it must be balanced with practicality and cost-effectiveness.

In a 2023 survey conducted by KPMG, 46% of respondents said free returns was a key factor in making a purchase decision, 40% mentioned easy returns, while 17% expected live shipping updates. These findings emphasize the multifaceted nature of consumer expectations, encompassing not only speed and convenience but also transparency and flexibility.

Supplementing these insights, data from Moody Analytics further underscores the complexity of modern supply chain management. Shockingly, 69% of businesses lack the necessary visibility over their supply chains, highlighting the urgent need for technological innovation and optimization in this critical aspect of retail operations.

In conclusion, the journey of retailers into the digital landscape is characterized by a dynamic interplay of consumer preferences, technological advancements, and operational challenges. While convenience remains paramount, it is complemented by a nuanced understanding of consumer expectations and a commitment to seamless integration between online and offline shopping experiences. By embracing these insights and leveraging technology to meet evolving demands, retailers can navigate the digital landscape with confidence and resilience.

Retail woes: Identifying and overcoming common challenges

In order to achieve desired growth rates, businesses must undergo a digital transformation of their manual processes. This entails expediting turnaround times and optimizing inventory movement, while also focusing on cost-effective order processing, optimal fulfillment, and unparalleled consumer experiences. Furthermore, there is a growing emphasis on sourcing products in an environmentally friendly manner and establishing a technological advantage over industry peers.

From an operational perspective, meticulous planning is essential. Many retailers have fixed contracts with vendors, leading to all vehicles converging at the same time with no provision for in-store pickup time slots. Additionally, time commitments are often left open-ended, relying on customer preferences. There is a common assumption that drivers, with their acquired expertise, will make the best decisions. These challenges, among others, hinder the achievement of seamless deliveries. Below, we outline some of these challenges for consideration:

One too many abandoned carts:

According to this report, for every 10 customers who add an item to their shopping cart, seven of them leave without completing the purchase. This means that 69.82% of online shopping carts are abandoned, leading to losses as large as $18 billion in sales revenue annually because of cart abandonment.

Peak season panic:

As more and more consumers take to their smartphones to carry out their shopping, brands have to deal with deliveries, returns, and cancellations at a never-seen-before scale. Not only is volume a challenge during peak season, but the fact that different shippers have different needs also adds to the problem. Retailers are in need of solutions that can help fulfill demand based on real-time capacity constraints while being able to secure new contracts and outsourced capacity.

High workforce churn:

Maintaining SLAs has become increasingly challenging in the face of high workforce churn for many retail businesses globally. According to the latest report, the global average retail employee turnover rate in retail is currently 11.4%, which is above the average turnover rate. The onground workforce is at an increasing risk of churn owing to uncertainty in daily routes and poorly planned schedules, resulting in over-stretched shifts and uneven workload distribution.

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Struggle in managing delivery exceptions:

Delivery exceptions are an inevitable component for any business involved in logistics, but they are seldom successfully countered effectively. Manual processes, unanticipated events, incomplete delivery orders, lost and damaged packages, customs only exacerbate these challenges. The inability to smoothly handle delivery exceptions such as returns, exchanges, re-attempts, and cancellations in logistics can cost business up to 4x on each order.

Ineffectual Routing Solutions:

The utilization of manual and antiquated planning methods by businesses often leads to the creation of suboptimal routes, thereby posing significant challenges for retail enterprises. Such inefficient routes result in detrimental delays for brands attempting to reach their designated retail outlets. These delays disrupt the stock replenishment process, culminating in inefficient operations and the emergence of out-of-stock situations.

Limited Visibility in Third-Party Deliveries:

As retail outlets expand to meet growing order demands, they frequently partner with third-party logistics providers to handle deliveries. Nonetheless, a notable concern emerges in such situations – a deficiency in transparency and visibility when tracking the progression of these third-party deliveries. This issue becomes especially prominent when businesses engage with customers across multiple touchpoints in their retail operations. The absence of up-to-date tracking information not only impedes the efficient fulfillment of deliveries but also complicates the management of delays, exceptions, and reattempted orders, presenting a substantial challenge for today's retail enterprises.

Inefficient Time Slot Management:

Another pivotal concern for retail businesses engaged in logistics operations lies in effectively managing time-definite deliveries while striking a balance between customer satisfaction and profitability. The most significant challenge here is ensuring that the available time slots and capacities align seamlessly with customers' preferred time windows. This challenge extends not only to initial order deliveries but also to accommodating alternate dates and times when customers request rescheduling of their orders.

Hub Operation Delays:

An often neglected facet of retail logistics pertains to delays in hub operations such as warehouses, fulfillment and distribution centers, and dark stores, among others. When vehicles queue outside a fulfillment center for a duration longer than initially anticipated, it raises a critical concern within the logistics chain. This issue, known as "time under the roof," serves as a red flag in logistics management. The greater the extent of time under the roof, the higher the likelihood of encountering delivery delays, order discrepancies, and a subsequent decline in revenue.

Challenges in Contract Management for Diverse Fleet Types:

Businesses operating diverse fleets often encounter challenges in managing and reconciling transporter contracts. This becomes particularly pronounced when retail businesses seek cost-efficient partnerships with transporters, as discrepancies in contract terms can hinder capacity acquisition during peak shipping periods. The varying terms related to time, pricing, and availability across different vehicle types create complexity in contract management.
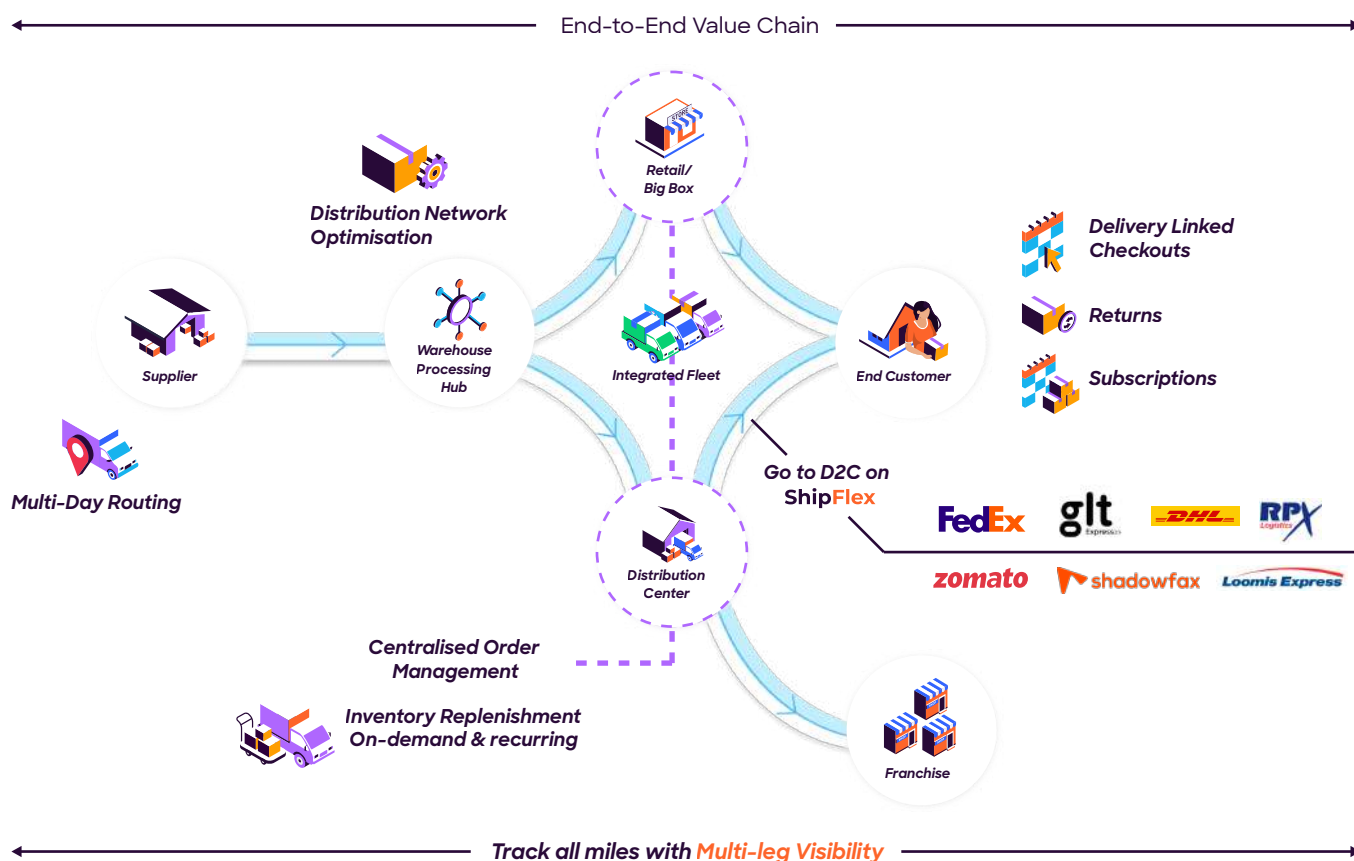
Underutilization of Fleet and Carriers:

One pressing concern for businesses involves the underutilization of their fleets and carriers, starting with the critical aspect of carrier selection. Each order comes with unique requirements such as size, cost, time windows, storage needs, and capacity, making it a complex task to identify the ideal fleet or carrier based on multiple criteria. Furthermore, even after selecting the appropriate fleet or carrier, the issue of underutilizing fleet capacity often arises. This underutilization can lead to the unnecessary use of additional fleets or carriers, consequently inflating logistics costs. Retail businesses, in particular, grapple with the intricate task of balancing fleet utilization, third-party carrier selection, and achieving favorable unit economics in their logistics operations.

Modern Dispatch Management Solution for the retail industry

While speed is a crucial aspect of ensuring the efficiency of all-mile deliveries, it is not the sole determinant of fulfillment success with consumers. Several other critical factors contribute to a seamless fulfillment experience, including competitive shipping fees, diverse fulfillment options, punctual deliveries, on-demand fulfillment, accurate delivery predictions, and hassle-free returns and modifications. A dispatch management platform offers several avenues through which it can bring significant value to the retail industry:

End-to-End Value Chain

Retail/ Big Box

Distribution Network Optimisation

Warehouse Processing Hub

Supplier

Integrated Fleet

End Customer

Delivery Linked Checkouts

Returns

Subscriptions

Multi-Day Routing

Go to D2C on ShipFlex

FedEx glt Express DHL RPX Logistics

zomato shadowfax Loomis Express

Distribution Center

Centralised Order Management

Inventory Replenishment On-demand & recurring

Franchise

Track all miles with *Multi-leg Visibility*

The Retail Playbook For Thriving in an Omnichannel World

Maximizes fleet efficiency for pickup and drop operations:

Implementing a [cross-fleet utilization](link) strategy that includes reverse pickup during delivery and extending the pickup cut-off time leads to significant benefits. This approach enhances both fleet utilization and operational efficiency. Additionally, it results in cost savings by eliminating the need for separate fleets dedicated to reverse logistics, effectively right-sizing the fleet requirements for the business.

Decreases 'Time Under the Roof':

By employing a dispatch management platform, businesses gain the capability to closely monitor and analyze any increase in the duration that drivers spend waiting to load or unload packages at fulfillment centers, distribution centers, or warehouses—commonly referred to as "time under the roof." This advanced visibility allows them to proactively mitigate delivery delays, optimize volume utilization, and enhance the punctuality of their deliveries.

Improves the Unit Economics of Retail Deliveries:

The utilization of a dispatch management platform yields optimized route plans that significantly reduce the distance covered by each vehicle during deliveries. Its precise tracking and scheduling systems further enhance fleet efficiency, ultimately leading to improved cost-per-delivery. This strategic approach enables businesses to consistently meet delivery deadlines and achieve sustained profitability even in the face of variable demand.

Enhances First Attempt Delivery Efficiency:

The comprehensive functionalities offered by a dispatch management platform, including intelligent routing, live tracking, geocoding, driver scheduling, and order allocation, play a pivotal role in elevating a business's First Attempted Delivery Rates (FADR). By reducing the need for costly reattempts, this improvement enhances operational resilience and positively impacts cash flow, making it a valuable asset for businesses seeking efficiency and cost-effectiveness.

Reduces Attrition and Improves Driver Satisfaction:

Effective capacity management leads to increased delivery capacity, resulting in faster and more efficient deliveries. This, in turn, ensures fair compensation and balanced workload distribution among drivers, ultimately leading to higher job satisfaction and reduced attrition rates within the driver workforce.

Locus: How it adds value to Retail Logistics
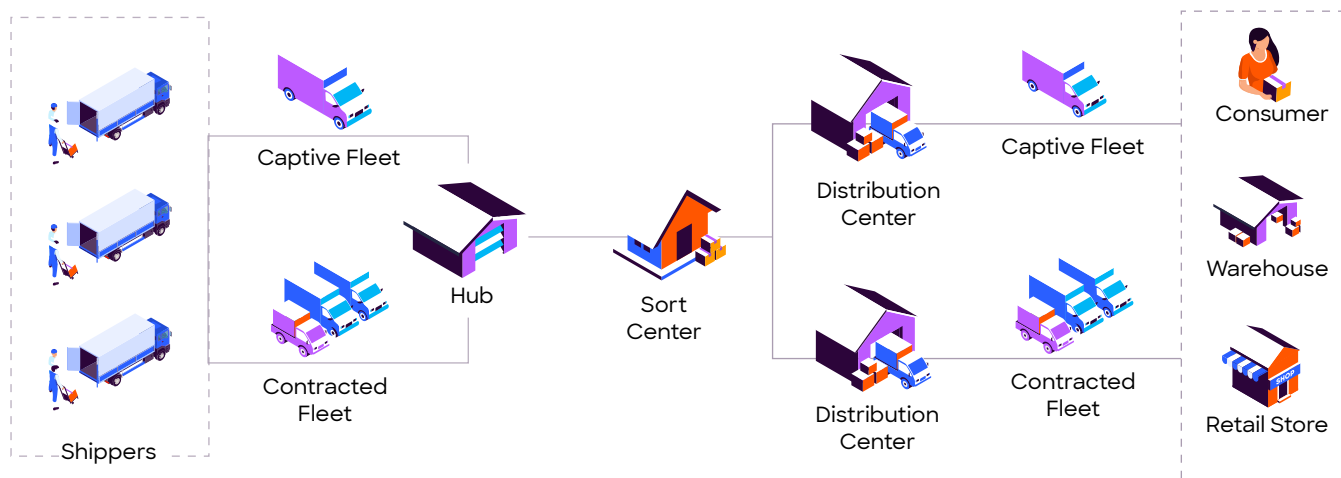
Locus' <u>Dispatch Management Platform (DMP)</u> is meticulously crafted to address the intricacies of end-to-end fulfillment, leveraging advanced analytics to unearth underlying inefficiencies. DMP offers a comprehensive suite of features, including delivery-integrated checkout, streamlined order scheduling, intelligent and adaptable route planning, multi-channel fulfillment coordination, simplified payment processing and reconciliation, and seamless integration with an extensive network of carriers. These capabilities empower workforces to achieve operational excellence. It also provides on-ground personnel with real-time visibility on operations through a centralized control tower. Whereas customers can receive timely delivery notifications . Additionally, Locus enables businesses to scale efficiently while minimizing emissions. In essence, Locus aids retail enterprises in:

Surpass industry standards on unit economics:
Leverage a centralized order-to-delivery platform to minimize delivery errors, mis-routes, for a sustainable, and profitable distribution network. Minimize the need for human oversight and intervention to run a leaner team. Monetize faster delivery options by offering premium/speedy fulfillment services to high value customers.

Offer competitive fulfillment timelines:
Beat the competition with the fastest turnaround on consignments of all sizes with next-day, same-day, and on-demand fulfillment on a single stack.

Run lean even during peak seasons by distributing via multiple channels:

Locus helps retail businesses to work with thousands of contracted transporters while leveraging centralized order capture and routing. It helps to de-risk the distribution network by delivering through outsourced, contracted, and captive fleets. Businesses can also add or shed capacity based on demand levels to maintain profitable unit economics.

Run leaner by utilizing the same routes for forward and reverse logistics:

With centralized order management, leverage a common fleet to conduct pickups and drop offs in the same routes. Reduce the cost of returns and offer a stress-free experience for buyers.

**Comply with evolving regulations easily:**

Ensure compliance with labor regulations with integrated shifts and roster management. Route drivers with task and time on road fairness while capturing and reducing emission footprints. Avail credits and incentives for emission reporting and reduction.

Leverage advanced analytics to solve distribution pain points:

Identify inconsistencies in workforce performance and incentivize better workforce productivity with actionable insights. Asses profitability for each route to allocate more well-suited capacity.

Provide a differentiated experience with delivery linked checkout :

Locus' new module, Delivery Linked Checkout, improves customer retention, increase average ticket size, strengthens brand equity, improves your standing during consignment negotiations and offer buyers online ordering options complete with accurate real-time SLAs.
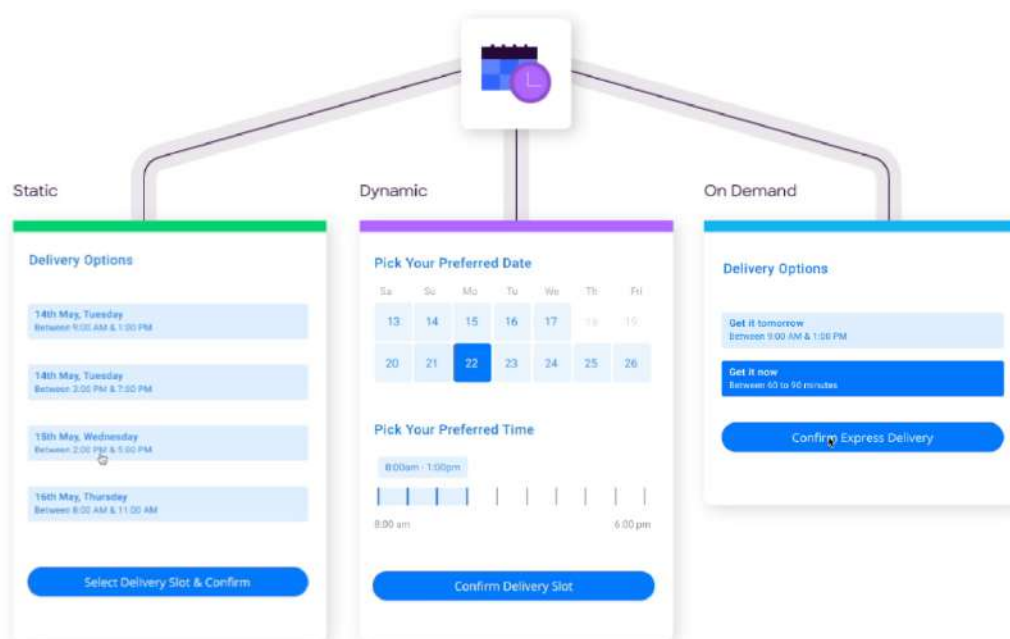
Automate exception management:

Automate everything from cancellations, returns, re-scheduled orders, and re-attempts on a single platform with pre-determined intelligent workflows. Automated workflows eliminate delays caused by manual verification and order creations, resulting in quick, seamless, and capital-efficient resolution for all stakeholders

Run parallel fulfillment services based on profitability:

Depending on the demand levels at each zip code, dynamically allocate optimal capacity to each zone daily, resulting in a continuously optimized capacity utilization and fuel savings.

Enhance Hub Operations for Reduced Time Under the Roof:

Locus' Dispatch Management Platform provides error-proof load formation and streamlined sorting processes, resulting in a significant reduction in time spent under the roof. This translates to heightened on-road productivity for drivers, ultimately bolstering operational efficiency and driving cost savings.

Optimize Carrier Selection:

Locus' Dispatch Management Platform presents an advanced solution for automating the selection of carriers in multi-carrier delivery scenarios. It meticulously assesses vital factors including speed, cost, and various pertinent business constraints for each unique order. This robust system grants operational managers the authority to make informed decisions when allocating orders to the most suitable carriers, utilizing a diverse set of carrier selection rules, constraints, and demand factors.

Deliver Branded Real-Time Visibility for Third-Party Deliveries:

Beyond its role in optimizing carrier utilization, the platform also empowers retail businesses with the ability to meticulously track order progress and obtain real-time status updates from their third-party carrier partners. This heightened level of oversight offers retail businesses and brands the flexibility to seamlessly connect with an expansive third-party delivery network, enabling the shipment of orders of varying sizes, across diverse geographical regions, and accommodating different speed requirements, all while adhering to an asset-light operational strategy.

Provide a delightful Delivery Experience:

Ensuring a delightful delivery experience in retail goes beyond mere focus on timely deliveries; it demands predictability, seamlessness and convenience. Locus' Dispatch Management Platform enables this predictability by providing retail business customers with real-time visibility on orders with turn-by-turn updates and automated alerts on a dedicated white-labelled tracking page. Moreover, its multiple, two-way communication channels offer customers the ability to raise their queries and concerns over deliveries as per their convenience. It can also be used to manage expectations during unforeseeable delays, and also gather valuable feedback. Its electronic proof of delivery functionality not only streamlines operations but also elevate customer satisfaction levels, ultimately nurturing loyalty and driving sustainable growth.

How Locus has impacted businesses
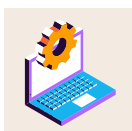
croma
in-store | online | mobile

Locus facilitated comprehensive automation for Croma, a prominent Indian electronics and durables retailer, which operates as a subsidiary of the esteemed TATA conglomerate. This implementation significantly enhanced their delivery efficiency

IMPACT

89%
Driver utilization rate

100%
Digitalization of manual efforts

3 hour
Express delivery achieved

100%
Visibility of daily dispatches

CHALLENGES

- Insufficient on-ground visibility.
- Manual route planning resulting in inefficient routes.
- Rising driver churn rate.
- Inaccurate geocoding and traffic condition data .
- Suboptimal fleet utilization.

LOCUS CAPABILITIES IN ACTION

- Dynamic routing incorporates automated consideration of custom constraints, such as traffic data and real-time route restrictions.
- Replenishment schedules are accurately and optimally planned based on real-time on-ground data.
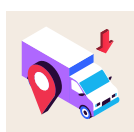- A control tower is implemented to provide an eagle-eye view of on-ground logistics operations.

Nestlé attained comprehensive end-to-end last-mile visibility through Locus, thereby enabling seamless order tracking from a unified platform.

IMPACT

90%
SLA adherence achieved

15% reduction
in no of vehicles used

30% increase
in volume utilization

50% reduction
in man hours spent on route planning

CHALLENGES

- Manual route planning is necessary for coordinating multiple trucks and drivers across 18 transporters for 8 shifts per day.
- Fleet visibility is limited, lacking a comprehensive alert system.
- Manual tracking and tracing methods are employed for monitoring drivers, delivery SLAs, and actual
- transaction times at customers' locations.
  The routing process is informal and inefficient, often disregarding real-world operational constraints.
  Adherence to delivery time windows and SLAs is lacking.

LOCUS CAPABILITIES IN ACTION

- Centralized dashboard for enhanced real-time operational visibility and efficiency.
  Seamless GPS integration for accurate, real-time shipment and fleet tracking.
- Real-time alerts on SLA, vehicle battery, and customer metrics for proactive management.
- Detailed audit history with chain of custody, shipment status, and item-level scanning via a driver app for increased accountability.
- Custom reports with actionable insights and KPIs for informed decision-making.

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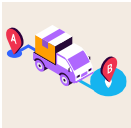**ALWAYS AHEAD**
TIGARAKSA SATRIA

Locus streamlined logistics operations for The Indonesia-based sales and distribution company, PT Tigarska Satria, and helped enhance their supply chain efficiency.

IMPACT

100% digitalization
of POD process

34% reduction
in distance per order/task

9% increase
in volume utilization from the 1st month of go-live

CHALLENGES

- Manual planning of day-to-day logistical activities
- Under-utilization of fleet vehicles
- Inability to tackle multiple on-ground constraints: time slots, route restrictions, etc.
- Lack of on-ground visibility

LOCUS CAPABILITIES IN ACTION

- Systematic planning of delivery routes based on business and order constraints
- Automated shipment allocation to the optimal routes and drivers
- Real-time tracking and a hawk eye view of all al on-ground operations

Conclusion

A study highlighted in the Harvard Business Review reveals a striking insight: customers with the most positive past experiences are inclined to spend 140% more than those who encountered the poorest levels of service. Further supporting this notion, a separate survey discovered that brands excelling in providing an outstanding customer experience can achieve revenues up to 5.7 times greater than their counterparts who do not meet these expectations.

Within the realm of logistics, the urgency to enhance Customer Experience (CX) gains additional prominence against the backdrop of ongoing digital transformation. Today's consumers have moved beyond accepting disjointed interactions across digital and physical platforms. They now seek a comprehensive omnichannel retail experience, one that flawlessly merges the convenience offered by online platforms with the tangible effectiveness of in-person transactions. For retail enterprises aiming to thrive in this ever-evolving landscape, prioritizing the creation of unforgettable customer experiences is paramount. Embracing digitalization emerges as a critical strategy in realizing this ambition, ensuring they not only meet but exceed the modern consumer's expectations.

Enterprises can navigate these challenges effectively by leveraging innovative solutions such as Locus' DMP. By proactively anticipating and addressing disruptions, tailoring delivery processes to meet individual customer preferences, and harnessing data for actionable insights, Locus' DMP empowers businesses to elevate performance standards across all stages of the delivery journey. From order inception to final delivery, Locus' DMP serves as a dependable ally, ensuring a seamless and rewarding experience for both businesses and customers alike.

As businesses strive to adapt to the evolving demands of the digital age, prioritizing CX and embracing digital solutions like Locus' DMP will be instrumental in driving success and fostering long-term customer loyalty.

Want to optimize the quality of your fulfillment while keeping costs in check? Book a demo with us today by visiting us at locus.sh, or reach out to us at contact@locus.sh.

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Locus is a leading-edge technology company dedicated to solving the most challenging last-mile problems in global logistics.

1020m+
Reduction
in distance travelled

12m+ tons
Reduction
in GHG emissions

$288m+
Savings
in logistics costs

GROWTH,
DELIVERED.

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