SHIP FROM STORE

4 Ways CX Broke In 2020

(and how to avoid them in 2021)

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Introduction

2020 was a year of unprecedented ecommerce demand. As retailers scrambled to meet that demand, they faced many challenges.

Warehouse capacity was reduced due to new health and safety protocols, lockdowns, and staff shortages. Meanwhile supply chains were disrupted, causing delays and stock shortages. Containers sat at docks, transportation stalled, and stock sitting ready to be sold in stores was trapped.

As a result, many rolled out Ship from Store to help meet demand and move stock out of stores. Some processes were very manual. Others more automated. But if there is one common theme across all the retailers we've talked to recently, it's this: In 2021 they want to do it better.

So, let's dig a little deeper into four Ship from Store challenges experienced by retailers, how those challenges broke the Customer Experience (CX). We'll explore the causes, and some creative ways to address them.

01 Store Closures

While store closures created lots of CX problems, today we'll focus on the online shopper, using a personal example.

During the early days of lockdown many people turned to home improvement projects to pass the time. Myself included. One day, I found the perfect item on a homeware retailer's site, and although my state, New Jersey, was locked down, I could see the item was in stock at a store in North Carolina. The only problem was, there was no option to ship it to my home. Now, working in the retail industry, I knew for a fact that this retailer was able to Ship from Store. What was going on?

Curious, I called the store to find out and spoke with a lovely store associate. It turned out, the retailer wasn't able to turn off Ship from Store at just some stores, so they had to turn it off for all stores. Which meant I was out of luck. But as the weeks rolled by it became clear this retailer wasn't the only one. Many retailers faced similar challenges. As a result, in

the second half of 2020 Fluent Commerce fielded a lot more questions about the ease and flexibility of location management during RFP cycles.

Location Management

When you only ship from Distribution Centers (DCs), fulfillment location management is pretty simple. But with Ship from Store you suddenly have a lot more nodes to consider... and to update in the case of emergency. What's more, those nodes often perform multiple functions which adds complexity.

Each store may act as one or more of the following:

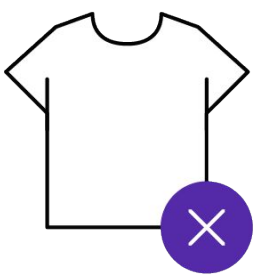
- Sales floor
- Inventory location for Ship from Store orders
- Inventory location for Click and Collect or BOPIS orders
- Pickup location
- Return location

Which means it's not just about turning a location on or off, but managing which functions it can perform, and automatically updating whether it's inventory is available in your online channel for different fulfillment options.

So in 2021, we'll see a lot more retailers focused on getting more granular control over the functions each store performs, and on making sure they can update locations, or groups of locations (in Fluent Order Management we call them Networks), quickly and easily.

02 Out of Stocks & Short Picks

Imagine this scenario. A customer places an order. Your ecommerce platform confirms that all items are available in multiple locations, so there's no need to split the order. And your beautifully optimized order management system routes it to the best store based on sell through rates and location. So far so good. But then the dreaded happens: One item is short picked. The question is, why? And what can you do about it?



An in-store customer just bought it

It's a common problem. The last one just got sold. Great for the instore customer and store sales, but not so great for ecommerce efficiency. Now you have to decide whether to split the shipment, and fulfill the orphaned item elsewhere, or restock the whole order and reroute it to another location - which significantly increases the labor costs for the order. The solution?

Buffer stock. By setting a safety stock level below which an item isn't made available to your ecommerce channel, you both protect the in-store customer experience, and that of the online customer.

Store replenishment delays

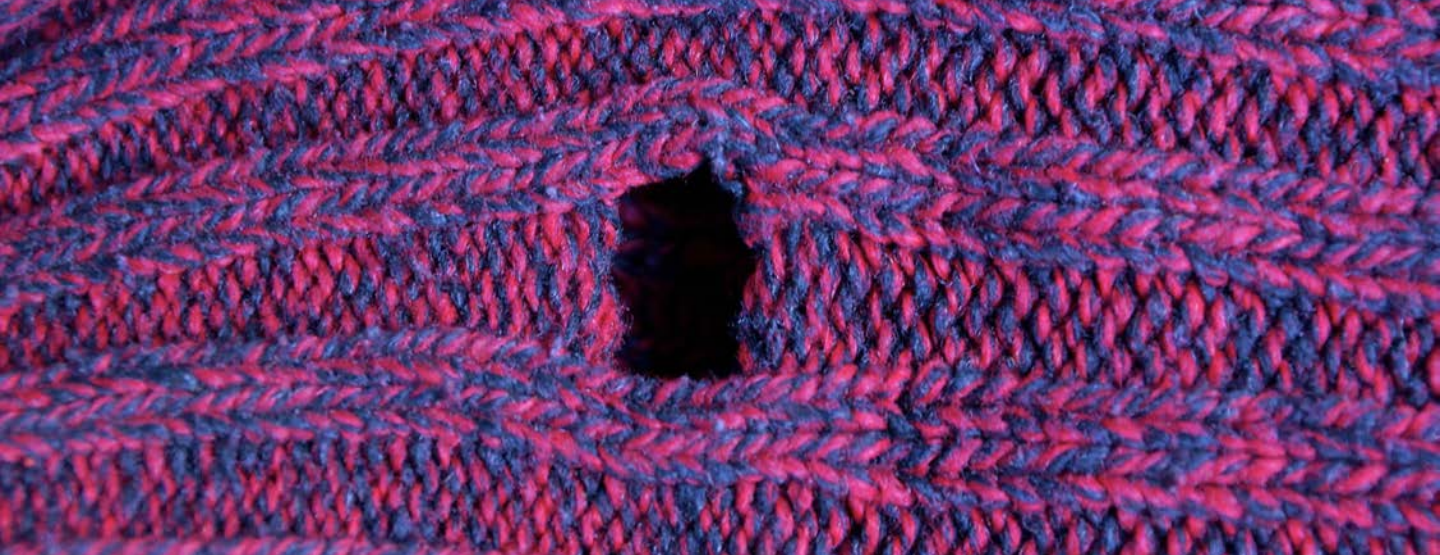
When you connect all your inventory systems with your ecommerce channel, you can promise against expected inbound inventory. This means you're not limited to selling 'on hand' stock but can sell any stock that will be received in time to meet your customer's expectations. However, it's important to make that inventory available in a smart way, so you don't run into issues. Especially during times of disruption. What kind of issues?

Well, some retailers make stock available to the online channel based on predefined delivery schedules. That is, they assume that a replenishment order sent to a store has been received on time and the stock is automatically made available to the online channel. This is great for automation, but what if that replenishment order is delayed?

During times of disruption, you may want to track this inventory with a special status, and confirm receipt of a replenishment order before the stock is made available online. Or you may want to include a buffer on the inbound delivery date to allow for delays. In more advanced environments you could even store the on-time delivery rate of replenishment orders against each location and use it in your fulfillment logic when routing orders to one store over another.

Staff unable to locate an item

Given many fitting rooms around the world are closed, there are



two common reasons items are unable to be located. Firstly, an in-store customer may have it in their basket, or just moved it to another location - which reinforces the need for buffer stock. Secondly, because the item is stocked in multiple locations in a single store - including special display areas, mannequins, and end caps. This means it's important to provide store staff with location data on picklists, so they can locate items more efficiently.

Item is not in good condition

When a customer places an order online, they expect the product they receive to be pristine. It's simply not acceptable for that item to be scuffed or look worn. But what if you have stock in your stores that might be saleable at a discount but isn't suitable for Ship from Store. How do you track that inventory?

One option is to track it using a different inventory status. You can then exclude that status from online channel availability. But at retailers with lots of backend systems that need to be kept in sync, this can be problematic. One system may inadvertently override the status of inventory in another system. As a slightly more manual alternative, some retailers convert the items that can't be sold online to a different SKU (that's marked down in-store). That way the item won't accidentally be made available, and customers won't be disappointed.

03 Store Capacity Limits

While Ship from Store is a great way to augment your fulfillment capacity, stores are not warehouses. They're not as efficient, and they have other constraints, like servicing in-store customers. So when ecommerce demand is up, how do you manage the flow of orders to stores? How do you ensure they can cope with volumes and not miss their delivery SLAs? And does it vary by order type? Let's take a look at two considerations.

Order Volume

The simplest way to manage store fulfillment capacity is to limit the number of orders sent to each store per day. But if you need to maximize the number of orders each store fulfills, it helps to track orders by status. That way you don't overwhelm the stores but can use them to ship more orders if they have the capacity. How does it work?

As an example, against each store location you might track the number of open orders (that need to be picked and packed), and send orders to a store as long as they don't have too many in process. You might also want to factor in store hours, or extended picking hours (when the store is

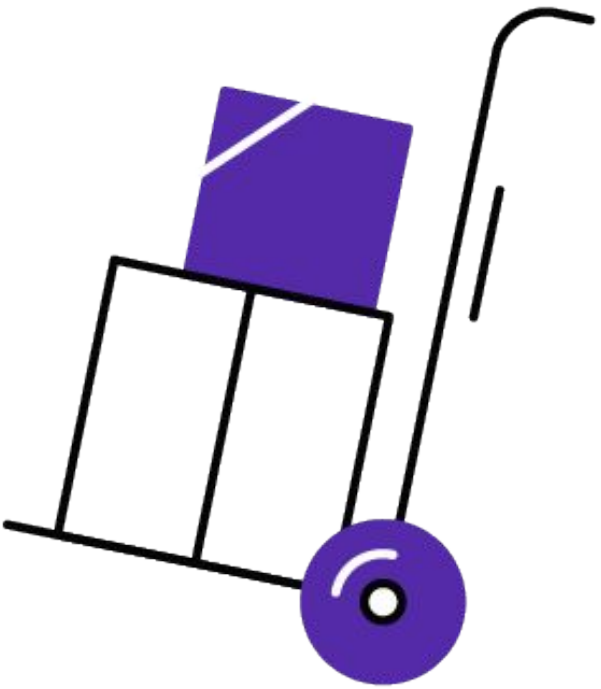
not open to customers), when your fulfillment logic determines if a store still has capacity.

Order or Product Type

In addition to order volume, some retailers have other capacity constraints, such as equipment availability. In this case, tracking the maximum number of open orders by type can be important. For example, a store may be able to handle 20 open orders if they are standard orders, but only 5 if the order contains bulky products that require special equipment or handling.

Other equipment constraint examples include orders that require value added services like assembly or embossing. Or in the case of paint, availability of a machine to mix the paint after tinting.

If you track the maximum number of total orders at each store, in addition to the maximum number of orders of different types, you'll get greater control over capacity management, and ultimately, your customer experience.



04 Carrier Capacity & Delays

It wasn't just retailers who were overwhelmed by the volume of eCommerce demand in 2020. Most major carriers were too. The Royal Mail in the United Kingdom blamed exceptionally high volumes.[1] While in the United States, all three major carriers (USPS, UPS, Fedex) struggled—both with unprecedented volume and employees out with COVID.[2] Fedex and UPS even put restrictions on large volume retail shippers in order to manage flow of orders.

What's more, global shipper DHL expects capacity challenges to continue in 2021.[3]

How are retailers responding?

Carrier diversity

One of the big themes we've heard from retailers is their need to diversify their carrier strategy. No one wants to be constrained, or have their customer experience negatively affected by a poor carrier experience. But their approaches vary.

Some retailers are looking at carrier aggregators like U.K. based

Metapack, or U.S. based ProShip to provide this diversity. For others it makes sense to build their own fleets or use store staff to deliver local packages.

To help them, some are looking at solutions like Bringg to help with fleet management. What's more, Bringg recently announced a partnership with Uber for crowdsourced delivery.[4] And for those looking for a more sustainable delivery option in urban areas, there are delivery services like Urb-It that offer crowdsourced delivery via bicycle or public transit. In short, there are lots of options. But while carrier diversity is good, another approach is to eliminate the cost of delivery altogether.

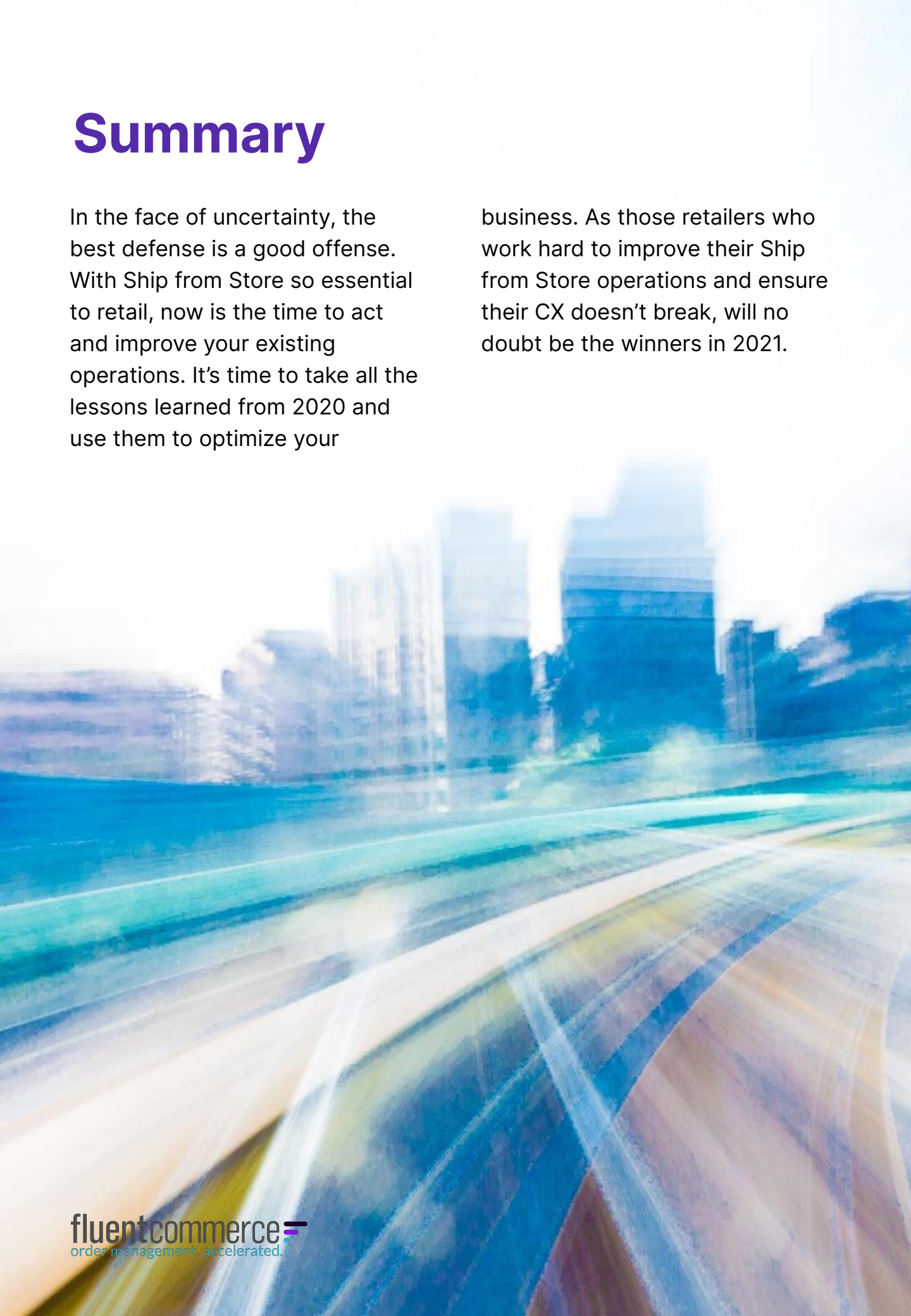
Promote Curbside Pickup

The cheapest way to fulfill store orders is pickup. No delivery fee required. And for customers, it eliminates delivery delays entirely. Beyond that, contactless curbside offers customers the safer pickup experience many desire. Retailers have responded.

Prior to the most recent U.K. lockdown Marks & Spencers was testing its new curbside and drive through pickup options, with positive customer feedback.[5] Meanwhile, in the U.S., Walmart's latest store revamp plans include a big branded curbside pickup area.[6] Most retailers we've talked to in recent months, both in Europe and North America, have indicated that to reduce the cost to serve, they need to increase the number of orders that are picked up. So, Click and Collect and Curbside will be a big part of their 2021 strategy.

Summary

In the face of uncertainty, the best defense is a good offense. With Ship from Store so essential to retail, now is the time to act and improve your existing operations. It's time to take all the lessons learned from 2020 and use them to optimize your business. As those retailers who work hard to improve their Ship from Store operations and ensure their CX doesn't break, will no doubt be the winners in 2021.



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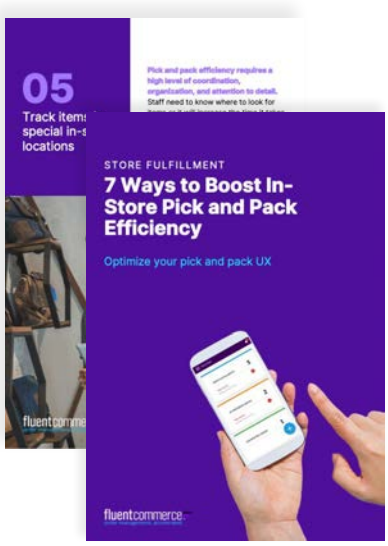

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ABOUT

Fluent Commerce

Fluent Commerce is a global software company focused on distributed order management for omnichannel retail. Fluent Order Management is a cloud native, fully managed and highly flexible platform. It includes the essential components for unified, headless commerce: Distributed order management, in-store pick and pack, inventory and location management, customer service, fulfillment optimization and reporting. This enables retailers and brands to enhance all their customer touchpoints whilst increasing their profit on every order.

For more information visit www.fluentcommerce.com

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Nicola brings over 20 years' experience in technology to Fluent Commerce that spans eCommerce, supply chain and logistics.

Prior to joining Fluent Commerce, Nicola spent 5 years in marketing at Bridge Solutions Group, an IT consultancy that specializes in distributed order management. Awards received during her tenure included: Forbes Best Management Consulting Firms: IT-Implementation 2016, 2017, 2018.

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Improve your Ship from Store CX

To learn more about Fluent Order Management, and how it can help you:

- Improve fulfillment location management
- Reduce out of stocks and short picks
- Manage store capacity
- Diversify your carrier strategy

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