

Expert opinion

Omnichannel logistics: a marriage of convenience between stores and e-commerce firms

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With omnichannel logistics, retail outlets and e-commerce firms are pooling their traditional strengths to address the challenges they face. As stores become local warehouses, they need to be better organized and improve how they work.

e-commerce: delivering ever faster, and ever cheaper

In recent years, next-day delivery—and even delivery within two hours in towns and cities—has become the industry norm, under the influence of e-commerce giants. Yet for most retailers, that customer promise is (too) expensive. And for some, their logistics processes make it simply unsustainable. As retailers come up with new ways to provide and deliver their goods, they are having to rethink their entire logistics model. They are looking again at how they handle orders, and using all the places they hold inventory—warehouses, supplier stores, out-of-town logistics platforms from where they deliver to city centers and retail outlets—as logistics warehouses.

Restoring store sales growth

Stores, for their part, are having to cope with plummeting footfall and sales. That's not because consumers have fallen out of love with physical stores, but because the arguments in favor of shopping online are compelling—a huge selection of products just a few clicks away, the ability to shop 24 hours a day, 7 days a week, and more. Yet geography works in stores' favor, meaning they can deliver on the e-commerce promise: providing shoppers with an unthinkable vast selection of products, quickly and cheaply.

Omnichannel logistics: pooling the strengths of stores and e-commerce firms

That explains the recent boom in web-to-store services (like click & collect, drive-through collection, and online reservation) and ship-to-store models (where shoppers order in store and have their purchase delivered to their home address). Omnichannel logistics is about pooling the traditional strengths of physical and digital channels. Gone are the days when physical outlets and e-commerce websites could only sell whatever they held in stock—be it in their warehouse or in store. Shoppers get their purchases quicker, and transport costs are lower. What's more, getting shoppers to collect their items in person boosts store footfall and sales. The figures show that, on average, “omnichannel” shoppers spend two or even three times as much as their “monochannel” counterparts.

Physical stores: local warehouses that need to be optimized

As omnichannel services gain hold, stores are transforming into “local warehouses”—with everything that entails in terms of organization and reconfiguration to handle these new logistics tasks. For instance, when a shopper places a click & collect order or reserves something online, store staff need to locate the item quickly, because inefficient picking

processes can leave shoppers waiting. They also need to know how much inventory the outlet holds in the storeroom and the sales area, be able to manage exceptions (for instance, when an in-store shopper takes the last item in stock, even though someone else has reserved it online), and easily manage online order returns.

Stores might need to be reconfigured to cope with these new services, for instance by creating separate areas for picking and delivering online orders and reservations. Staff need to be given new tools so they can easily handle these operations, no matter where they are in the store. And as stores transform in to mini-warehouses, staff need to be trained to handle the new logistics tasks that change implies, all the while staying focused on their core role—selling to shoppers.

About Hardis Group

Hardis Group, a consulting firm, digital services company and independent software vendor, is committed to accelerating the transformation of its clients' value chains, information systems and supply chain.

Its teams support the strategic, organizational and technological transformations of companies in order to increase their competitive edge. They design, develop and integrate differentiating solutions, capitalizing on the most innovative technologies (cloud, platforming, artificial intelligence, IoT, robotics, etc.). Hardis Group's Reflex software suite and Eyesee inventory drone enable international companies to meet the challenges of efficient logistics operations in warehouses, factories and stores all over the world.

Remaining independent since its creation in 1984, Hardis Group cultivates the spirit of initiative, the creativity and talent development of its 1,000 employees to sustain its growth, and the long-term trust of its 2,500 clients. Hardis Group achieved revenue of €99.1 million in 2017. It has offices in Grenoble (head office), Paris, Lyon, Lille, Nantes, Bordeaux, Geneva, Madrid and Utrecht.

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