

Expert opinion

E-commerce logistics: a necessary industrialization of the processes

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E-commerce has become an undeniable force in the retail distribution landscape. How does e-commerce logistics differ from that of traditional distribution? How can we manage these specific features? Six key points to take into account to reconcile productivity and quality of service in an e-commerce warehouse.

E-commerce: a demanding clientele!

With e-commerce, remote selling has seen exponential growth these past few years. In an entirely dematerialized sales system, logistics constitutes a key differentiating factor: customer satisfaction comes from assurances given on delivery lead times, choices of means of dispatch (transporters), the possibility of personalizing the order (delivery address different from billing address, gift wrapping, personalized message, etc.) of tracking the order status, and above all of returning unwanted articles. And the malcontents have only to say a few words for the entire online community to know what they think...

For the professionals of classic distribution, or the "pure-players", setting up and running an e-commerce warehouse is a major organizational undertaking to be carefully considered and optimized. After all, mass dispatches to a group of stores or distributors cannot be treated in the same way as an individual logistical flow to an end customer.

Six key points to take into account to reconcile productivity and quality of service in an e-commerce warehouse.

1 - Picking: optimization of preparation lines

By its very nature, online commerce is characterized by two components: a very wide range of articles (the e-trader is not constrained by the physical limitations of a shop) and small-volume orders, very often mono-line, and highly disparate, to be delivered to individual customers.

In terms of the e-commerce logistics warehouse, this translates into numerous small picking stations. Good organization, or even dynamic management, of the distribution of these stations, as well as upstream analysis of orders (mono-line orders, multi-line orders, outsize orders, etc.) is necessary in order to optimize the order preparation lines. In general, the mass collection of merchandise is preferred: articles corresponding to a number of orders are taken away and sorted by an operative at a specially prepared workstation. On the sorting table, orders may also be grouped if they have one or more common characteristics, such as the same transporter or the same personalization.

2 - Packing station: efficiency and ergonomics above all

The ergonomics of the packing station must be designed to the last detail so that the operative can perform the sequence of operations with just a few movements. Indeed, the more numerous the orders, the more significant a source of expense does packaging become in the logistics chain, since most of the operations are carried out by hand.

The tools used are therefore of crucial importance in facilitating the task of the operative. In particular the warehouse management system (WMS), which must have simple screens and big letters. Innovations such as RFID or the use of touch-screens may also appreciably improve productivity.

3 - Dispatch and transport: multiple partners

Regular mail, express courier, pick-up point operators, etc.: the great majority of e-traders subcontract transport to several partners, depending on the size of the packages, the customer's geographical location, the required delivery times, etc.

A warehouse management application capable of handling the parameterization of transport labels and documents in accordance with the requirements of each transport partner leads to reduced costs, while also providing fluid and automated exchange of information.

4 - Order tracking: interface with the sales site

For the customer, the e-trader's website is the only source of information. The customer must be able to track the progress of his order in real time on this website. It is advisable to provide at least three statuses: order placed, prepared or dispatched. Transporters generally provide the same type of service for tracking delivery status.

The merchant must make sure his warehouse management application is capable of interfacing, via a web service for example, with his website, in order to automate the updating of the customer area.

5 – Handling of returns: proliferation of processes

For logistics professionals, managing dispatches is at the heart of their business. But in the field of e-commerce, so is that of returns! This activity requires a well-developed organization, the complexity of which is all too often underestimated... And yet the rate of returns (damaged packaging, wrong choice of product, wrong size, etc.) can reach 20% of orders depending on the product category.

In the context of quality control, the WMS application must take charge of processes such as the possibility of including photos of returned articles, giving reasons for the return (article damaged, past sell-by date, not ordered, etc.) and automating the procedure to be adopted (blocking for additional checks, placing in quarantine, returning to inventory, etc.). And, as for dispatches, optimizing the processing of returns: grouping and immediate return to inventory of fast-moving products, gradual return to inventory in accordance with an optimized schedule for slow-moving products, grouping of articles by supplier and/or by chain for logistics providers operating for several e-commerce sites, etc.

6 - Business Intelligence: indicators for improving quality

Lastly, in e-commerce, reputation takes a long time to build up but can be destroyed very quickly: a dissatisfied customer will naturally be more inclined to express his views than will a satisfied one.

The merchant must take care to carry out regular analyses of the quality of service provided, by means of quality monitoring and delivery time indicators. These data will at the same time make it possible to analyze the sources of disputes, and above all to identify ways to improve.

The industrialization of logistical processes is essential for e-commerce, in order to ensure customer satisfaction and improve the profitability of the activity. Sooner or later it must necessarily involve the implementation of a WMS solution that can equip, support and optimize these operating processes.

About Hardis Group

Hardis Group was created in 1984. It is both a software publisher and an IT services company. Hardis Group is not like other companies. From the very outset, its growth has been founded on a pragmatic approach, local values and an unwavering commitment to both its customers and its employees. In fact, Hardis Group's founders continue to manage the company to this day, with 25% of its employees holding shares in the business and 100% of its workforce based in France.

Hardis Group is involved in seven main areas: cloud infrastructure and facilities management, development and third-party application maintenance (TPAM), consulting and project owner support, business intelligence, logistics and transport (Reflex solutions), development tools (Adelia Studio), and payroll outsourcing (Saphyr software).

As a software publisher, Hardis Group is capable of integrating its own solutions and can also call on the services of a network of partners. Its consultants master the main methodologies for carrying out quality IT projects (ITIL, CMMI, etc.)

Hardis Group posted turnover of €47.3 million in 2010. The Group currently has more than 2,500 customers and employs 620 people. Its head office is located in Grenoble, with five other branches in Lyon, Paris, Lille, Nantes and Rennes.

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