Expert opinion

Three stages for designing an effective cross-channel transport strategy

By Florent Boizard, Logistics Solutions Product Manager, Hardis Group

Cross-channel marketing has proved commercially effective, but it has also made logistical flows more numerous and complex. Three stages for designing a transport strategy that will provide impeccable quality of service, contain transport costs so as to keep delivery costs at an acceptable level, while at the same time preserving margins.

The complexity of cross-channel transport
Commerce is undergoing (r)evolution, with a proliferation of sales channels: dedicated stores, distributors, e-commerce and m-commerce (direct or indirect), etc. Until very recently, these sales channels were mutually "watertight". But their boundaries are tending to crumble under pressure from customers, who want to be able to order, receive or return their purchases where, when and how they choose: for example, to be able to change a product purchased on the Internet in a store, or to place an order in a store and have it delivered to their home.

So multi-channel is gradually changing into cross-channel or omni-channel, to the benefit of customer satisfaction and sales growth. A corollary of this is the proliferation and increasing complexity of the delivery and return flows among the physical points of sale, tens of thousands of pick-up points, twelve million doors to deliver to, not to mention the intermediary warehouses for cross-border deliveries.

Point to watch: e-commerce delivery costs
Despite these developments, e-commerce delivery costs still sometimes constitute a brake on purchasing, because the charges are felt to be too high. And sometimes with good reason: shipping costs can represent more than 50% of the price paid, particularly with very low-cost goods. At the same time these costs represent a very important part of merchants' operating costs, sometimes even affecting their margins.

For retail distribution professionals, the challenge of cross-channel is going to be in reconciling quality of service (deliveries, returns, etc.) in order to improve customer satisfaction still further, with optimization of transport costs and preservation of margins.

Stage 1 - Bring transport costs under control
In the great majority of cases, brands and distributors rely on outside providers to make deliveries and take back merchandise: the first stage, of an operational nature, consists in systematically controlling the services invoiced by the transporters. According to estimates commonly accepted by the market players, systematic checking of invoices (order canceled but transport paid, change of mode delivery, etc.) enables transport costs to be reduced by as much as 5%.

More broadly, a cross-channel transport strategy should not try to save by omitting an in-depth analysis of the real costs of transport: average cost by merchandise, region, order, etc. Once defined, these metrics also enable the merchant to regularly compare providers' tariffs by means of simulated transport contracts.

Stage 2 - Ensure quality of service

The second stage aims to measure customer satisfaction. Because it's not enough to just deliver - you have to do so within the timeframes that apply to the mode of delivery chosen by the client, while at the same time ensuring impeccable quality of service: product in good condition, package opened in the deliverer's presence, etc., the ideal being to be able to anticipate any anomalies so as to be able to warn the client, or to systematize the treatment of disputes with transporters.

In order to attain these objectives, the best solution by far is interconnection of the merchant's information system with those of these providers: reports of non-delivery or rejection of packages can then be forwarded in real time to the merchant's customer service department, which can then contact the client to try to resolve the problem as quickly as possible. In the longer term, the interface of the information systems will enable the measurement of the quality of service of each of them to be automated: rates of conformity for deliveries, delays, damage, etc.

Stage 3 - Finalize your cross-channel transport strategy

The preceding stages constitute the indispensable prelude to the decision on cross-channel transport. We start by reexamining the delivery modes (pick-up points, delivery to stores, homes, etc.) by reference to their profitability: certain delivery modes may be eliminated or, on the contrary, intensified depending on the type of products sold, the time of year, etc. And more generally, all the indicators will enable merchants continuously to adjust their transport strategy: delivery charges, not so high as to put customers off, not so low as to risk eating into their own margins. Or renegotiating contracts with transport providers, or even changing providers, in order to improve the quality of service delivered to clients.

Only by doing so will merchants be in a position to find and maintain a balance between the real costs of transport, the expenses billed to the client, the brand image and, ultimately, the growth of the company's sales.

Florent Boizard, Logistics Solutions Product Manager, Hardis Group

Florent Boizard has ten years' experience in the field of logistics information systems. A graduate of the ENSAM, he started his career at Galeries Lafayette, where he spent two years as logistics project manager. In 2005 he joined Hardis Group as a logistics IS consultant, later becoming innovation manager in 2008 and consulting manager in 2009.
Appointed Product Manager in 2012, his main responsibility is to define the new strategic, functional and technological orientations of the Reflex range. In this role, he manages the R&D, pre-sales consulting and project consulting teams (60 of the 150 people in the Logistics Solutions department).

About Hardis Group

Hardis Group was created in 1984. It is a software publishing, consulting and IT services company which helps its customers to digitize their services. 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 figures of €54.7 million in 2012. The Group currently has more than 2,500 customers and employs 630 people. Based in Grenoble, it has four other branches in Lyon, Paris, Lille and Nantes.

www.hardis.fr

Press contacts

Anjuna
Elodie Cassar
elodie.cassar@anjuna.fr
Tel. +33 9 64 15 31 27
GSM +33 6 80 53 82 94

Hardis Group
Hélène Leclercq
helene.leclercq@hardis.fr
Tel. +33 4 76 70 98 41