

Expert opinion

Logistics: anticipating the rise of omnichannel flows

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Web-to-store, mobile-to-store, web-in-store, store-to-web... omnichannel flows are up and running, with the promise to the consumer that he or she can order from any channel, have items delivered and / or return them in the manner of his/her choosing. To deliver this promise, the supply chain must reinvent itself so as to become customer focused ... while controlling costs.

Having a comprehensive visibility of stocks, as close to real time as possible

With omnichannel, distributors face a number of challenges due to the variety of order channels (web, call centers, mobile devices, terminals in stores), an increasing number of distribution, storage and preparation centers (warehouses, stores and suppliers), and the diversity of the means of delivery and return of items (the customer's home, relay points, shops, drive-ins, etc.). In other words, the silo supply chain is dead ...long live the cross-functional supply chain!

The consequence of this is the need for retail brands to know the status of their stocks throughout their distribution network (warehouses, physical outlets and suppliers) in real time. In this way, they can offer their customers, whether they are in the shop, at their computer or on their smartphone, only those availability and delivery options that are possible at the time of ordering: buying or reserving the product on the Internet, going and picking it up later from the nearest shop, ordering it in a shop and having it delivered at home by another store with the stock or directly from the warehouse, etc. This implies a nearly continuous synchronization of information hosted in different business tools: cash/POS systems for stores, warehouses and inventory management systems, ERP, e-commerce applications, etc.

Optimizing order picking from stores

In parallel with the rise of omnichannel, the POS is changing: in addition to customer reception, sales, receipt of goods, stocking shelves, restocking and inventory, are now added the tasks of reservation and order management (click & collect, reserve & collect), management of returns, preparation and shipping of online orders.

While flows are still quite low, it's a safe bet that they will be growing in the coming years, if not in the next few months. So while stores are able to prepare a few orders a day from digital channels, they are not yet organized to deal with 100 of them, provided that this is desirable. Unlike logistics warehouses, point of sale is not primarily intended to prepare orders for digital channels. Retailers will need to equip their staff with tools to make them more efficient at order picking: for example, solutions to quickly locate the products in the store or to optimize "rounds" (picking up products) within the point of sale, just like what has already been done for many years in warehouses. And in parallel they will have to make trade-offs based on several parameters: the value perceived by the client, the ability of

stores to absorb the additional workload related to omnichannel, the proximity and geographical network of stores, the cost of preparation and transportation from the warehouse as against the store, volumes to be handled, etc.

Anticipating increased volumes and optimizing logistics flows

But in a context of increased volume of omnichannel flows, one of the key success factors will be the ability of businesses to automate this type of trade-off in order to optimize logistics flows as part of a vision of customer satisfaction / costs to deliver the service. This will involve the implementation of systems that are able to aggregate data from different business systems (ERP, CRM, e-commerce, WMS, etc.), and to calculate on the fly the best logistics solution given the imperatives of stock, delivery, organizational characteristics, logistics and transportation costs ... To take the above example, when the system detects that 100 orders placed via the e-commerce site will be retrieved the next day in a certain store, the system will automatically decide to have them prepared in the warehouse, and to transport them using the "daily shuttle" between the warehouse and the store, so that sales people only have to make them available to customers.

This is why more and more chains - mainly Anglo-Saxon for the time being - are acquiring Order Management Systems (OMS) that are able to control the life cycle of the order from A to Z: real-time visibility of sales and inventory across all sales channels, calculating the best distribution point and the most economical transport option based on the proposed delivery methods, real-time alerts about possible problems to warn the customer and find a workaround, etc.

While it can help to automate and orchestrate the processing of omnichannel flows, implementing this type of solution involves extensive preparation to integrate business priorities, specific features, imperatives, methods of organization and work habits of each chain. And this must be coupled with change management and coaching for employees, from the warehouse to the point of sale, via customer service.

About Hardis Group

Hardis Group, a digital services company and software publisher, assists its customers in their move to digital and omni-channel. The company helps them transform their information systems, their supply chain and their customer relationships to create value and increase operational performance. With its dual historical positioning, Hardis Group has developed business expertise in the areas of banking, insurance and e-health, distribution (CPG and luxury goods), industry and energy, logistics and transport services. This expertise now allows it to provide its clients with global responses to their needs, in an agile approach characterized by co-construction, innovation and continuous improvement.

Since its creation in 1984, the company has built its growth on a pragmatic approach and values of efficiency and firm commitment both to its 2,500 clients and its 700 employees (25% of whom are also shareholders). Hardis Group posted turnover figures of €62.1 million in 2014. The Group, whose headquarters are in Grenoble, has four other agencies in Lyon, Paris, Lille and Nantes.

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