

2021 OMNICHANNEL AND FULFILLMENT
BENCHMARK SURVEY

HAS ECOMMERCE ACCELERATION PUSHED RETAIL CLOSER TO THE **OMNICHANNEL IDEAL?**

retail
TouchPoints[®]

SPONSORED BY



EXECUTIVE SUMMARY

The bare-bones definition of “omnichannel” — a retailer selling via at least two touch points — has been incomplete for several years now. Today, omnichannel’s meaning includes (but isn’t limited to):

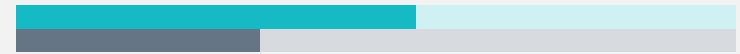
- Retail brands managing consistent (or complementary) product assortments, pricing, customer experience and fulfillment options **no matter how, when or where customers interact with them**;
- Retailers streamlining and integrating **fractured shopper journeys**, so shoppers can easily bounce from a social post to online research to a mobile-enabled purchase to a store return/exchange; and
- **Maximizing the distinct capabilities of each touch point** in ways that move shoppers further down the purchase funnel and help nurture long-term relationships.

No one needs to be told how much COVID-19 and its ripple effects (supply chain challenges, store closures, labor shortages, etc.) have affected the industry. But the biggest retail impact — an ecommerce surge that pushed online commerce adoption ahead by years — might have the unintended consequence of moving more retailers closer to an omnichannel ideal. Of course, such a shift will involve painful adjustments for many retailers, particularly those lacking the technological, operational and process capabilities to respond with agility.

This 2021 *Omnichannel and Fulfillment Benchmark Report*, based on a survey of **115** retail executives, provides a snapshot of an industry transitioning from the “crisis mode” of the past two years into what could be sustainable future growth. Investments in smart, innovative omnichannel and fulfillment solutions will be critical to individual companies — and the industry as a whole — making that transition a successful one.

5 Key Takeaways from the 2021 Survey

COVID-Era Service Pivots Persist: During lockdowns, retailers quickly implemented new service and communication channels. Although physical locations are largely reopened, many of these tactics remain: More than half (**56%**) of retailers continue to offer customers phone/text chats with associates, with **34%** maintaining virtual appointments with salespeople/stylists.



Retailers Sharpen Focus on Customer Acquisition and Retention: Topping the list of retailers’ omnichannel strategic business objectives are acquiring new customers (**63%**) and improving customer retention (**58%**).



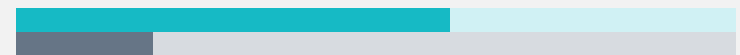
Multiple Fulfillment Options Central to Omnichannel Brand Strategies: **61%** of respondents indicated that multiple ordering/delivery options, including BOPIS, are critical to their omnichannel brand strategy.



Physical Stores Serve as Key Fulfillment Locations: **60%** of retailers use active brick-and-mortar stores as the final location they store inventory prior to delivery.



Store Staff Becomes Go-To Resource for Fulfillment: **60%** of retailers assign store associates product picking and order prep tasks, and **18%** plan to do so within the next 12 months.



DIGITAL CHANNELS REV UP REVENUE GROWTH

While it's unlikely that the steep, rapid ecommerce increases seen in the early days of the pandemic will recur, there are multiple indications that online channels will remain growth "hot spots." As it has in previous surveys, retailers' company websites top the list of channels that respondents conduct business in, at **76%**, compared to **65%** operating brick-and-mortar stores.

Other digital channels made strong showings, including social commerce at **43%** (up from **36%** in 2020) and mobile websites/apps at **36%**, up from **30%** last year. Ecommerce marketplaces remained essentially static, down to **35%** this year from **36%** in 2020.



Which channels do you currently conduct business in? (Check all that apply)

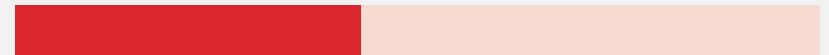
Online — company website: **76%**



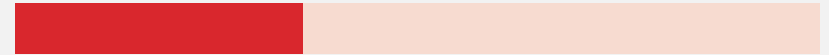
Brick-and-mortar store: **65%**



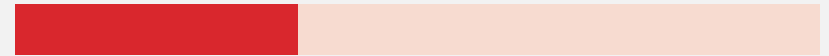
Online — social commerce: **43%**



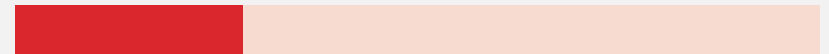
Mobile website or app: **36%**



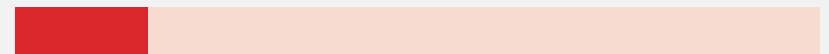
Ecommerce marketplace: **35%**



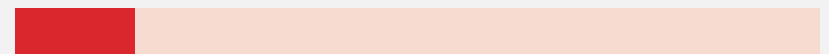
Wholesaler/distributor: **27%**



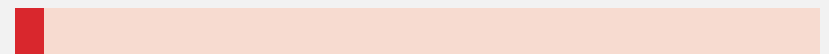
Call center: **17%**



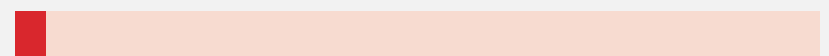
Online — subscription commerce: **15%**



Catalog: **3%**



Voice commerce: **3%**



Retailers have been reaping strong revenue increases in these digital channels during the past 18 months: Company website revenues increased *somewhat* for **27%** of respondents, and increased *significantly* for **43%**. Mobile channels generated *significant* increases for **30%** of respondents, and ecommerce marketplaces made *significant* revenue gains for **27%** of respondents.

In contrast, while brick-and-mortar store revenues increased for a combined **33%** of respondents, they decreased for a total of **40%**. Decreases in digital channels were much lower, topping out at a combined **14%** for company websites.



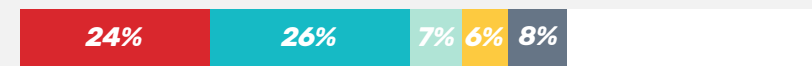
How much have the following channels' revenue increased or decreased over the past 18 months?

- Increased somewhat
- Increased significantly
- Decreased somewhat
- Decreased significantly
- No change

Online — company website



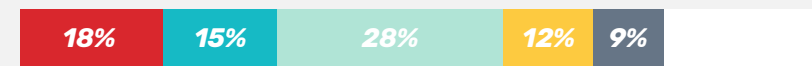
Online — social commerce



Mobile website or app



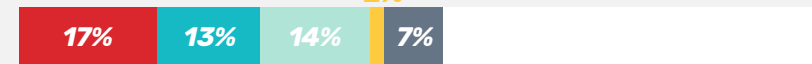
Brick-and-mortar store



Ecommerce marketplace



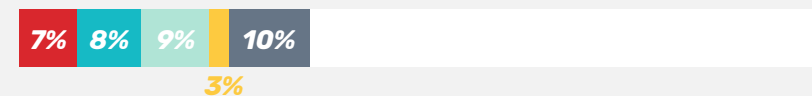
Wholesaler/distributor



Catalog



Voice commerce



COVID-ERA SERVICE ADDITIONS SHOW STAYING POWER

The pandemic ecommerce surge did more than “convert” millions of new online shoppers; it also spotlighted the capabilities that digital commerce enables. Retailers cut off from in-person contact with their customers used a variety of methods to bridge the gap, and several have proven effective enough to be added to standard customer experience toolkits.

Topping the list are phone/text chats with store associates, maintained by **56%** of responding retailers, followed by virtual appointments with salespeople or stylists, at **34%**, and virtual events, at **30%**. Adopted to maintain contact with shoppers and keep idled store associates busy, retailers have embraced the ability to efficiently provide focused one-to-one (or in the case of events, one-to-many) interactions between associates and shoppers. Many retailers have extended the virtual events concept to increasingly popular **livestreaming**, which adds the excitement of real-time broadcasting as well as seamless shopping opportunities.

Retailers have been slower to adopt services that could reduce one of ecommerce’s major pain points: product returns. Just **15%** of retailers offer online fitting guides for apparel and footwear, and only **6%** deploy AI-powered fit solutions. However, if such solutions prove to reduce return rates, their adoption is likely to climb in 2022 and beyond.

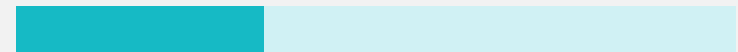


Since the advent of COVID-19, which digital services have you added and kept active to replicate in-store services? (Check all that apply)

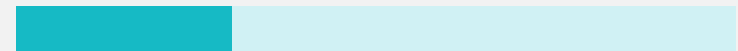
Phone/text chats with store associates: **56%**



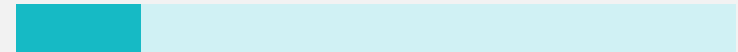
Virtual appointments with salesperson/stylist: **34%**



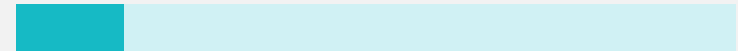
Virtual events (e.g. zoom trunk shows or cooking classes): **30%**



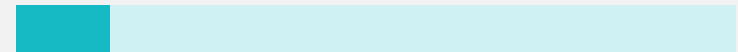
AI/machine learning-powered chatbots: **17%**



Online fitting guides for apparel, footwear: **15%**



AR/VR functionality: **13%**



AI-powered fit solutions: **6%**





RECIPE FOR A SEAMLESS CUSTOMER EXPERIENCE: 'CONVENIENCE, CHOICE AND SPEED WITH THE BACKBONE OF PRODUCT AVAILABILITY'

Q&A with Laura Ritchey, COO, Radial

Retail TouchPoints (RTP): What have been the most significant effects of COVID-19 on retailers' efforts to provide a smooth, friction-free omnichannel experience for customers?

Laura Ritchey: As a result of the pandemic, we've seen drastic growth in online ecommerce orders and higher customer expectations across the board. Retailers that hadn't started evolving contactless selling experiences and harmonized views of inventory had to quickly implement solutions to meet customer expectations. Customers are craving, and sometimes demanding, a convenient and hassle-free shopping experience from click to deliver. The need for a friction-free omnichannel experience has evolved and is now a necessity to provide a consistent brand experience with flexible options for their customers.

RTP: What's been the impact on the fulfillment/last mile experience?

Ritchey: The pandemic and influx of ecommerce orders led to volume exceeding forecasts, inventory challenges, difficulty in staffing for increased volume, capacity constraints with transportation carriers, and magnified the supply chain disruption that was beginning to emerge. It's more important than ever for retailers to strategize and adapt their ecommerce fulfillment solutions for the long-term future of ecommerce. Maintaining fast, efficient deliveries means finding the right balance of capacity and optimizing your ecosystem to reach full potential.

RTP: What are the biggest challenges retailers face in offering a true omnichannel experience — and what are some potential solution paths they can take?

Ritchey: Disparate systems often drive siloed operations between different channels, resulting in disjointed customer experiences. In order to provide a seamless experience for the customer, it's important to provide **convenience, choice and speed with the backbone of product availability in a single, trusted view**. This helps to streamline store operations and ecommerce fulfillment and supports evolving business demands with real-time visibility and control over inventory to fulfill every customer order on time and profitably.

RTP: What are some strong solutions for today's fulfillment and last mile challenges?

Ritchey: Retailers need to make accurate delivery promises based on a clear view of product availability and optimize their fulfillment solutions, including last mile, by creating a healthy ecosystem where each part supports the other to create greater visibility and transparency for your team and customers.

A partner like Radial can provide an expansive global fulfillment network and integrated last mile delivery services with a strong technology backbone, enabling seamless integration, real-time end-to-end order visibility and business intelligence to deliver a best-in-class customer experience.

RTP: How important is post-purchase care (delivery, returns, customer service, etc.) to the customer experience, and what can retailers do to improve it?

Ritchey: Post-purchase care is extremely important to maintaining a great and seamless customer experience from click to deliver, driving customer loyalty. It encompasses everything from accurate and timely delivery to ease of customer service tools and smooth return options. Convenience plays a big part in all areas here as well. Customers want simple ordering, fast delivery times, quick responses and easy resolutions. A global network, transparent data, trained agents with tools and tech at their disposal and a connected omnichannel experience can all help you improve the post-purchase care process.

RTP: What are some of the key benefits of taking a holistic approach to tech solutions in today's operating climate?

Ritchey: Evolving customer behaviors and shifting market conditions require retailers to scale operations on demand to thrive in today's operating climate. A holistic approach extends across multiple facets of a retail organization, but a true seamless customer experience starts with solid operational infrastructure and technology. Having core technology in place that is easy to use and integrate helps with data visibility and tracking, creates flexibility in the order journey, and reduces operational risks in order to deliver the best customer experience possible.



AWASH IN ONLINE SHOPPERS, RETAILERS RAMP UP CUSTOMER ACQUISITION AND RETENTION EFFORTS

All retailers strive to achieve an optimal balance between customer acquisition and customer retention. Too much emphasis on acquisition is like filling a leaky bathtub, while too much emphasis on retention can inhibit a retailer's growth.

This year's survey indicates retailers are in aggressive customer acquisition mode, but they are also focused on keeping current shoppers in the fold. Acquiring new customers is their top strategic omnichannel business objective, at **63%**, followed by improving customer retention, at **58%**. In 2020, providing a seamless customer experience across all channels was the leading omnichannel strategy, embraced by **75%** of respondents; this year it has fallen more than **20** percentage points, to **54%**.

It's likely that the COVID-fueled ecommerce surge is a key driver of the rise in customer retention efforts this year, which were identified as a top strategy by only **46%** of respondents in 2020. While ecommerce giants like **Amazon**, and to a lesser extent **Walmart**, are able to cement customer loyalty with programs like Prime and Walmart+, online commerce has some built-in disadvantages when it comes to customer retention.

With competitors just a click away, it's much easier for online shoppers to compare prices or to find another source for products when a retailer is out of stock. It's also easier for customers to find retailers offering fulfillment methods that meet their needs. That's why multiple ordering/delivery options top the list of important omnichannel brand strategies, at **61%**, followed closely by consistent pricing across channels, at **60%**.

In another sign that consumer preference shifts are having a major impact on retailers' strategies, a commitment to sustainable practices came in third among key omnichannel brand strategies, at **57%** — higher than perennial favorites personalized offers/communications (**54%**) and free shipping (**48%**). Retail executives are realizing that sustainability concerns are no passing fad, and they will be tasked with providing real-world support for their stated sustainability strategies in coming years.

What are the most important strategic business objectives of your company's omnichannel strategy?

Acquiring new customers: **63%**



Improving customer retention: **58%**



Providing a seamless experience across all channels: **54%**



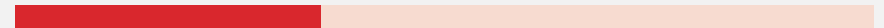
Reacting more quickly to business/market changes: **50%**



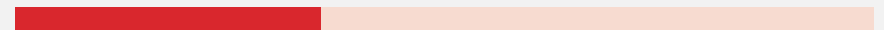
Maximizing value of brick-and-mortar store footprint: **49%**



Optimizing inventory investments: **36%**



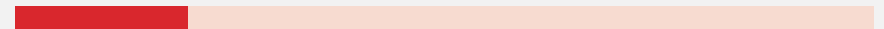
Building on recent ecommerce growth: **36%**



Creating personalized 1:1 interactions with customers: **23%**



Localizing assortments/services: **20%**



What are the most important components of your omnichannel brand strategy?

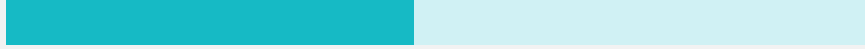
Multiple ordering/delivery options (e.g. BOPIS): **61%**



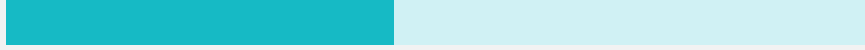
Consistent pricing across channels: **60%**



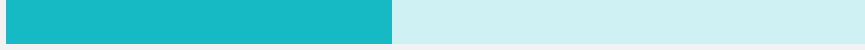
Commitment to sustainable practices: **57%**



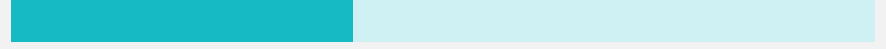
Experiential offerings (events, classes, etc.): **54%**



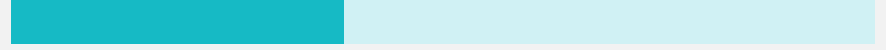
Personalized offers/communications : **54%**



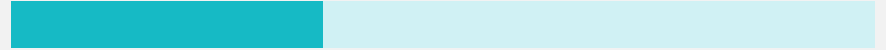
Free shipping: **48%**



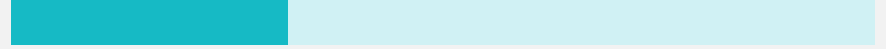
Loyalty program: **47%**



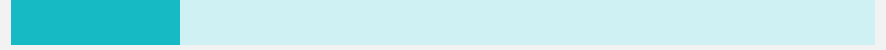
Cross-channel inventory availability: **43%**



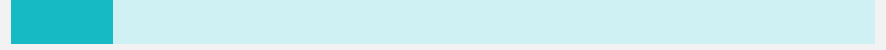
Charitable giving/social responsibility: **39%**



Services, e.g. stylists and personal shoppers: **23%**



Installation and break/fix services: **14%**



There's good news for the many retailers seeking to boost customer loyalty: **52%** say their omnichannel strategies have improved customer retention, up from **32%** in 2020. Just under half (**49%**) cite increased customer engagement with their brand, a key driver of customer loyalty, as an omnichannel benefit.



What are the most valuable ways your omnichannel strategies have improved your business?

Improved customer service: **57%**



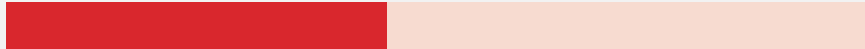
Improved loyalty/customer retention: **52%**



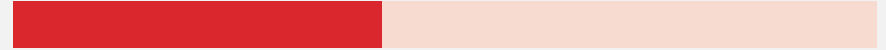
Increased customer engagement with brand: **49%**



Improved marketing effectiveness: **44%**



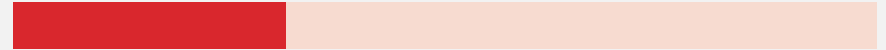
Improved inventory optimization: **43%**



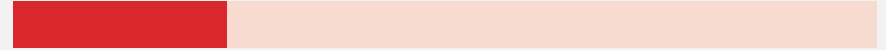
Improved supply chain efficiency: **39%**



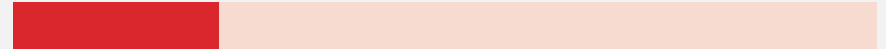
Increased conversions and/or basket sizes: **32%**



Improved Customer Lifetime Value (CLV): **25%**



Improved employee satisfaction/retention: **24%**

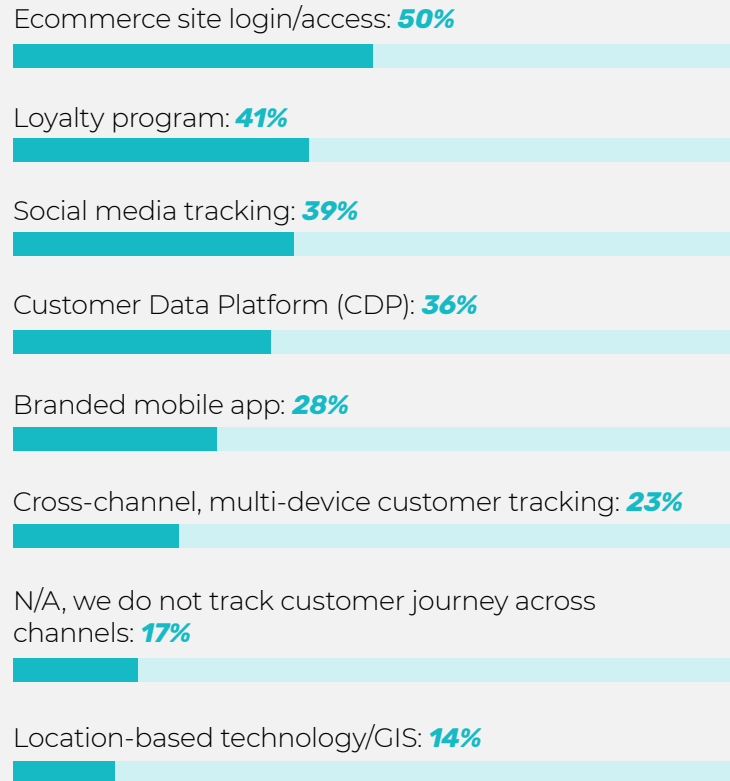


When it comes to the mechanics of omnichannel retailing — particularly tracking shoppers' activity across the entire shopper journey — retailers are relying on many of the same tools as they have in previous years, led by ecommerce site login/access at **50%**, loyalty programs at **41%** and social media tracking at **39%**. The looming demise of cookies will likely push these tracking methods higher in future surveys.

Additionally, retailers will need to focus more of their efforts on **first-party data**, such as that collected from loyalty program members and mobile app users, to not simply react to customer trends but to more accurately forecast them. Gathering, analyzing and using this valuable data will also help retailers enhance their personalization efforts, which are critical to the customer engagement that keeps first-party data flowing.



What tools are you using to track consumer activity across the omnichannel purchase journey? (Check all that apply)



As it did in 2020, providing customers with the ability to track their orders across channels was the leader among the types of omnichannel information available to shoppers, at **49%**, followed by the ability to access promotions and offers across channels, at **40%**. As more consumers take advantage of new touch points (social commerce, livestreaming, marketplaces, etc.), such capabilities are moving firmly into the category of table stakes.

However, one big technological hurdle remains: the availability of real-time inventory data down to the store and item level. Having up-to-date information about exactly how many items are in stock at a particular store is a prerequisite for successful BOPIS and curbside pickup operations, which show every sign of maintaining their popularity even as COVID retreats. Retailers promising that an item is available for pickup, and then failing to keep that promise, will anger shoppers who have made a purposeful trip to the brick-and-mortar store.

In a sign that many retailers are still struggling to find a solution to this challenge, just **30%** provide real-time inventory data to shoppers — a slight decrease from the **33%** that did so in 2020.

What types of omnichannel information is available to customers?





WHY MAINTAINING A SINGLE SOURCE OF CUSTOMER DATA CAN CREATE ENTERPRISE-WIDE IMPROVEMENTS

Q&A with Annie Graziani, Sr. Director of Marketing, Sunrise Technologies

Retail TouchPoints (RTP): What are the key solutions that have been important in helping retailers deal with the disruptions from COVID?

Annie Graziani: Retailers that have access to customer insights and know who their customer is can start to market to them in a very personalized way. I'm talking about data like their history with the brand — not just their actual purchases but wish lists and styles they've liked. Retailers can also scrape the internet and social media for things like reviews, or essentially anything they're saying about brands. With customer insights, our solutions can leverage AI to deliver a "happiness factor" to the brand. **If the brand or retailer figures out that a customer isn't happy, what should they do to fix that?** A big thing in terms of the omnichannel experience is giving the customer a tailored, personalized interaction, which is critical for customer retention. Whoever is better at taking this approach is who people will return to.

Retailers also can learn things from customer data to inform a more efficient supply chain. Brands will typically throw people, products or discounts at a problem they encounter, but they need a more data-informed approach. We're a Microsoft Dynamics 365 partner, and Microsoft offers the Power Platform toolkit. Not only does it provide reporting via Power BI, but it also can utilize power apps, a no-code/low-code approach, for developing point solution apps, for example for curbside pickup and scheduling.

RTP: What are the biggest challenges retailers face in offering a true omnichannel experience?

Graziani: One of the most common problems is carrying too much inventory, and that's been exacerbated by high return volumes. While retailers can't control consumer behavior all the way, **if they know what the customer is going to love, that customer is more likely to purchase and then keep that product.** Retailers need to make it easy for customers to have trust in what they purchase as well as meet their expectations.

Accomplishing this without reliable and accurate data is very difficult, because it combines selling, marketing and merchandising to customers on the front end of the business while optimizing the backend procurement and supply chain aspects of the business. In short, the better a brand understands their customer and can deliver on customer expectations, the more a brand will improve the efficiency in the supply chain, which innately means improving the bottom line.

Doing this in a non-connected way is grueling. People have to worry about integrations, or whether the data that they're pulling out of systems is correct, reliable and up to date. The solution we recommend is a single source of truth with Microsoft's Dynamics 365 suite of business applications, which leverages a common data cloud-based platform hosted on Microsoft's Azure Cloud. This replaces the common picture that we see, which involves multiple, disparate systems and point solutions that require complex and often unreliable integrations that are cobbled together, which involves hefty costs and exhaustive efforts to maintain.

RTP: What about improving fulfillment and the last mile?

Graziani: The beauty of the Microsoft platform is that it's end-to-end, from the supply chain all the way to the customer experience. Even if all you do as a brand is deploy a piece of that technology, it can dramatically improve the experience and brand operations, if only for a specific functional area of the business. For example, even if you have a different backend system, just having a single source of truth for all customer data, with everything customer-related in one place, you can improve and modernize by building from there. Things like correcting customer engagement and customer insights are all relatively small and perhaps more "digestible" from a financial and change management aspect while delivering enormous value to the organization.

LAST MILE PRESSURES RAMP UP STORE-BASED FULFILLMENT

Retailers using their brick-and-mortar stores as key components of fulfillment efforts was already a strong trend prior to COVID-19. The *Retail TouchPoints 2020 Last Mile Benchmark Survey*, conducted in February-March 2020, revealed that more than two-thirds (**67%**) of retailers used active physical stores as the final stop for inventory prior to delivery to customers, followed by distribution centers at **51%**. This year, that percentage has dropped to **60%** for stores, while distribution centers remained basically static at **49%**.

What are the final locations where you store inventory prior to delivery to customers? (Check all that apply)

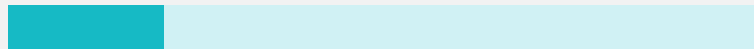
Active physical stores: **60%**



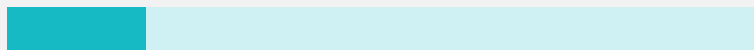
Distribution centers: **49%**



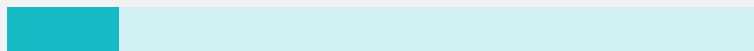
Dark stores (i.e. not open to the public): **21%**



Third-party locations (e.g. lockers, non-store pickup points): **18%**



Microfulfillment centers: **15%**



This increased reliance on store-based fulfillment has major implications for the customer experience, inventory management and store operations: **60%** of retailers already task their in-store staff with product picking and order preparation, and another **18%** plan to do so within the next 12 months. Just over half (**53%**) have marked off dedicated space for order prep, with **22%** planning to add it in the coming year.

Separate microfulfillment centers and dark stores are currently less common, at **28%** and **25%** respectively, but as retailers assess their store footprints for potential closures and seek ways to use available real estate, these figures could rise. While usage of unattended solutions such as pickup lockers remains fairly low, at **12%**, it also shows strong signs of potential growth, with **33%** of respondents planning to add it. In December 2021, **Costco** announced plans to **double** the number of its locations offering pickup lockers in the coming year.



Which store-based fulfillment solutions do you use?

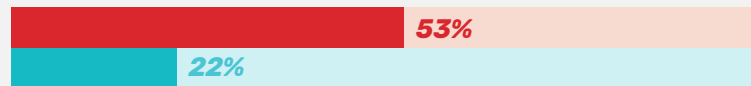
(Check all that apply)

■ Use now ■ Plan to add in next 12 months

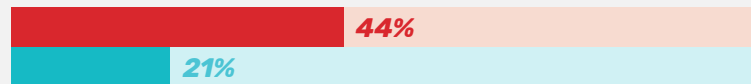
Assigning in-store staff to product picking/order prep



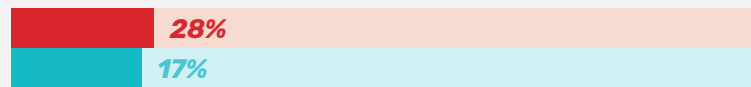
Dedicated space for order prep



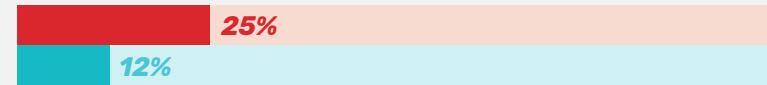
Curbside pickup



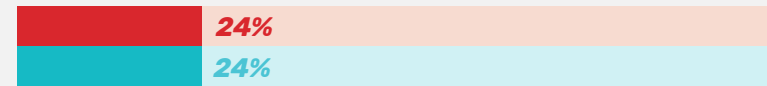
Microfulfillment centers attached to customer-facing stores



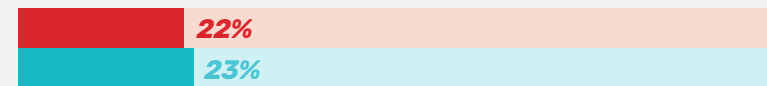
Dark stores



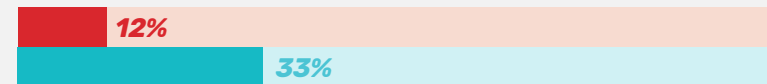
BOPIS



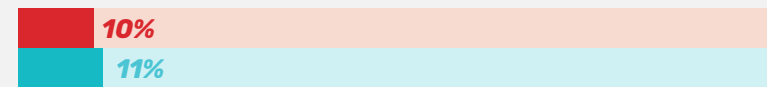
Third-party picking services, e.g. Instacart



Unattended solutions (e.g. automated lockers)



Ghost kitchens



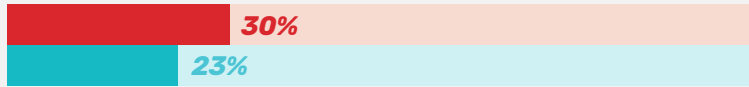
Retailers have ambitious plans to bring even more technology to bear as they seek to make last mile operations both seamless and cost-effective. While usage of RFID applications and algorithms to pre-position inventory closer to expected demand locations remains relatively low, at **15%** each, **31%** and **25%** of retailers, respectively, plan to add these solutions within the next 12 months.

The use of IoT sensors and RFID on shipping containers, currently at **14%** and **13%**, likewise shows strong growth potential, with **23%** of respondents planning to add each solution in 2022. Such technologies will be vital to addressing the demand side of **supply chain challenges**, allowing retailers to gather important real-time product location data and to position inventory where it has the greatest sell-through opportunity.

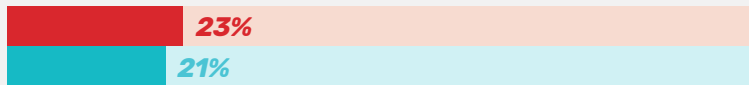
Which last mile technologies do you use?

■ Use now ■ Plan to add in next 12 months

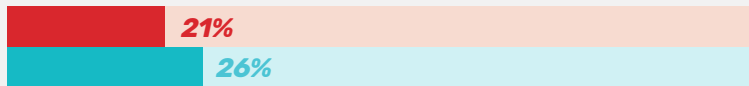
Transportation management solution



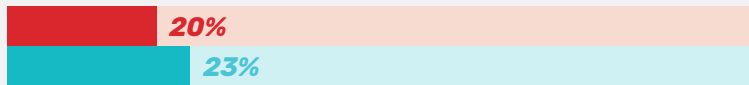
Vehicle monitoring technology



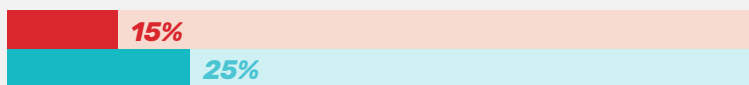
Mobile device monitoring of delivery people



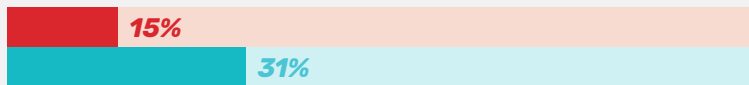
Route optimization system



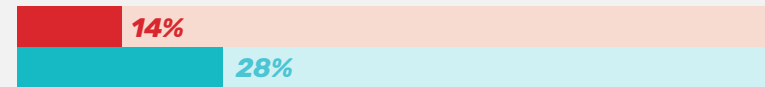
Algorithms to pre-position inventory closer to expected demand locations



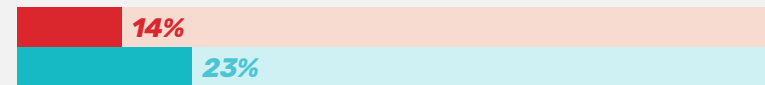
RFID on products/packaging



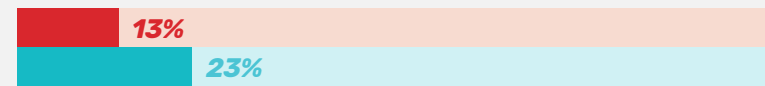
AI/machine learning



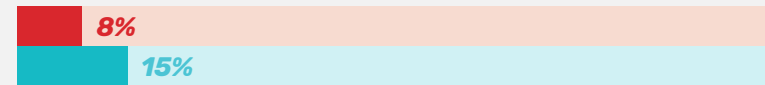
Internet of Things (IoT) sensors



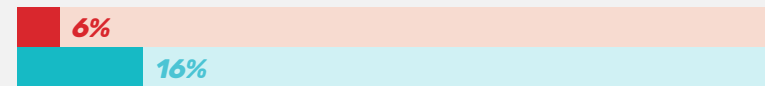
RFID on shipping containers



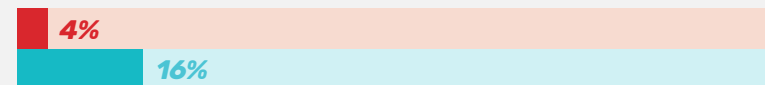
Land-based robotic (i.e. non-assisted) deliveries



Autonomous cars



Drone deliveries



COST INCREASES PUSH RETAILERS TO USE THIRD-PARTY SERVICES, BUT CX CONCERNS REMAIN DRAWBACKS

More than two-thirds (**68%**) of retailers cited rising shipping costs as a significant last mile challenge, up from **52%** in 2020. The problem is particularly acute since customer expectations of free or low-cost shipping also rose, from **55%** last year to **58%** in 2021. Additionally, shipping costs topped the list of returns-related challenges, at **65%**.

What are your most significant last mile/ fulfillment challenges?

Rising shipping costs: **68%**

Customer expectations around delivery times: **67%**

Handling customer queries/complaints efficiently/ effectively: **65%**

Delivery/fulfillment logistics: **64%**

Customer expectations of free/low-cost shipping: **58%**

Returns management: **50%**

Returns costs: **43%**

Quality control of post-purchase service providers: **43%**

Allocating/scheduling store workforce for fulfillment tasks: **38%**

What are your greatest product returns challenges?

Cost of returns shipping/handling: **65%**

Cost of inspecting/re-integrating items into sellable inventory: **50%**

Communicating effectively with shoppers about return rules and processes: **47%**

Cost/logistics of crediting shoppers' accounts and/or providing refunds: **42%**

Minimizing fraudulent returns: **35%**

Managing in-store staff requirements for returns processing: **34%**

Customer issues with packing and shipping returned items: **27%**

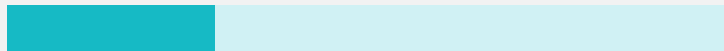
Just **29%** of retailers don't outsource any last-mile services, but those that do rely on several, including courier delivery services (**48%**); third-party delivery partners such as Deliv, DoorDash and Instacart (**29%**); and product delivery and setup for appliances and furniture, at **17%**.

What elements of last mile service do you outsource to third parties? (Check all that apply)

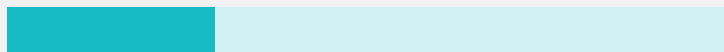
Courier/delivery services (e.g. FedEx, UPS, USPS): **48%**



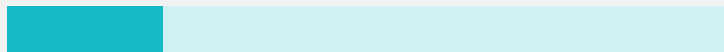
Third-party delivery partners (e.g. Deliv, DoorDash, Instacart): **29%**



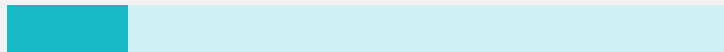
We don't outsource any last mile services: **29%**



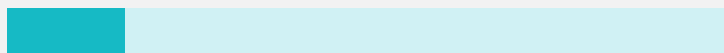
Customer service/call center: **22%**



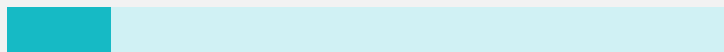
Drop ship items directly from suppliers: **17%**



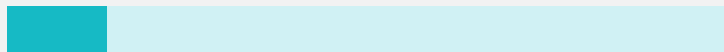
Product delivery/setup (e.g. appliances, furniture): **17%**



Returns management: **15%**



We don't outsource today but plan to in the future: **14%**



Product repair/service: **13%**



Costs are a key reason for outsourcing: **46%** of retailers said third-party services are more cost-effective than in-house alternatives. For **41%** of retailers, they have little choice since they lack the infrastructure for key elements of last mile operations.

While many retailers cite the benefits of using third-party services — **43%** say they provide a better match for customer expectations, and **41%** say they allow retailers to offer expanded product assortments and services — outsourcing does create its own problems, particularly in the area of customer experience.

The top concern, at **46%**, is limited control or oversight of service levels, and **33%** cite customer and/or internal confusion about who's responsible if errors occur. Additionally, **31%** of retailers don't like that outsourcing prevents them from engaging directly with their customers during the post-purchase process, which can be a critical time for feedback collection, supporting ongoing product education and fostering long-term loyalty.

One way third-party companies can raise their stock with retailers is to provide them with valuable data along with their services. Currently, just **29%** of retailers identify this as an outsourcing benefit, but it's likely to be an increasingly important element in today's data-driven retail industry.

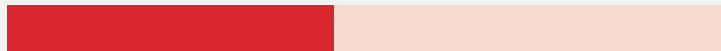


What are the key benefits or drawbacks from outsourcing last-mile services to third parties?

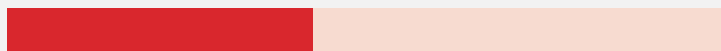
Limited control/oversight of service levels: **46%**



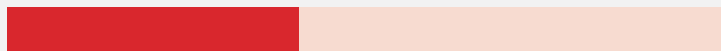
More cost-effective than in-house alternatives: **46%**



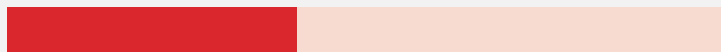
Better match for customer expectations: **43%**



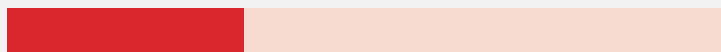
Opportunity to offer expanded product assortment/services: **41%**



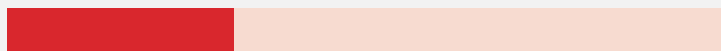
We lack the infrastructure for key elements of the last mile: **41%**



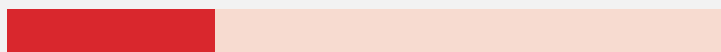
Customer and/or internal confusion about who's responsible if errors occur: **33%**



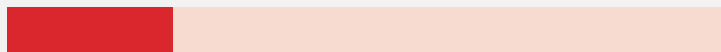
Lose opportunity to directly engage with customers during post-purchase: **31%**



Third parties provide valuable data along with services: **29%**



Costs too high to maintain margins: **23%**



METHODOLOGY

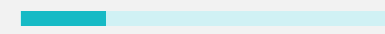
The 2021 *Retail TouchPoints* Omnichannel and Fulfillment Benchmark Survey is based on responses from **115** retail executives, collected via an online survey conducted in November and December 2021. Following are respondent breakdowns based on retail vertical and annual revenue.

Retail Vertical

Specialty hardgoods: **23%**



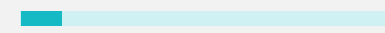
Specialty softgoods: **12%**



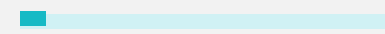
Big box: **11%**



Department store: **9%**



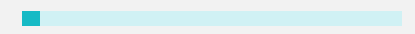
Supermarket/grocery: **7%**



Electronics: **7%**



Convenience store: **5%**



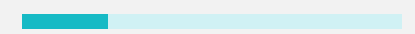
Office supplies: **3%**



Drugstore/pharmacy: **1%**



Other: **22%**



Annual Revenue

Less than \$50 million: **45%**

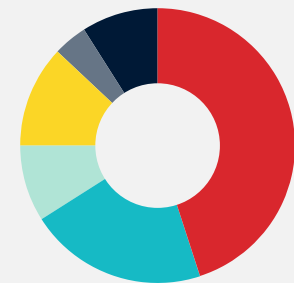
\$50 million to \$100 million: **21%**

\$100 million to \$500 million: **9%**

\$500 million to \$1 billion: **12%**

\$1 billion to \$5 billion: **4%**

More than \$5 billion: **9%**



LEARN MORE...



Radial, Inc., a bpost group company, is the leader in ecommerce solutions. Premier brands around the world confidently partner with Radial to deliver their brand promises, anticipate and respond to industry disruption and compete in a rapidly evolving market. Our expansive network of fulfillment centers, flexible transportation services and advanced omnichannel technologies, help clients meet increasing consumer expectations and maintain market competitiveness. With our personal customer care services and intelligent payment and fraud solutions, brands confidently deliver high-value customer experiences required today. We are flexible, scalable, and focused on our clients' business objectives. Learn how we deliver today's retail for you at radial.com and follow us on Twitter [@radialcorp](https://twitter.com/radialcorp).

877.255.2857

sales@radial.com



Sunrise Technologies is the premier provider of Microsoft Dynamics 365 and Power Platform solutions for apparel, footwear, home furnishings, textiles, consumer products, manufacturing, and retail companies. The consulting and support teams deliver game-changing, omnichannel, global, Tier 1 supply chain solutions without all the cost and complexity.

336.722.6741

info@sunrise.co





Retail TouchPoints and *design:retail* give all members of the retail world access to a vibrant community that combines insights, inspiration and opportunities to interact with their peers. We sit at the intersection of the art and science of retail strategy, providing granular data, high-value commentary, and aspirational success stories to help readers optimize customer experiences across all channels. Touching all facets of the retail ecosystem, including store experience and design, workforce management, digital marketing and engagement, and omnichannel optimization, our editorial content, multi-media resources and events take timely news and trends and transform them into tactical takeaways that meet the unique needs and priorities of our executive readers.

201.257.8528

info@retailtouchpoints.com



ABOUT THE AUTHOR

Adam Blair, Editor

Avid theater-goer, intrepid journalist and grammar nag. There's always something new to learn about retail technology.