

How Retailers Can Scale Order Fulfillment to Deliver Exceptional Customer Experience





Intro

Your eCommerce customer experience hinges on a well-run, highly efficient order fulfillment system. In fact, you cannot deliver a positive customer experience without it. As eCommerce continues to grow and become a mainstay of retail, eCommerce businesses reach a point where the need to scale determines their future. For most, it's scale or die a slow death as customers turn to competitors that can meet their expectations.

Every retailer needs a strategy to scale order fulfillment. And every retailer that has already scaled up, needs a strategy to scale even further as the business expands. Figuring out the best strategy to scale order fulfillment is essential to lay a foundation of scalability for the future.

Retailers have two choices: build out and own the infrastructure, staffing, technology, and management of their own order fulfillment centers; or, outsource it to a third-party logistics partner that specializes in order fulfillment.

In this ebook, explore the challenges eCommerce businesses face in scaling, what it takes to scale, and whether keeping it internal or outsourcing it may be the right path for your business.



Why is scaling order management so challenging?

Regardless of their size, there are multiple factors that make it complicated for retailers to scale their order management:

Customer expectations for fast delivery, accurate orders, easy returns. Customers increasingly expect faster order fulfillment and delivery, and as retailers like Amazon innovate to deliver as soon as same day, it raises the bar for all retailers. Customers expect their order to be accurately fulfilled and for it to be easy to return an order. They are accustomed to being able to track their orders in real time from checkout to order delivered. This need for visibility means that order fulfillment is visible to customers now in ways it wasn't before. They get notified when a glitch or delay comes up, and they form opinions of the brand based on how well their orders are processed.



Legacy technology that can't keep up. This is a key tripping point for many retailers, as the need to scale quickly outpaces their digital transformation. The pandemic caused many to hastily implement cloud systems and now they must step back and look at the broader need for migrating to the cloud and integrating data, applications, and systems to lay a foundation for automation. While many eCommerce businesses have core cloud foundations, those who are also brick-and-mortar find themselves stuck grappling with legacy infrastructure. An omnichannel experience is not possible without integrating across the entire retail ecosystem. But integration can be slow and costly without the right tech stack. For order fulfillment, lack of cloud-based systems and integration can mean difficulty gaining visibility into the supply chain, miscommunication with suppliers and vendors, and a complex, multiple-system experience for customers and employees.



Difficulty managing the supply chain. As the business grows, so does the number of suppliers, vendors, and logistics companies. This complexity makes it difficult to manage inventory and the supply chain. If you do not have key performance indicators in place (KPIs) to track how well they meet your requirements, it will be hard to know which ones are performing well.

Multiple fulfillment channels to oversee. Retailers with eCommerce and brick-and-mortar operations often have a variety of store fulfillment options that add new layers to order fulfillment. Others are using retail locations as mini distribution centers. This means inventory has to be delivered and tracked to numerous locations, where it is either picked up in person by the customer or handed to a carrier for delivery. Reverse logistics becomes more complex as well, with inventory either returning to the store shelf or to the distribution center from multiple locations.

Unpredictable surges and peaks that keep shifting. The pandemic made it clear that it's impossible to predict when order volumes will surge at random; while at the same time we've seen traditional peak days or holidays expand into more weeks on the calendar. Holiday shopping now begins in July, with peak often starting in October for major retailers. Sudden disruptions in society or influencer marketing that goes viral can mean unexpected demands on order systems and fulfillment.

Competitors that fully automate. Some retailers find that the need to scale their order fulfillment operations happens suddenly when key competitors move to greater or fully automated fulfillment. For example, when a competitor shifts to full robotic order fulfillment and you are still operating based on manual methods — their automated system will be able to pick-and-pack orders faster than your human employees, which gives them an advantage in being able to process higher volumes, faster, and likely at less cost.

Difficult labor market. Finding skilled labor to staff order fulfillment can be challenging in any economy; however, it's even harder in the post-pandemic era. Relying on a strategy of quickly staffing up, to meet peak surges is not a viable option. The time required to hire, onboard, train, and get new employees up to speed is simply not fast enough to meet peak demands and it is difficult to scale down when the business moves into slower seasons. .

Rising costs. Inventory, logistics, transportation, labor, operations are all experiencing rising costs; these costs go up as the business grows. Trying to keep up with order fulfillment without scaling often drives these costs higher as businesses begin to experience customer churn due to the inability to deliver great timely order fulfillment.

**These are key challenges.
What is required to scale?**



What's needed to scale order management?

Typically, eCommerce companies start small and handle their order fulfillment internally. As they grow, they hire more people to manage a still-manual process. Once they reach a certain level of success, they invest in expanding order fulfillment with their own distribution centers and/or some automation. But once they outgrow the capacity of a single order fulfillment facility, they must decide whether to invest in and expand their own fulfillment operations — or to outsource it to a proven expert in the industry. Either way, the following are required to scale order fulfillment.



Customer experience focused strategy. An order fulfillment strategy needs to be centered on how it creates and delivers the customer experience. Keep in mind that, while shoppers are your ultimate customer, you have internal customers, suppliers, vendors, and partners that expect a positive experience from you. Scaling requires careful planning to ensure that the customer experience improves and is not negatively impacted across your ecosystem. This means understanding how implementing new technology will impact your supply chain and your customers, or how shifting to automation and robotics will impact employee's work and the way customers experience unboxing, etc.

Cloud based, integrated technology. Your tech strategy will either support or hinder scalability. To achieve true order fulfillment scalability, you need a solid cloud-based tech stack with key applications like the inventory management and order management system integrated with suppliers, vendors, partners, transportation, carriers, and your eCommerce website and app. This creates an ecosystem that can share data, communicate easily, reduce redundant work, and keep everyone on the same page, in real-time. The cloud offers flexibility, accessibility, and real-time data that on-premises systems cannot. Cloud-based systems can scale to handle the increase in volume in data and transactions as your business grows.

Real-time visibility across the supply chain ecosystem. It is nearly impossible to deliver on customer expectations today without having real-time visibility into your supply chain. As noted above, this requires integrated data and applications. Real-time visibility enables you to track inventory from multiple suppliers, get real-time notifications of inventory status, know where inventory is at all times, communicate accurate, up-to-date data with fulfillment centers and carriers, and be able to provide customers real-time order status tracking throughout the process.

Predictive demand forecasting. Demand forecasting has traditionally been based on historical data and best estimates of customer behavior. Modern predictive analytics systems use AI and machine learning to understand in real-time what products are in demand and can even be integrated into order fulfillment to automatically trigger orders from suppliers based on real-time inventory tracking. This improves inventory management, makes demand forecasting more accurate, and reduces the costs of making errors in forecasting.

Automation and robotics. Automation is the next wave of digital transformation, and robotics is already playing a key role in transforming fulfillment center operations. However, automation requires a foundation of cloud-based, integrated data, applications, and systems. Robotics scale order fulfillment, but also rely on the Internet of Things (IoT) sensors and real-time data streaming to communicate and coordinate pick-and-pack and fulfillment support services.

Streamlined workflows and processes. To scale, you need to simplify and reduce complexity where possible. Integrated data and applications enable you to streamline workflows and processes by connecting the data and apps to work seamlessly together. For example, integrating your order management system with your enterprise resource planning system means you can automatically create purchase orders that trigger automatic approval processes without having to manually do them.

Trained personnel that understand where human judgment is needed. We hear a lot about what AI and machine learning are expected to do in the retail industry; it's important to remember that retail is about people. And customers expect that even behind associate-free retail locations, there are humans at the helm and available for assistance. As robotics assumes a greater role in order fulfillment, the roles humans will play will continue to matter — in setting protocols, standards, safeguarding quality assurance, and understanding when the human touch is required to meet customer needs.

Scalable customer service. An increase in order volume will mean an increase in customer service demand as well. It's important to scale order fulfillment and customer service in tandem, and to understand how scaled operations impact their work. Customer service needs the same tech investment and ability to automatically scale service, if they're going to handle more demand.

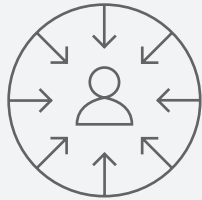
Predictable, containable costs. A key to successfully scaling order fulfillment is to be able to predict and contain costs. Automation and tech platforms that streamline workflows help do this. Improving operational efficiency also drives down costs.



The next question becomes: is it better to build out your own order fulfillment infrastructure or to outsource it?

Insourcing vs Outsourcing Order Fulfillment

Whether you choose to insource or outsource scaling order fulfillment will depend on key factors.

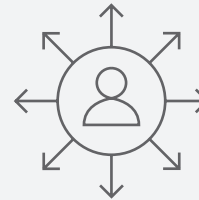


Insourcing Order Fulfillment

It may make sense for you to build out your own order fulfillment if you:

- Are a major retail enterprise that owns all of its operations and has capacity to scale as needed
- Have the time to incrementally scale order fulfillment by acquiring land, building or securing and remodeling facilities; ordering and implementing the physical, technological, and automation infrastructure; and hiring and training employees
- Discover you do not need to scale operations beyond one facility if you automate your current operation and are confident you will be able to handle the demand
- Are uncertain of your growth strategy or are in the process of selling or merging your business with another company

If those criteria do not define you, outsourcing may be the best strategy.



Outsourcing Order Fulfillment

Outsourcing your order fulfillment to a trusted logistics partner is often the fastest, and most reliable way to scale order fulfillment operations, with the least amount of risk.

An order fulfillment partner, like Radial, brings all of the requirements to scale in one solution and manages and operates your order fulfillment for you. Because they have deep expertise in order management, and invest in the latest technology and automation, they are able to achieve high-levels of performance for you immediately. They also have robust relationships with carriers and suppliers and handle every aspect of order fulfillment, at a predictable cost.

Radial offers complete order fulfillment services and solutions, including customer care, so you can feel confident that your eCommerce business will be able to scale up or down according to demand and customer experience will remain positive.

To learn more about outsourcing your order fulfillment, read [“The Retailer’s Guide to Outsourcing Order Fulfillment”](#) or visit radial.com

About Radial

Radial is the pre-eminent B2C eCommerce fulfillment solution provider powering some of the world's best customer experiences. Global brands have trusted us for 30+ years to help them deliver a distinctive consumer experience through tailored, personalized, and scalable solutions. We partner with clients across Europe and North America with technologies such as advanced order management and omnichannel, payment and fraud management, and customer care services. Learn about our solutions at radial.com.



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