Hi All

We hope all is well.

Omnichannel is a term that we will hear more and more. But what is that? And how is this going to impact us?

Here are some thoughts:

Definition:
Omnichannel is a cross-channel content strategy that organisations use to improve their user experience. Rather than working in parallel, communication channels and their supporting resources are designed and orchestrated to cooperate. Omnichannel implies integration and orchestration of channels such that the experience of engaging across all the channels someone chooses to use is as, or even more, efficient or pleasant than using single channels in isolation.

9 Logistics Challenges with Omni-channel:

1. Lack of Inventory Visibility and Performance Indicators

In the world of omni-channel logistics, it’s crucial that businesses know the status of their inventory and whether it’s at a distribution center or retail location. The last thing a company wants is to promise next-day delivery to its customers and not be able deliver. Inventory can be particularly challenging to keep track of during the holiday shopping season. To address this challenge, businesses must develop an efficient order fulfillment process through the use of a fine-tuned Warehouse Management System (WMS).

Companies that do omni-channel the right way use inventory visibility as an accurate forecast of future demand and plan their supply chain activities accordingly. In fact, the companies that do omni-channel best are able to sell orders online without ever taking physical possession of the product. Ecommerce and order management systems are synced in such a way that online shopping cart orders trigger a PO directly with the vendor, and an outsourced or in-house party within the business’s supply chain carries out fulfillment.

2. Poor Visibility of Inventory in Transit

Both major organizations and even startups alike generally have relatively poor visibility into inventory in transit, which has led to an increasing demand for real-time freight visibility solutions. Leading omni-channel logistics solutions not only enable visibility into shipments and trucks but into orders and stock-keeping units, as well. These solutions also incorporate optimization capabilities and collaboration capabilities that facilitate communication and the exchange of data and information between trading partners. Leading solutions have started to embed machine learning capabilities and leverage a broader set of data sources - including weather, traffic, location, and social networking - to enable predictive capabilities and determine more accurate ETA (Estimated Times of Arrival).

3. Fragmented Supply Chain Processes

If a business’s various supply chain processes don’t work together, it can’t ensure across-the-board customer satisfaction. Larger companies generally have many private warehouses and distribution centers, managed by different in-house and outsourced operators, that run on different systems. As a result, they employ different tactics to ensure their supply chain runs smoothly. The key to solving this supply chain segmentation is to consolidate these processes, rather than let them function in silos.

4. Unreliable Order Fulfillment

When a business tells its customers that they will receive same-day or next-day delivery, it needs to deliver on that promise. An unreliable order fulfillment process can lead to shipping delays, which can deter customers from doing business with that company in the future. A good way to ensure a streamlined order fulfillment process is to use the proper technology to help forecast future delays in service or shipping.

5. Finding the Adequate Transportation Solution

There are many different ways to get a product from a brick-and-mortar storefront or distribution center to the customer’s doorstep. The challenge is to find the most effective and efficient transportation solution to keep customers happy without driving up the landed product costs. Selecting the right shipping method for the right customer situation is essential to omni-channel logistics.

6. Reverse Logistics

The return process for any product should be just as seamless as its initial delivery. In this new omni-channel landscape, customers expect to be able to return products they’ve purchased online in store or by mail. Companies that don’t offer this ease of return are unlikely to generate repeat business. Implementing sound reverse logistics infrastructure is imperative for good customer service within the omni-channel logistics framework.

7. Manual vs Automated Processes

One of the leading causes of inventory inaccuracy across supply chain nodes is the continued use of manual - often paper-based - processes to capture inventory data. Implementing a WMS with radio frequency (RF) and barcode scanning capabilities is a simple, yet important first step. The most advanced businesses have taken additional steps to automate inventory counts, such as using drones and RFID tags. This automation makes it possible for them to compare results, identify discrepancies and create a more accurate picture of their inventory.

8. Under-Estimating the Importance of Physical Transformation

Although digital transformation has received the lion’s share of attention from analysts and technology companies alike, businesses must take care not to lose sight of physical transformation. The method of flowing truckloads of products from large distribution centers to stores has become outdated. Businesses must update their supply chain and distribution networks to compete in this new market, in which speed of delivery and inventory reduction are paramount. Leading enterprises are testing out new distribution strategies in an attempt to become more agile and to better align with customer expectations for faster deliveries.

9. Implementing 3PL Strategoes

A successful 3PL is an operations manager + strategic advisor + IT provider all in one. This combination of capabilities is especially valuable when it comes to inventory optimization and omni-channel fulfillment. A 3PL’s core competency in fulfillment operations - such as knowing which metrics to use and how to measure them to drive continuous improvement - can help companies both large and small close the capability gap.

I hope you enjoyed the article. Sooner or later, much probably your organization will (if not already) face these challenges.

Best regards

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