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A Retailer's Guide to Turning Shipping into a Competitive Advantage

Retailers are facing stiff competition both from legacy brick-and-mortar companies and online marketplaces. To get ahead and stay ahead of the shop down the block or the eCommerce stores around the world, it is vital for them to create a sustainable com-petitive advantage.

Successful retailers are finding ways to turn shipping into a competitive advantage both for in-store shoppers as well as those consumers that buy online from merchants with a brick-and-mortar presence.



Omnichannel

It is said that retailers don't have a consumer demand problem, they have a real estate problem. Compared to online marketplaces, retailers have significant capital tied up in fixed assets (stores and fixtures). By investing in an omnichannel shipping strategy and the right technology to help manage an expanded portfolio of carriers to ship anywhere from anywhere, retailers can turn their real estate problem into an advantage.

Here are some ways that a multi-carrier management system can help retailers gain a competitive advantage by delivering goods faster and at a lower cost while meeting consumer demand for delivery choices.

Ship-from-Store



The one place where retailers have an edge over online marketplaces is their brick-and-mortar store presence. Only the very largest eCommerce marketplaces have invested in physical fulfillment centers. A ship-from-store fulfillment strategy provides retailers with an opportunity to ship from inventory sources in closer proximity to consumers, thereby reducing delivery times and shipping costs.

Retail sales are still strong. The National Retail Federation (NRF) anticipates that retail sales during 2020 will increase between 3.5 percent and 4.1 percent to more than $3.9 trillion. And yet online retail only represents less than 15 percent of the total market, so there is plenty of opportunity for eCommerce growth. Ship-from-store is an opportunity for brick-and-mortar retailers to reconfigure storefronts into mini-distribution centers, pickup locations, and return centers. By merging digital and physical worlds, retailers can drive more customer foot traffic and increase the opportunity for upselling other products.

Ship–from-store requires a multi-carrier management solution that is capable of scaling across hundreds or even thousands of store locations with carrier routing and label printing capabilities. Gone are the days of point shipping solutions. Enterprise-class shipping platforms with high availability are a must.

A New Day for Same-Day

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Leading the charge for ship-from-store is the increasing consumer demand for faster and more diverse delivery options. There was a time when two-day delivery would do. Then next-day. Now, as grocery stores and other retailers cut delivery times to mere hours, consumers expect the same from every retailer, regardless of where they are located or what products they are selling. Shoppers are becoming increasingly impatient, as evidenced by the Pitney Bowes statistic that shipments are tracked an average of 8 times between time of order and delivery. Retailers that can deliver orders faster will gain a competitive advantage over those that can't.

According to "The Future of Retail 2019," a study published by Walker Sands, 39 percent of consumers say same-day shipping would make them more likely to shop online, and 20 percent are looking for two-hour (or less) shipping. That trend is expected to continue to grow both the number and size of orders as 72 percent of shoppers would shop more and spend more if same-day delivery were available, according to a report in PARCEL Magazine.



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Additionally, a 2018 Small Business Trends infographic indicated that as many as 65 percent of retailers globally offer some form of same-day delivery, with 88 percent of consumers willing to pay something for that delivery, turning it into a potential profit center or at least mitigating the cost of "free" shipping. But according to the PARCEL Magazine report, 77 percent of retailers said that delivering products on the same day is their biggest challenge.

Despite the growing demand, retailers using a more traditional supply chain with centralized warehouses and distribution centers will continue to find themselves playing catch-up to those incor-porating an omnichannel shipping approach. To support ship-from-store and same-day delivery services, multi-carrier manage-ment solutions not only need to scale across thousands of store locations, they also need to support rating, labeling, and track-ing across a much broader network of local couriers, white-glove freight carriers, and crowdsourced delivery services.

Drop-Ship from Supplier

The impact eCommerce is having on shipping is not limited to retailer locations. Omnichannel fulfillment is involving all supply chain participants, including shipping direct-to-consumer from an endless aisle of manufacturer and supplier inventory. Drop-shipping not only reduces lost sales due to stockouts, but like ship-from-store, deliveries can be made from third party locations that are closer to consumers, reducing delivery times and costs.

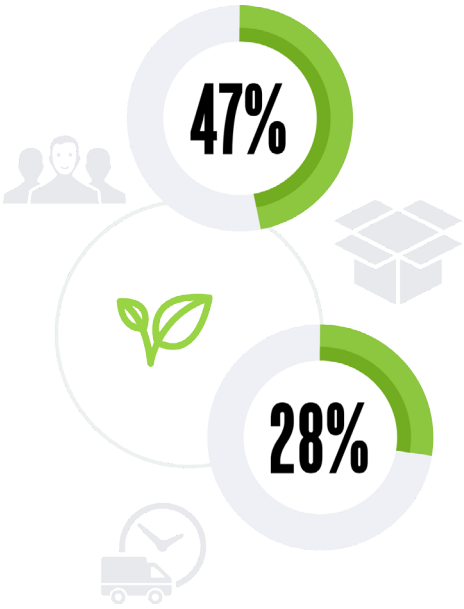
Extending the omnichannel shipping systems requires logistics systems with a multi-enterprise, federated architecture. Distributed order management systems (DOMS) and WMS systems with warehouse-within-a-warehouse capabilities provide businesses with visibility. They are able to see inventory and fulfill orders from across a network of enterprises.



Multi-enterprise platforms are a perfect fit for 3PLs looking to adapt fulfillment processes to the specific needs of their customers. Instead of a one-size-fits-all solution, multi-enterprise solutions enable 3PLs to use a centralized administrative console to configure customer and role-specific workflows, branding, and UIs for each client within their community without disrupting any other client.

For this to work, multi-carrier management solutions need to support multi-enterprise architectures and processes. This means providing a ship from anywhere to anywhere capability using multiple accounts for parcel, LTL, and local carriers. It also means supporting high volume DC shipping, supplier shipping portals, and ship-from-store processes all from a single platform.

Sustainability



47 percent of consumers participating in the 2019 IPC Cross-Border E-Commerce Shopper Survey strongly agreed they want packaging to be recyclable, and 28 percent said they prefer carbon-neutral delivery. Inter-estingly, while speedy deliv-ery is still important to most consumers.

There is a buzz in the logistics industry around sustainable shipping. And with good reason. Increasingly, consumers are demanding a better sustainability experience from retailers and marketplaces. Retailers are responding with the use of eco-friendly and recycled packaging materials, greener shipping options with smaller carbon footprints, and smarter packing practices that minimize excess fill and waste removal.

Globally, 47 percent of consumers participating in the 2019 IPC Cross-Border E-Commerce Shopper Survey strongly agreed they want packaging to be recyclable, and 28 percent said they prefer carbon-neutral delivery. Interestingly, while speedy delivery is still important to most consumers, the survey found that 28 percent of respondents were willing to wait longer for their package to show up on the front porch if it meant it would reduce the environmental impact.

Unfortunately for shippers, the same report revealed that while consumers would like greener deliveries, they were unwilling to pay extra for it. In fact, only 1 percent of survey respondents paid extra for sustainable packaging, and 42 percent said they were unlikely to pay extra for sustainable deliveries. This desire for sustainable packaging and greener last-mile delivery at little to no extra cost is putting pressure on shippers to improve the sustainability experience while keeping costs down—not an easy trick to pull off.

However, it is possible for shippers to deliver sustainable shipping that consumers desire while holding costs down. Here are three ways a multi-carrier management solution can help:

1. Slow down shipping

Sure, many customers still want certain products such as groceries, some essentials, and urgent items sooner than later. However, Accenture's 2019 Annual Holiday Local Shopping Survey showed that 50 percent of shoppers are willing to opt for greener delivery options even if that meant slower shipping lead times or in-store pick-ups in order to reduce the impact on the environment. A multi-carrier management solution can apply routing and rating rules to find the most cost-effective and greener last-mile delivery alternatives.



2. Green packing

Using recycled packaging materials will help retailers improve their sustainability image, but if products are packed into shipping containers in a way that results in shipping too much air or fill, the brand will suffer. A 2019 DHL report showed that "customers were increasingly agitated with wasteful and inefficient packaging," leading to "consumer derision — and dents to company reputation."

By packing items—either separately or grouping orders—into the right sized containers, shippers will avoid waste as well as avoid unexpected carrier dimensional weight (DIM) fees. A multi-carrier management solution should be able to apply advanced cartonization algorithms to ensure packers use the right containers to achieve eco-friendly and transportation cost-effective results.

3. Shorter delivery routes and alternate pick-up points

As described above, omnichannel strategies favor shipments from inventory locations in closest proximity to consumers. In addition to reducing stockouts, delivery times, and shipping costs, omnichannel reduces a delivery's carbon footprint by reducing the number of miles a vehicle has to travel (and emit CO2) to the last mile.

Hold-at-location, lockers, return to store, and pickup points are all omnichannel strategies that aggregate shipments in a way that is eco-friendly and should all be a part of a sustainable shipping strategy. Trucks don't have to make a special trip out to a residential location. A best-in-class multi-carrier management solution should be able to support all of these carrier services. In addition, an enterprise shipping platform should enable employees to process personal shipments, which if added to outbound shipping volume, eliminates special trips to a carrier location.

Returns



64 percent of respondents to the Pitney Bowes Online Shopping Survey equated taking too long to get a refund after returning an item to "having a root canal," while 60 percent identified inconvenient returns as negatively impacting their satisfaction with the buying process. According to the study, returns are on the rise, and 51 percent of all online shoppers, led by a whopping 66 percent of Millennials, utilize "bracketing".

Aunt Alice's sweater, the one you thought she'd love. Bobby's baseball glove that would have fit two years ago. Your best friend who never likes anything. They all result in returns. As a result, reverse omnichannel logistics is increasingly a major factor in the online shopping process and how shoppers perceive the post-purchase experience.

Retailers that can offer easy, fast, and free returns will gain a competitive edge.

Racking up returns

In fact, 64 percent of respondents to the Pitney Bowes Online Shopping Survey equated taking too long to get a refund after returning an item to "having a root canal," while 60 percent identified inconvenient returns as negatively impacting their satisfaction with the buying process. According to the study, returns are on the rise, and 51 percent of all online shoppers, led by a whopping 66 percent of Millennials, utilize "bracketing": purchasing multiple sizes, styles, and colors of an item with the intent to return what they don't want.

"Returns seem to have become an unconscious behavior for some frequent online shoppers," said Lila Snyder, EVP, and President, Commerce Services at Pitney Bowes, in a press release. "In response to our survey, consumers said they return less than 10 percent of their online purchases, but in reality, we know the number is much closer to 25 percent."

Getting an item to customers fast and cost-effectively takes an omnichannel shipping mindset and the right multi-carrier management technology. Equally important is the ability to use the same platform to help facilitate returns using "smart labels," customer self-service widgets embedded in websites and return portals that can direct customers to returns drop-off points.

Conclusion

With the right multi-carrier management platform, retailers can achieve a competitive edge by offering customers more cost-effective shipping and returns options, while improving their sustainability experience.



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