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From Bricks to Clicks

Pivot to eCommerce Fulfilment with a Warehouse-in-a-Warehouse



A must-read for:

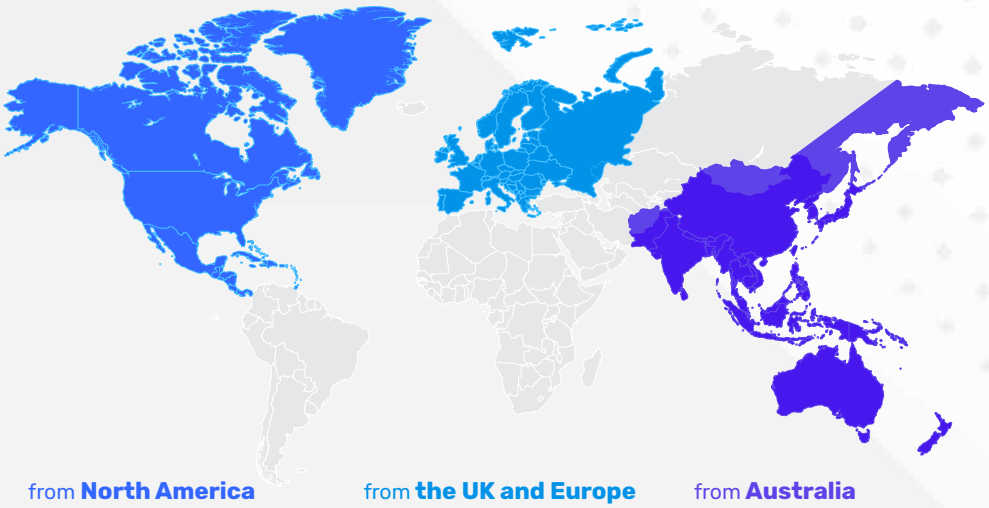
- **Brick-and-mortar retailers** looking to add online and mobile order fulfilment
- **Manufacturers** or **distributors** looking to better support eCommerce and retail customers
- **3PLs** expanding eCommerce fulfilment capabilities

A Challenging and Dynamic Environment Across the Globe

According to latest reports, world-wide eCommerce sales are predicted to eclipse US $4 trillion and account for more than 16% of total retail sales in 2020. (Source: eMarketer)

The eCommerce revolution, with its general shift towards eCommerce and omnichannel fulfilment, was already underway before COVID-19 hit the world. COVID-19 has accelerated this trend. Across the globe, retail closures have increased, at least partially due to pressure from online alternatives, with well-known brands announcing the shutting of hundreds of stores.

The fact is, in-person retail sales have collapsed, and it is predicted that it will never recover to pre-pandemic levels. For organisations to survive, up and down the supply chain, eCommerce must become a significant part of their offering.



from **North America**

¼ of shoppers said they wouldn't be comfortable in a mall for 6 months, ¼ said they weren't sure when they would be comfortable. (Source: Morning Consult)

Well-known brands like J.C. Penney, GNC, Zara, Neiman Marcus, and Kay Jewellers likely won't be opening post pandemic. Source

from **the UK and Europe**

Online sales growth was up + 43% Year-on-Year (YoY) in August. This YoY increase was well above the 12- and 6-month rolling averages of +22% and +38% respectively. (Source: Cap Gemini)

Retail brands like Harvey's Furniture, Go Outdoors, abd Victoria's Secret, (source) to name a few will likely close some of their stores permanently.

from **Australia**

During the pandemic closure period, 65% of Australians shopped online more than they normally do, and 56% will continue to do so after restrictions are lifted. (Source: CourierPlease Survey)

Well-known brands like Harris Scarfe, EB Games and J eansWest, announced the shutting of hundreds of stores.

The answer is warehouse-in-a-warehouse.

WHAT'S INSIDE

- Warehouse-in-a-warehouse explained
- Ideal scenarios for a warehouse-in-a-warehouse
- Integration with existing systems
- Pick, pack, parcel
- Benefits of warehouse-in-a warehouse for your business
- Warehouse management + multi-carrier parcel management

eCommerce - It's Do or Die

In this new normal, smart businesses are looking to invest in developing the logistics capabilities needed to handle the surge in online ordering, and cost-effectively manage consumers' elevated expectations.



The traditional model of order fulfilment was a linear flow of goods: from the manufacturer, to the distributor, to a merchant's warehouse or distribution center, to the storefront and ultimately the customer. It was characterised by centralised control over fulfilment, largely full-case picking, aggregated pickup and delivery, and lower cost/kilometre with fewer stops.

This used to work. The problem is that this model no longer meets the dynamic demands of the marketplace. A new model of order fulfilment is needed... and within reach.



For many companies, however, pivoting to eCommerce or omnichannel fulfilment seems too complicated and an insurmountable challenge, raising questions such as: 'How do I sell online?' or 'How do I fulfil orders through to the last mile?

What is a Warehouse-in-a-Warehouse?

Essentially, a warehouse-in-a-warehouse strategy involves dedicating an area of your existing warehouse for the functions and processes needed for online order fulfilment.

It is also about the enhancement of legacy Warehouse Management System (WMS) which do not modify easily, have not adapted well to changing eCommerce market realities, and have not kept up with B2C last mile delivery trends.





Key elements of an eCommerce warehouse-in-a warehouse

- Full integration with existing systems for inventory, order management, accounting, and online storefronts
- Efficient and accurate picking of eCommerce orders
- Quick additions of more channels e.g. third-party drop-shipping, and aggregated websites and marketplaces
- Service enhancements such as gift wrapping, personalised fulfilment, product personalisation
- Optimised workflows for flash sales e.g. bulk pick to order, or wave pick
- Streamlined return logistics such as blind receipt, RA process, quality check, and status disposition
- Real-time inventory and in-transit visibility
- Accurate packing to cartons/parcels and reduced waste in packing
- Seamless management of parcels to carriers
- Flawless fulfilment to the last mile

Is Warehouse-in-a-Warehouse Right for My Business?

If you are looking to take advantage of an expanding eCommerce market in an atmosphere of high consumer expectations and increasing costs, ask yourself these three questions:

01. Does my existing WMS support online picking and parcel shipping?



02. Is my carrier-provided or third-party multi-carrier shipping solution simple and easy to use?



03. Do I have the significant amount of time and the budget to deploy a heavy and complex solution for an eCommerce experiment?



If you answered "no" to any of those questions, a warehouse-in-a-warehouse strategy could be your best option to enable eCommerce fulfilment, while providing the ability to scale up your WMS as your business grows.

So, what are the three most common, best-fit scenarios, for warehouse-in-a-warehouse?

Scenario #1: Bricks-and-mortar retailer looking to add online and mobile order fulfilment

Traditional retailer warehouses and DCs are used to handling pallets and large orders, and not the smaller individual, mixed orders more common with eCommerce. Orders need to be packed into the appropriately sized containers to reduce packaging waste and avoid additional shipping fees. When it comes to shipping, retailers are probably more familiar with truckload and LTL carriers. Furthermore, they may be constrained to a single parcel carrier.

With a warehouse-in-a-warehouse, staff can pick and fulfil multiple orders simultaneously for maximum efficiency, with each order containing a detailed packing list and carton selection. What is more, multiple carriers will be available, with the fastest and/or most cost-effective shipping services automatically selected depending upon the customer or business preference.



CHALLENGES

- Distribution centre handles cases, pallets, and large orders, not smaller individual, mixed or single line SKU orders
- Orders need to be packed into the appropriate size cartons to reduce packaging waste and avoid additional shipping fees
- More used to shipping truckload and LTL and may be constrained to a single parcel carrier



WITH A WAREHOUSE-IN-A-WAREHOUSE

- Fulfil multiple orders simultaneously for maximum efficiency
- Optimise packing to reduce shipping costs
- Multiple carrier availability with the fastest, most cost-effective shipping services automatically selected

Scenario #2: Manufacturer or distributor looking to better support eCommerce and retail customers

Today, many manufacturers and distributors are being asked to handle individual store drop-ship orders, and to supply direct to stores and/or end-customers. Moreover, there is often a requirement to provide replacement parts and warranty services direct to consumer. To support their eCommerce and retail customers, manufacturers and distributors need to be able to ship directly to their customer's stores and their customer's customers.

A warehouse-in-a-warehouse strategy can power direct-to-consumer or direct-to-store drop-shipping. This allows end customers to 'extend' their inventory to the manufacturer or distributor, virtually eliminating stock outages. Manufacturers and distributors that provide greater shipping flexibility, can significantly enhance their competitiveness as major retailers are more likely to carry their range and provide additional shelf space to those that can most effectively service their first-party DCs, stores and end customers.



CHALLENGES

- Geared towards shipping LTL and truckload orders downstream
- Need to ship directly to their customer and their customer's customers.



WITH A WAREHOUSE-IN-A-WAREHOUSE

- Power direct-to-consumer or direct-to-store drop-shipping
- Allows end customers to 'extend' their inventory to the manufacturer, eliminating stock outages
- Multi-modal and multi-carrier flexibility enabled with automated cartonisation and palletisation
- Better access to sample stock and odd sizes, colors, etc. – more likely to carry your brand range and specialty items



CHALLENGES

- Customers check shipping status multiple times
- Properly invoice for smaller orders
- Heightened service level expectations
- Large eCommerce marketplaces are looking to 3PLs with supporting technology platforms



WITH A WAREHOUSE-IN-A-WAREHOUSE

- Better service existing customers and attract new ones
- Track and invoice for all work performed, eliminating revenue 'leakage'
- Maximise existing labour pool

Scenario #3: 3PL provider expanding eCommerce fulfilment capabilities

It is well known that eCommerce customers check shipping status multiple times throughout the fulfilment process. This is driving a greater demand for supply chain visibility. In addition, 3PLs need to be able to properly invoice for small-order fulfilments, something they are often not well set up to do.

By employing a warehouse-in-a-warehouse strategy, 3PLs can better service existing customers and attract new ones. This has the added benefit of maximising asset utilisation throughout the year. More importantly, with the right system in place, 3PLs will have the ability to track and invoice all elements of work performed, eliminating revenue 'leakage' common to providers new to offering small-order fulfilment or value-added services.

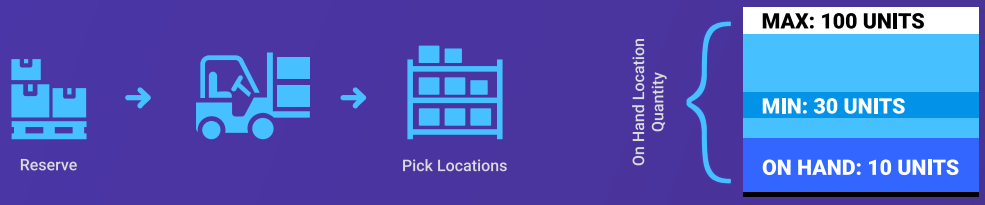
If any of these scenarios sound familiar, a warehouse-in-a-warehouse strategy can help you overcome the significant adjustments to warehouse operations needed to take advantage of an expanding market. Properly executed, you can ensure that all orders are picked accurately, meet promised service levels associated with the orders, minimise labour costs, and reduce shipping costs through smart carrier and service selection.

Integration with Existing Systems: Inventory, Order and Finance

With your legacy ERP and WMS solution working in conjunction with the eCommerce warehouse-within-a-warehouse, orders are managed in a timely manner, while reducing the possibility of a short- or back-order shipment.

Inventory replenishment is handled in the system (via the WMS), where the transfer of inventory from the general warehouse to the eCommerce warehouse-in-a-warehouse is managed to provide the directed put-away sequence for maximum labour efficiencies to be realised.

From an order and finance perspective, the organisation has the ability to see (via the ERP) how much capital is tied up in inventory, review order history and make strategic purchasing decisions to ensure minimum cash expenditures, and only make those expenditures on an as needed basis thereby freeing up capital.



Establish pick locations:

- Pick locations identified as eligible destination replenishment locations

Establish replenishment source locations:

- Storage locations identified as eligible replacement source locations

Establish Trigger & replenishment quantities:

- Min/max item quantity limits identified
- Automated replenishment triggers activated
- Higher priority vs pick task to avoid short picks

- **Inventory (WMS):** Automatic replenishment of the warehouse within the warehouse stock transfer
- **Order Management (ERP):** Real-time visibility into inventory and order history
- **Finance (ERP):** Easily determine cash on hand and accurate cost accounting

How Pick, Pack, Parcel Works



Pick, pack and parcel are the operational functions that are adjusted to realise a warehouse-in-a-warehouse. The operational benefits of warehouse-in-a-warehouse fall into three categories. Improved warehouse performance from real-time visibility of on-hand and available inventory, increased picking accuracy for fewer returns, and enhanced labour efficiency with system-directed task management. It also includes guaranteed delivery timeframes that empower customers with personalised delivery options at time of order and optimised transit times to meet ever-increasing expectations of consumers. Lastly, reduced shipping costs by eliminating unexpected DIM weight fees and optimising shipping method selection based upon transit time with parcel tracking from warehouse to the customer's door.

Benefits of Warehouse-in-a-Warehouse to Your Business

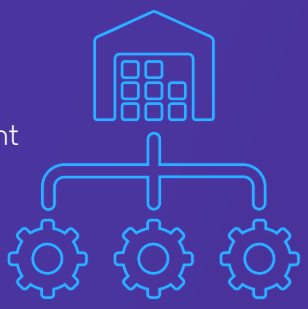
Implementing a modern WMS across all the warehouse and business processes can be costly and time consuming.

Warehouse-in-a-warehouse provides a pathway to quickly realise the benefits of a sophisticated WMS without having to undertake a time-consuming and costly integration, and without losing crucial time when you could be capitalising on the eCommerce boom.

Business benefits of warehouse-in-a-warehouse include:

WAREHOUSE OPERATIONS

- Speed to market with a significantly reduced total cost of ownership and risk
- Accurate order management with enhanced customer service levels
- Reduced labour costs



SHIPPING AND DELIVERY

- Reduced transportation costs and unexpected DIM fees
- Automated carton selection and shipping processes
- Optimised customer sustainability and delivery experience



Warehouse Operations + Shipping and Delivery

Depending on the scale and complexity of your business, there are two options for parcel delivery through warehouse-in-a-warehouse:







01. Direct-to-carrier integration with at least one parcel provider: suitable when only one or two carriers are required, and only a small number of orders need to be fulfilled. This can be managed through your WMS.

02. A multi-carrier solution: suitable to maximise efficiency and customer delivery options such as different rates, speeds, areas of distribution and modes of transport. Also suitable for accommodating different packing types e.g. sending satchels, parcels and pallets with most appropriate carrier. This can be managed through a multi-carrier parcel management system (MCPMS).

Ramp Up Omnichannel eCommerce Fulfilment with a Warehouse-in-a-Warehouse Powered by Pick, Pack, Parcel

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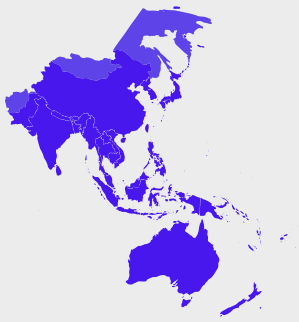
Warehouse Management System

Helps you ramp up quickly to capitalise on the eCommerce boom. The Gartner-rated WMS offers speed to market with a significantly lower cost of ownership. In addition, since the system is highly configurable, it is capable of handling shifts in the market and demand very easily.

- Pre-configured WMS template for rapid deployment
- 30-day Implementation
- Lower total cost of ownership
- Set templates with native best practices workflows
- Highly configurable
- eLearning content

Microlistics WMS Express

SmartFreight
Brighter Shipping Software
WISETECH GLOBAL GROUP



Enterprise Multi-Carrier Parcel Management System (MCPMS)

Allows you to choose between the best carriers, providing your customers with the best experience.

- Private or public cloud, or on-premise
- Shipping optimisation by least cost or mode of transport
- Drop ship direct from suppliers
- Single tracking portal for business and its customers, regardless of transport provider used
- Real-time tracking for the delivery fleet
- Returns (reverse logistics) management
- Transport provider invoice import/ reconciliation
- Dangerous goods documentation creation

SmartFreight

transtream



Power your entire global parcel chain, from first mile to last inch, with Transtream. Ship from anywhere, to anywhere, at any time.

- In the cloud, on-premise or both
- Connects with 100s of carriers from nationals to local couriers
- Apps, APIs, widgets, and snippets
- Flexible low-code configuration
- Broad partner ecosystem and marketplace
- Community management to easily manage multiple clients

Transtream from Pierbridge

Getting into the eCommerce game does not have to require months-long upheaval of your existing warehouse and processes. With Microlistics, you can set up a warehouse-in-a-warehouse in just 30 days.

Contact us today. sales@microlistics.com www.microlistics.com