



OMNICHANNEL ORDER MANAGEMENT AND STORE FULFILLMENT

THE 5 BEST THINGS ABOUT SHIP-FROM-STORE





An increasing number of retailers are deploying a ship-from-store fulfillment strategy. This type of program offers retailers real opportunities and additional flexibility to overcome standard supply chain challenges.

Advanced omnichannel fulfillment has been a step change for many retailers. Kohl's has seen its program scaled in a matter of weeks, with 40% of ecommerce orders fulfilled from stores in the first quarter through curbside pickup and ship-from-store programs¹.

With grocery pickup being one of its fastest-growing channels, Walmart has been boosting the role of its store for ecommerce fulfillment this year². The company hired 235,000 workers to handle increased ecommerce demand³ and an additional 20,000 fulfillment workers for the upcoming holiday period⁴. The CEO, Doug McMillon, confirmed that the increased resources dedicated to ship-from-store would be permanent⁵.

Sam's Club⁶, a subsidiary of Walmart, also hired 2,000 permanent supply chain workers and launched ship-from-store program for peak season.



According to Forrester's predictions for 2021, logistics will dominate retail investments⁷. Retailers and brands will consider investing in cutting-edge omnichannel fulfillment options, everything from ship-from-store capabilities, micro-fulfillment centres and dark stores/kitchens to subscription models, drop-shipping, and amped-up loyalty programs, to lock in customers and better predict demand.

Here are 5 reasons every retailer should consider deploying a ship-from-store program:

01 / INCREASE CONVERSION RATE WITH REAL-TIME INVENTORY ACCESS



According to Wolfgang Digital, the online conversion rate per user was 4.6% in 2020 and averaged €107.03 in order value⁸. It is possible to improve those numbers by leveraging existing store inventory across all selling channels.

Out-of-stock situations can negatively impact conversion rates and lead to a higher level of cart abandonment. When demand for a product is high, an advanced fulfillment solution provides inventory agility and makes all your merchandise accessible at every customer touchpoint. Enterprise-wide inventory can be accessed wherever the customers shop and at any time to “save the sale.” You can get rid of siloed operations, smooth out risks associated with order volume fluctuations, and drastically reduce the number of online sales that are lost because of a SKU being out of stock.

According to one Forrester study, online stores that are able to sell both store and online inventory can increase their online revenue by up to 30% through an efficient sell-through of aging inventory⁹.

02 / LEVERAGE ENDLESS AISLE TECHNOLOGY



Cutting-edge fulfillment solutions not only allow retailers to save online sales by leveraging store inventories, but also enable endless aisle technology and save in-store sales. Store associates can confirm the availability of an out-of-stock product in real-time and have it fulfilled from another location, such as a distribution centre or another store.

03 / STAND UP TO THE RETAIL GIANTS



Amazon Prime and Walmart Plus are raising the bar for shipping standards. While shipping costs are often one of the main considerations for online shoppers, it has become increasingly difficult for retailers to keep up with customer expectations and to develop competitive programs. Consider the following statistics¹⁰:

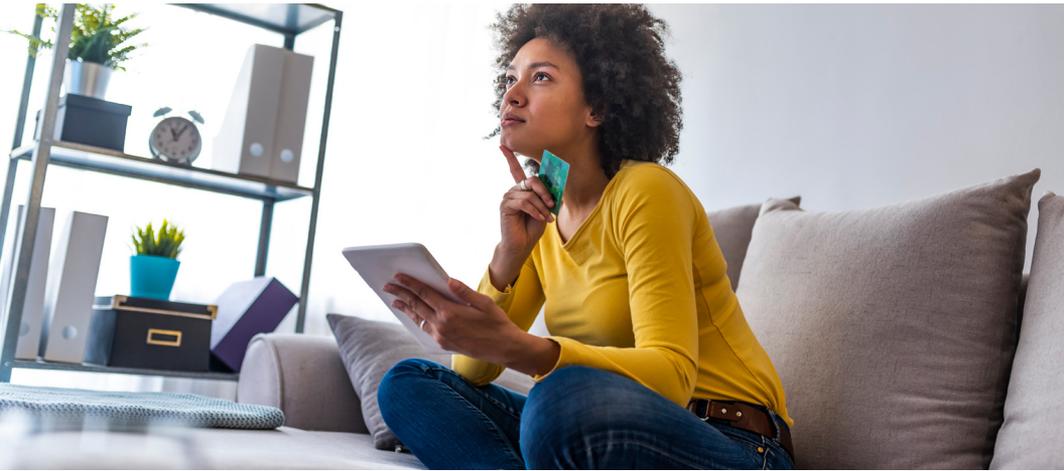
51% OF CONSUMERS SAY THEY ALWAYS CHOOSE THE CHEAPEST SHIPPING OPTION

NEARLY 1 IN 10 CONSUMERS HAS STOPPED SHOPPING AT A COMPANY BECAUSE OF SLOW DELIVERY

ONLY 46% OF CONSUMERS ARE SATISFIED WITH THE AMOUNT OF TIME IT TAKES FOR ORDERS TO ARRIVE

A ship-from-store program allows retailers to ship from their closest location and can help reduce delivery times and costs. Customers receive their order faster than if the product was sent from a distribution centre. As stated in a Forrester report, it “provides a unique opportunity to level the playing field and get merchandise in the hands of the customer quickly and cheaply.”¹¹

04 / PREVENT MARKDOWNS



It can be difficult to predict trends, especially in an industry such as apparel and fashion. To anticipate online buyer demand and avoid “sold-out” situations, retailers can sometimes stock their shelves with too much of certain items, which often results in markdowns. On the other hand, if they keep inventory too low, they may miss out on a trend.

While assortment planning remains a skill of its own, ship-from-store can mitigate some of the risk by making store inventory available for fulfilling online orders. Retailers can therefore make the most efficient use of their inventory without resorting to unnecessary discounts.

In a study conducted by Forrester, a retailer reported a 30% improvement in in-store inventory margins after optimizing its ship-from-store program to avoid markdown situations¹².

05 / ACCELERATE ONLINE SALES GROWTH



With an advanced fulfillment solution, retailers are no longer limited by physical space constraints, and their complete assortment can be made available across all channels. In addition to “saving online sales,” it can generate new revenues with merchandizing categories that were previously sold only in stores. For example, with ship-from-store capabilities, it would be possible to run an online test with an avant-garde product that has limited inventory and is usually exclusively allocated to stores for display purposes.

This approach allows retailers to drive online revenue and improve the effectiveness of their sales strategy. Forrester even suggests that ship-from-store programs could result in a 20% to 30% uplift in online revenue¹³.

IN CONCLUSION

If we only look at online conversion rates and supply chain efficiency, we can miss the bigger picture. Store fulfillment can be used to save sales, improve the customer experience, and increase profit margins across all channels.

However, a ship-from-store program can also bring its own set of challenges. You will need to find the best approach and technology for your business requirements.

The biggest issue surrounding direct shipment from store can often be the inconsistency of order-fulfillment time among various outlets¹⁴. Some stores may take longer to fulfill an online order, especially bigger stores with many SKUs. The closest location might not always be the fastest, nor the most cost efficient. Longer pick times and shipping delays can negatively impact the customer experience and even alienate shoppers.

For example, Walmart has been closely monitoring how order picking affects the in-store experience, using time slot reservations and testing picking during closing hours to find the best way to efficiently manage traffic in the parking lot and in stores¹⁵.

Technology can also be an issue and introduce needless complications for stores that operate legacy order management systems and need newer solutions that meet the needs of the omnichannel.



SUCCESS STORY: GET INSPIRED BY BESTSELLER'S SHIP-FROM-STORE PROGRAM

Challenge

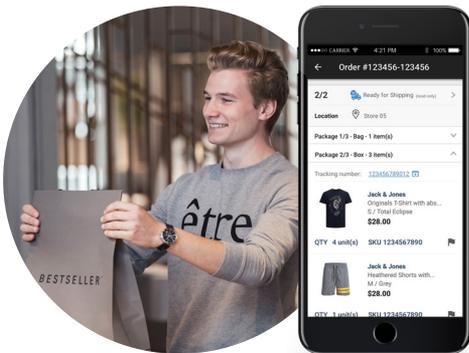
Bestseller, a global fashion retailer selling 11 in-house brands across thousands of retail store locations, was fulfilling online orders from a central warehouse with sometimes limited inventory and at potentially high shipping costs. They wanted to make their store inventory available for online orders and lower shipping costs by enabling a local ship-from-store solution, ensuring efficient order fulfillment and generating new revenue for individual stores.

Solution

Bestseller opted for a store fulfillment solution that transforms brick and mortar stores into local shipping hubs where online orders can be picked, packed and shipped more efficiently. The fashion retailer was able to easily integrate Orchestra's API-based platform with their existing technology ecosystem to enable order orchestration, routing and fulfillment capabilities. **Bestseller** store associates were also equipped with Orchestra's Fulfillment App to receive notifications about new orders and manage the entire pick, pack, ship process.

Results

Bestseller successfully launched the program for several store brands in under 90 days. They can now make store inventory available for online orders, thereby making better use of their entire inventory network while lowering fulfillment costs. They are continuing to deploy their ship-from-store program across different regions and, as a result, stores are now fulfilling online orders and generating new revenue!



Learn more about Bestseller's Store Fulfillment solution powered by Orchestra's API-first platform.

[Download the case study](#)

SETTING YOUR SHIP-FROM-STORE PROGRAM IN MOTION

Deploying a ship-from-store program can be a complex project, but it's possible to avoid many pitfalls and overcome most challenges. With Orckestra's Mobile Store Fulfillment solution, you can reap the full benefits of omnichannel order fulfillment without resorting to a complex and risky re-platform project. Our API-first approach allows you to interface with your existing OMS and/or ecommerce systems so you can get started in only 90 days!

Don't hesitate to contact our experts for guidance or tips as you build your omnichannel fulfillment strategy.

[How can we help you adapt for modern retail?](#)

[Contact us today >](#)

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ABOUT ORCKESTRA

Orckestra is mdf commerce's enterprise-grade platform, offering retailers and brands a single, scalable, user-friendly headless commerce engine to drive unified customer experiences online and in-store. Today's consumers define their own path to purchase, and Orckestra builds products that respond to this new omnichannel retail world.

Built on the Microsoft Azure open cloud, our Commerce Orchestration™ Platform establishes a unique central commerce layer that unifies all retail systems and customer touchpoints, and helps enterprise organizations grow their business successfully in the global marketplace. We fuel digital innovation for leading retailers, grocers and branded manufacturers, enabling them to deliver differentiated commerce experiences faster with lower IT burden and operating costs, and maximum revenue growth.

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