Meeting the Demand for Instant Gratification

For Online Retailers, Faster Shipping Isn't The Only Answer

There's been a profound structural shift from physical to digital retail over the past several years, and the demand for e-commerce shows no signs of slowing down. According to a recent U.S. Census poll, e-commerce retail sales for the third quarter of 2015 totaled $87.5 billion alone. And while one might assume consumers are increasingly shopping online because they prioritize lower pricing or free shipping, marketing agency Koeppel Direct found that the largest contributing factor for online shopping is convenience.

With companies like Amazon boasting same-day delivery and new upstarts like Postmates and UberRUSH offering a slew of on-demand services, consumers' appetite for not only convenience, but also for instant gratification have drastically increased. With the push of a button, shoppers can have a new iPhone delivered in minutes, or even have a week's worth of groceries arrive at their doorstep within the hour.

The trouble with the convenient, on-demand nature of e-commerce, however, is that aside from behemoths like Amazon or nimble trailblazers like Postmates or UberRUSH, most companies aren't equipped to compete with the instant gratification that comes with purchasing an item in-store. Consider the following scenario: a consumer walks into a store, picks a product off the shelf, purchases it and walks home with their new item. Compare that to searching for a product online, purchasing it and then having to wait 3 - 7 days for it to arrive.

There's a major gap between in-store and online purchasing, and it all comes down to the feeling of instant gratification – or lack thereof. Consumers are still attracted to making purchases in brick and mortar stores because they want to go home with their new product immediately after spending money on it. This reality makes meeting online consumers' expectations for that feeling of instant gratification a significant challenge for most companies.

In order to keep online consumers satisfied, companies must provide an experience that is as close to in-store/offline purchasing as possible. That means shortening the time from when the customer clicks "purchase" to when the product arrives at their doorstep. While new capabilities like one- or two-day shipping have helped speed up the time between order and receipt, it's crucial to better control what happens immediately after the click – the order fulfillment phase. As soon as a purchase is made, a series of seamless events must happen in a company's warehouse to ensure that the consumer receives the right product quickly and in the perfect condition.

B2C retailers can – and should – minimize the gap between in-store and online purchasing by optimizing their order fulfillment processes. Fulfilling more orders correctly and quickly results in a more gratifying experience for the buyer, which results in more success for the seller. This can be achieved through implementing a more efficient order fulfillment process.

There are several key factors for any company to consider when improving their click-to-ship times and instilling a feeling of instant gratification in buyers:

- **Continuous flow** – Once an order is processed and the request is sent to the warehouse, the order should be continuously moving along the belts for a retailer to achieve measurable time savings. Companies can improve this step by assessing their current process, removing any unnecessary touches made by employees and focusing on the basic product flow – removing the product from the shelf, putting it in the box and pushing it out the door. Anything else within the process is time wasted.

- **Streamline box assembly** – By engineering packaging that requires a minimum amount of touches, retailers can also cut down on assembly time. The faster a box can be assembled and put into the continuous order process, the less overall delay it will experience.

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- **Real-time updates** – It's crucial to have an inside view of how the supply chain is progressing so that retailers can let the consumer know right away if there's a delay (or better yet, so retailers can prevent a delay from happening in the first place). For instance, if a retailer runs out of plastic supplies, they need to receive that information in real-time so they can adjust their processes accordingly. Additionally, retailers can't afford to wait until the day an item is supposed to arrive to notify the buyer that there's a problem.

- **Optimal shipping rates** – Retailers should be well-versed in which shipping options are most efficient. Perhaps air freight is the best solution given the location of a retailer's facilities. Or, perhaps it's more productive to manufacture certain products in different locations based on the available shipping routes nearby. It's essential for retailers to plan their shipping routes and manufacturing locations well in advance in order to optimize labor and time spent.

- **Using pick-to-light solutions** – Pick-to-light is the fastest, most cost effective picking method and a great option for smaller, fast moving items. The pick-to-light solution easily identifies for pickers which product they need from where, and how many units go into each box as it passes the station.

- **Adding automation** – By increasing the amount of automation within the order fulfillment process – such as by automatically sealing the box once the order is placed inside – it's possible to cut down on potential human error and overall time.

- **Removal of batch processing** – Traditional batch manufacturing results in excess product being created and stored, adding extra cost to the end-customer. Additionally, if a manufacturing facility focuses on developing a month's worth of a part at one time, the manufacturer can't fulfill a customer's request for another part, which delays order fulfillment. Instead, by moving to single piece flow,

consumers can receive their product faster because orders are fulfilled as they are received, rather than when enough orders have been placed to batch them together.

With the steady growth of e-commerce, competition amongst online retailers is fierce, and customer loyalty has, for the most part, disappeared. Consumers won't stick around if they experience slow, expensive and sub-par buying experiences. Instead, they'll simply go to an alternative online retailer and probably never look back. While fast shipping options can certainly help attract and delight online buyers, retailers should focus on implementing a more efficient order fulfillment process to significantly improve their click-to-ship time and greatly improve customer satisfaction.

By using automation, removing batch processing and instilling real-time updates across the supply chain, online retailers can also compete with instant, in-store buying experiences. Sure, consumers may not be receiving their products as instantaneously as they could in-store, but by optimizing order fulfillment processes, online retailers can emulate that sought-after feeling of instant gratification.

For more information, please contact us here to discuss how ModusLink can help your brand optimize its click-to-ship time and better compete with instant, in-store buying experiences.

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