

C3 Solutions

Article

The Icing on the Cake

**Making Omnichannel Grocery
Seamlessly Smooth**



**FROM
HERE**

**GETTING IT
RIGHT**

**TO
HERE**



Grocery shopping is the new frontier in e-commerce. When Amazon bought Whole Foods in June 2017, grocery retailers took notice, and the race to omnichannel grocery fulfillment was on. As more and more people look to online ordering to meet their grocery needs, a number of factors are creating a serious competitive challenge for grocery retailers.

First, food is trendy, and home cooking has become both recreation and a status symbol for many. And with more options for online grocery shopping available, consumers are becoming extremely selective about the quality of products and timeliness of delivery. That adds pressure on the assortment of products offered and the speed at which new items are introduced. Second, the overall trend towards e-commerce has spread to grocery retail, making it a necessity to be in the game. Third, last-mile delivery options are expanding, but also the click-and-collect option has proved viable, opening up new channels for order fulfillment.

Grocers need to be at the top of their game to compete in online sales, and for many, it requires a big shift in the way they do business.

Traditional grocery involves a single point of contact with the customer – in the store. Now grocers are being challenged to offer online ordering, in-store pick-up, and home delivery, as well as the retail baseline of an efficient, clean, well-stocked and appealing in-person shopping environment.





The shape and size of the challenge

Online grocery has experienced a huge growth spurt in the past year. Here's a snapshot of the trend, from various research reports:

- 1 The number of people buying groceries online doubled from 2017 to 2018, with 49 percent of U.S. consumers buying consumer packaged goods (CPG) online. In 2016 only 23 percent reported having done so ^[1]
- 2 More than 20 percent of consumers already buy groceries online every month ^[2]
- 3 Shoppers buying at online-only food stores increased from 16 percent in 2015 to 28 percent in 2018 ^[3]
- 4 Millennials (age 18-38) drive the trend, with more than 40 percent doing their grocery shopping online. However, close to 30 percent of Gen-Xers (39-52 years old) also shop online, while less than 15 percent of Boomers (53-71) do, and those over 71 years old actually participate more than the Boomers, at about 15 percent ^[4]
- 5 Forecasts suggest that by 2022 up to 70 percent of U.S. shoppers might be shopping online for groceries ^[5]

These consumers expect a seamless integration between the brick-and-mortar and online grocery shopping experience, treating the two as one entity.

The challenge for grocers is to bridge the gap and deliver what grocery buyers want.



Retailers' reaction

These expectations, the volume, and constant growth are adding complexity to the business model, and creating the need for more sophisticated supply chain management. With the traditional bricks- and-mortar retail model, grocers simply move product from a distribution center to the stores. The biggest challenge in designing a successful business model with omnichannel grocery retailing is the high cost and complexity of fulfillment. [6]

Here's where the costs and complexity layer onto the existing supply chain:



These new challenges require innovative strategies and adaptation across the supply chain that retailers are struggling with. They know that they need to make changes to stay in the game, with recent research showing that 39 percent believe legacy systems are holding them back. [7]

It's a difficult process to map your whole operation with the aim of deciding how to do omnichannel fulfillment. Let's look at a couple of the big choices retailers need to make when building an omnichannel operation.



Fulfillment options

To fulfill customer online orders, grocers need to be able to pick individual items. A traditional distribution center is not set up for item picking, instead usually shipping case lots and handling pallets of goods that are shipped in trailers to retail stores. For omnichannel operations, inventory needs to be selected on an item basis and sorted into small shipping containers that will be delivered directly to the customer whether by local delivery or parcel post. That's the operational difference between distribution centers and fulfillment centers. [8]



In grocery omnichannel, many retailers use their stores as the fulfillment center (FC). This strategy makes sense because the full assortment of product is readily available to be picked. Staff can move up and down the aisles as they would inside a regular fulfillment center, picking items into a basket, which can then be delivered or picked up by the customer. Doing fulfillment this way means no investment in logistics technology is required, and the buildings are already there, so no new infrastructure is required.

However, choosing this route can be slower than in a purpose-built facility – shoppers can get in the way, space limits the volume that can be fulfilled, and there is no way to



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predict if an item will be on the shelf since in-store customers are picking from the same stock. This uncertainty requires keeping higher safety stocks and increases the cost of demand planning. It also forces the retailer to create a decision tree to determine which stores will fulfill orders depending on geographic regions and the types of items in the basket. ^[9]

The alternative is to go the fulfillment center way. While the upfront costs may be higher, **the advantages are better:** FCs provide more integrated inventory control; more accurate, streamlined and faster-picking processes; and typically a single shipping method – instead of having orders picked up or shipped out, the FC only ships orders out for last-mile delivery. Using a fulfillment center also allows for a greater product assortment than in-store fulfillment. ^[10]

Many retailers are opting for this solution. In fact, Sam's Club (Walmart's club store subsidiary) is scrambling to turn some of the 63 stores it closed in 2017 into FCs. Kroger is planning to open 24 facilities to fulfill online orders. And, although it's not grocery specific, Amazon operates more than 300 fulfillment centers, with more opening all the time. ^[11]

Of course, grocers can also opt for a true omnichannel warehouse, which serves all types of orders from one location. These facilities combine store deliveries, order fulfillment and can integrate the returns process as well.

How we can help

Whichever option is used for fulfilling online orders, the requirements are the same: speed, accuracy, and seamless communication.

You've got the facility set up, customer-facing online ordering is organized, fulfillment methodology established. But you're still running into bottlenecks. What is going on? Stock is stuck in the yard, but staff is standing around waiting for trailers to unload. Phone lines are burning up as departments try to talk to each other, and everybody is drowning in drifts of paperwork. And, as a result, orders are not getting filled.



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Here's where we can help. Before you take the plunge, **consider for a moment the little details that can make or break your omnichannel fulfillment:**

- ★ Does your strategy account for the flow of inbound trucks and trailers to your facility?
- ★ Does it take into account the number of trailers that need to be managed on a day-to-day basis?
- ★ Do you have paperless operations established?
- ★ Do you have advance notice that trucks are inbound?



A C3 Solutions cloud-based **dock scheduling** and **yard management** system can help you eliminate these costly backlogs. Automatically schedule appointments at the dock door for inbound trailers so they aren't left waiting. Improve your advance notice so you can better plan inventory flow. Eliminate the paper trail by making documents electronic.

Managing trailers in the yard with a **best-of-breed YMS** means you'll know exactly what's where and your yard staff will be able to find and move trailers to the docks without wasting precious time. Likewise, your inside workers will not be left to loiter while the yard staff play hide and seek with hundreds or thousands of trailers.



Managing the last mile

Once the orders are picked, there's a new challenge – getting them into the customers' hands. The last mile is one of the most significant hurdles left in [e-commerce](#), and it's especially tricky for grocery because of the mix of perishables and dry goods being shipped. Orders have to be handled quickly, and cannot usually be dropped at a customer's door if there's nobody at home. This is why [click-and-collect](#) is so popular with retailers and customers alike.

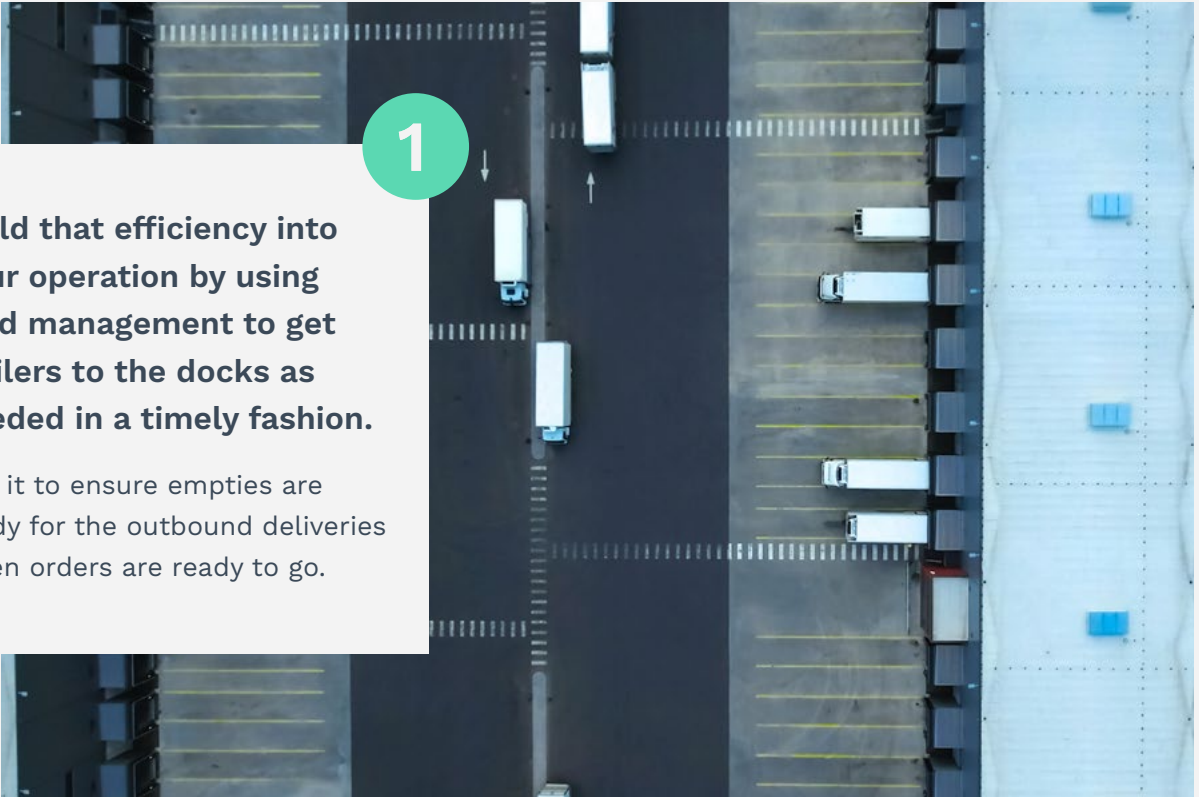
But home delivery cannot be ignored. And if grocers are going to offer it, they need to be able to provide end-to-end visibility into the process because that's what consumers say they want. ^[12] [It only makes sense to want assurance that your dairy has stayed cold, your eggs haven't been smashed or your bananas turned black because of a problem somewhere along the delivery chain.](#)

There are technical solutions for tracking orders from the fulfillment center to the door, including blockchain (more on this in a later article), and [Internet of Things \(IoT\)](#) sensors that record temperature, shock, humidity, and light. ^[13] Using local micro-fulfillment centers is another option that helps maintain control of the quality of products during delivery – shortening the distance traveled increases the likelihood of maintaining quality.

How we can help

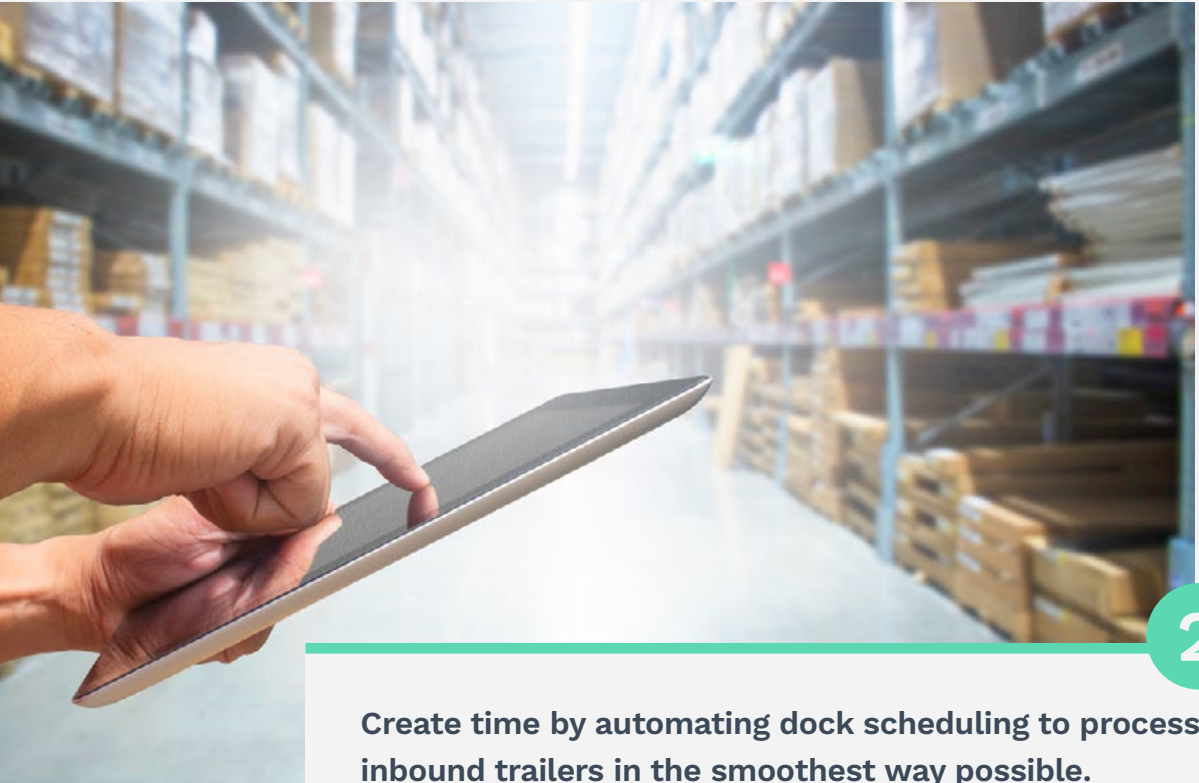
One of the best ways to ensure quality and timely delivery is to make the back-end operation as efficient as possible. You take the pressure off the last-mile process by ensuring that the products going into each order have been in the fulfillment center for the minimum possible time. The shorter the stay in the FC, the fresher the produce, milk, meat and other items will be.





Build that efficiency into your operation by using yard management to get trailers to the docks as needed in a timely fashion.

Use it to ensure empties are ready for the outbound deliveries when orders are ready to go.



Create time by automating dock scheduling to process inbound trailers in the smoothest way possible.

Increase the productivity of the assets you have – human and infrastructure – by employing paperless, instant communication that creates real-time visibility into all the inbound and outbound activities under your management.



Making omnichannel grocery a sweet success

If you are going to make the investment in facilities and systems to make omnichannel grocery retail your business model, then it will pay in reduced costs, shorter **ROI** and better customer satisfaction to also ensure you've got the right systems to make it all work smoothly.

Powerful and flexible dock scheduling and yard management systems can provide you with the edge that will power your e-commerce to be best-in-class.

The food e-commerce marketplace is a blur of motion right now. Not only are sales booming as more and more consumers opt to buy their groceries online, but the technologies and options for rising to the challenge are constantly evolving. Many retailers are struggling to keep up as they adapt their operations to the new landscape. But even as they go through these tremendously disruptive changes it is possible to take advantage of technology that makes operations run smoother. Opting to employ solutions like our dock scheduling and yard management systems really can make the difference between success and a costly mistake.



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Let's indulge in a little food analogy as the dessert to this piece:

Think of C3 as the icing on the omnichannel e-commerce cake. How you build your e-commerce infrastructure – multiple FCs, in-store fulfillment, or omnichannel DC – is the layers of the cake. They are the foundation of the enterprise.

To top it off we provide the substance that makes it all hold together seamlessly. C3 solutions systems – like the frosting – smooth out the rough edges, render it seamless and make the whole process that much sweeter for the retailer and the customer.



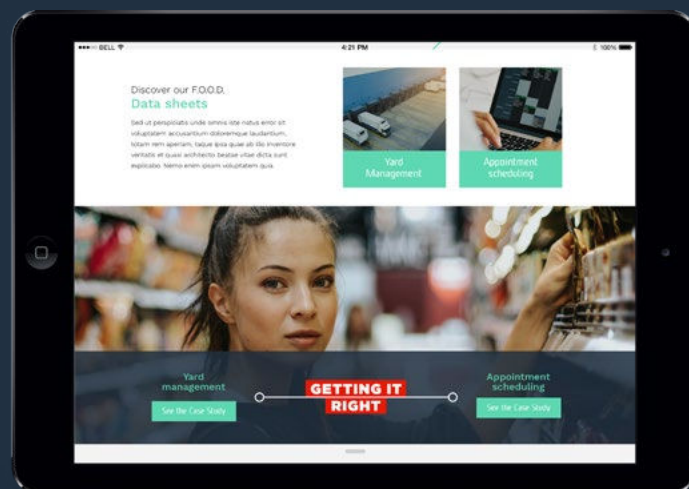
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Looking to learn more about
how others are


GETTING IT RIGHT ?

To see how others have successfully leveraged yard and dock
management technology to smooth out the grocery
supply chain, discover C3's F.O.O.D. Program.

Empowering the Grocery Industry with
Automated Yard Management and Appointment Scheduling



Visit the F.O.O.D. Program



C3 Solutions is an information technology company specialized in yard management (YMS) and dock scheduling (DSS) systems.

Since its founding in 2000, C3 has gained the confidence of clients around the world and across many industries including retail, grocery, distribution, manufacturing and parcel post.

Headquartered in Montreal (QC), Canada and privately owned, C3 is dedicated to developing, implementing and supporting the most complete yard management and dock scheduling products on the market today.

For more information,
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