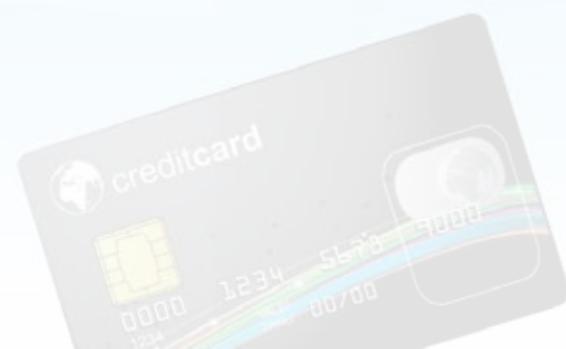


# Mindmap for cross-channel fulfilment

Continuing online sales growth is leading to increasing front-end and back-end collaboration between webshops. Taking a joint approach to logistics would help them to further benefit from economies of scale. Supply Chain Movement and Manhattan Associates have created a mindmap to outline the route, including road signs indicating potential hazards along the way.



## MINDMAP MANUAL

**E-commerce growth:** Despite the economic crisis, online sales levels continue to increase: the average European growth rate was 16 percent in 2012. The online share of total retail sales varies tremendously from one country to another. In Italy, for example, internet sales account for only 1.3 percent of the country's total retail turnover. Meanwhile, the UK leads

the way with online representing 12 percent, and this figure is expected to rise to 20 or even 30 percent at the expense of traditional stores. Because of the strong growth in e-commerce, a retailer's decision to either handle its own logistics operations or outsource them is one that has increasing impact. As more and more companies are

outsourcing their e-fulfilment activities, certain logistics service suppliers are specialising in this field and offering a wider range of services.

**Cross-channel, cross-border:** Initially, consumers placed their orders online and the goods were delivered to them at home. Nowadays, they can order pro-

ducts on the internet for pick up in a store or at a collection point, a model known as 'Click & Collect'. For certain products in London, it is even possible to order from and arrange for delivery to a café terrace. Retailers are also exploring ways of delivering straight from their stores. Delivery and inventory reliability is crucial in this form of cross-channel retailing.

While it is relatively easy to set up a webshop in several languages for different countries, arranging the associated logistics activities demands a lot more effort. To support its European expansion, for instance, Amazon has invested heavily in new distribution centres. Cross-border e-fulfilment means higher transport costs, and the

inevitable returns process can also be very expensive.

**Collaboration:** It is clear that there will be increasing collaboration among webshops, at both the front end and the back end. At the front end, small webshops can increasingly be seen together on shared internet platforms. Just as in

the physical world, there is a growing number of shop-in-shop concepts in which manufacturers of branded goods present their collections through another retailer's webshop. It is surely an obvious next step for some of these players to create economies of scale by working together from a logistics perspective too.

