



ASK THE EXPERTS

Navigating the Omnichannel Frontier: Success Stories and Strategies for Seamless Shopping Experiences

MEET THE EXPERTS

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M A D E 4 N E T

Fulfillment is always changing, and not just because of life-altering events like the COVID-19 pandemic. Evolving technology and rising consumer demand and expectations play a large role in how operations more effectively provide fulfillment services, and nowadays, omnichannel fulfillment is getting a lot of attention.

Most companies will need to fundamentally transform their supply chains to deliver omnichannel excellence, but the effort will be worthwhile. In this paper, we:

- ▶ Explore the top operational challenges impeding omnichannel success
- ▶ Outline effective omnichannel fulfillment strategies
- ▶ And, examine real world omnichannel success stories

I. INTRODUCTION

Before we dive into the details, let's start with the basics: what does omnichannel mean? As Amit Levy, Made4net's EVP of sales and strategy shares, "Omnichannel refers to a strategy that integrates multiple sales channels, such as brick-and-mortar stores, e-commerce websites, mobile apps, and social media platforms, to provide customers with a unified and consistent shopping experience. Unlike traditional multichannel approaches, which may operate in silos, omnichannel ensures that each channel is connected and synchronized."

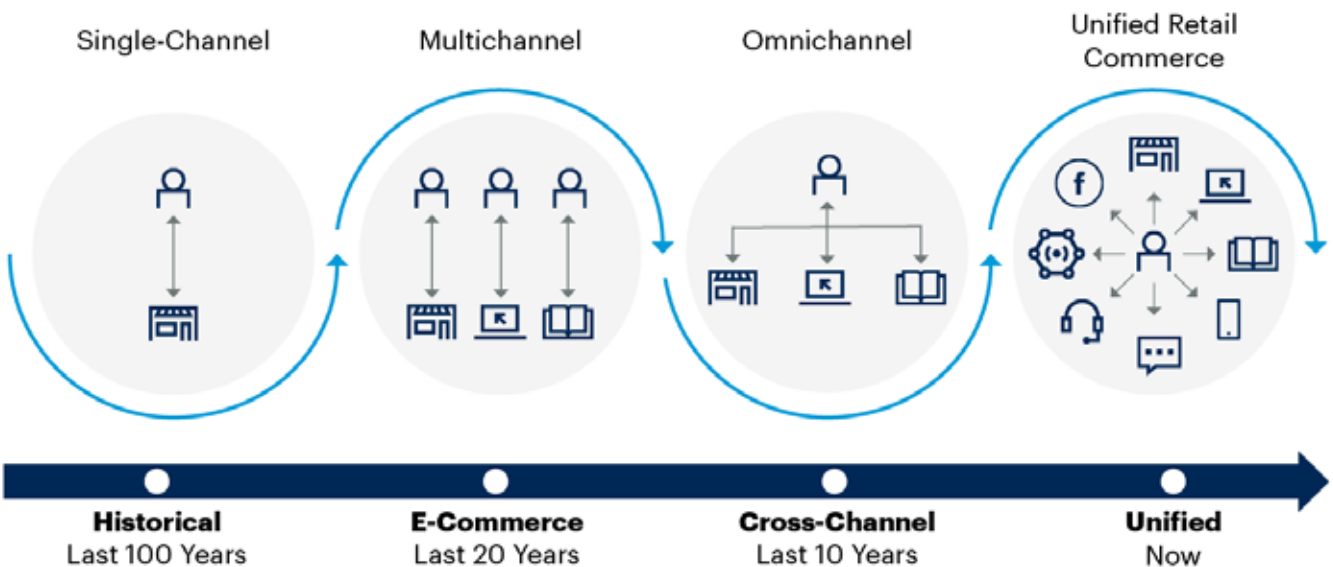
Successful omnichannel operations rely on sophisticated fulfillment strategies. These strategies involve efficiently managing and delivering customer orders across multiple channels and distribution points. Inventory, order processing, and shipping systems must be integrated to ensure that customers can access products through their preferred channels, such as online, in-store, or via mobile apps, and receive them without issue. At the end of the day, omnichannel success can be gauged by the ability to fulfill a variety of orders accurately, in the shortest amount of time, and for the lowest cost per unit shipped.

Most companies will need to fundamentally transform their supply chains to deliver omnichannel excellence. With that in mind, Made4net reached out to a team of industry experts for their insight into operational challenges and fulfillment strategies to tackle them. We'll cover their top tips and examine some real world success stories in this paper.

II. THE EVOLUTION OF OMNICHANNEL FULFILLMENT

Fulfillment in the retail industry has changed significantly over time, driven by advancements in technology, changing consumer behaviors, and the need for retailers to adapt to meet customer expectations for convenience, speed, and flexibility. In the beginning customers only had the option of shopping at stores. Eventually catalogs were introduced allowing customers to mail or phone in orders to be shipped to their homes. Then, thanks to the growing popularity of the Internet, e-commerce began to take off and customers could order anything with a few clicks to be delivered rapidly to them. Fulfillment methods expanded to accommodate these various shopping channels, but they were largely siloed. Today, we're embracing omnichannel fulfillment, which integrates the fulfillment of all channels seamlessly.

The Evolution of Modern Retail



Source: Gartner
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To complete the evolution to omnichannel, operations need innovative fulfillment solutions that include a mix of software, automation, and robotics. A centralized solution and inventory hub to serve as the foundation for omnichannel fulfillment success is an integral starting point. But before a solution can be architected, it's helpful to know what challenges operations can expect in the realm of omnichannel fulfillment.

III. OPERATIONAL CHALLENGES AND SOLUTIONS

Clearly, the technology chosen to serve as the controlling system to support omnichannel fulfillment will be different based on each operation's individual complexity and business requirements. But regardless of the uniqueness of an operation, omnichannel fulfillment presents some common challenges. We asked our experts what they are seeing and the majority put **inventory management, space utilization, picking complexity, and labor shortages** at the top of the list.

Vikas Aron, Chief Product Officer at [Bricz](#) says "Brands must plan, allocate and sell across retail, wholesale, and digital channels. They are looking to stock inventory across different channels in a single location to improve inventory efficiency and margins amidst demand and distribution volatility. However, with very different order profiles, service level agreements, picking and packing processes, the benefits of keeping inventory together can often result in higher operating costs. Managing this balance between operating costs and inventory efficiency is one of the top challenges omnichannel retailers face."

Steve Pullo, President at [Blue Label Systems](#) stresses that the ability to analyze, "enterprise-wide inventory visibility and variable components - such as facility capacity, item shipment cost per unit, and shipment facility's proximity to order destination - is key to optimizing operational costs."

James Goldman, CEO, and Managing Partner at [JGA](#) believes warehouse optimization and space utilization is a challenge for companies implementing omnichannel fulfillment. "With multiple channels, the warehouse's layout needs to be optimized, and the picking and packing process needs to be streamlined to ensure timely and accurate order fulfillment. The challenge also arises in managing inventory storage and handling procedures to keep the inventory safe and secure."

Steve Hopper, Founder and Principal at [Inviscid Consulting](#) agrees, and adds that as a wider variety of order types becomes normal, the need to handle multiple units of measure (UOM) can complicate things. "Since omnichannel warehouses are shipping 'ones and tons' concurrently, the same SKU is often available at multiple UOMs. These might include a full pallet load, a full case, an inner pack, and/or an each. And the most efficient way to pick and ship orders typically involves picking the same SKU at all UOMs, depending on the quantity."



This in turn leads to increased picking complexities, as Jason Gryzkowicz, Senior Managing Director at [St. Onge](#) cautions. "Increases in e-commerce volume and more frequent smaller deliveries to service store replenishment drive up break case volume, increasing picking complexity and labor needs while creating new order pack and finishing task requirements. Plus, increasing SKUs stresses resources within the facility as they expand to service multiple challenges."

All experts mentioned that staffing challenges and fluctuating demand are common across all warehouse environments. Pullo, shares that "scaling the workforce during peak period is a serious challenge" in omnichannel environments.

All experts agree that having the right Warehouse Management System (WMS) curated to your business' unique omnichannel requirements is critical to overcoming these challenges. Overall, a WMS plays a pivotal role in orchestrating inventory, orders, and fulfillment operations across multiple channels. A modern solution enhances operational efficiency, improves customer satisfaction, and helps retailers meet the demands of modern consumers who expect seamless shopping experiences across various channels.

THE ROLE OF A WMS IN OMNICHANNEL FULFILLMENT

Behind the scenes, a crucial component that ensures the success of omnichannel operations is a robust WMS. A WMS acts as the backbone of order processing and fulfillment in an omnichannel environment. It consolidates orders from different channels and optimizes the picking, packing and fulfillment process. Key roles a modern WMS plays in omnichannel fulfillment include:

1 Inventory Visibility

A WMS provides real-time visibility into inventory levels across various warehouses, distribution centers, and retail stores. It allows retailers to track inventory accurately and know the exact stock availability for each channel. This visibility ensures that customers can place orders confidently, knowing that the products they want are in stock and can be fulfilled.

2 Order Management

A WMS handles order processing for multiple channels seamlessly. It should have robust order management functionality to handle orders from various channels, such as online marketplaces, brick-and-mortar stores, and direct sales.

The WMS integrates with the Order Management System (OMS) or Distributed Order Management System (DOM) for optimal allocation of inventory based on predefined rules, such as proximity to the customer, stock availability, and fulfillment capabilities. It enables intelligent inventory allocation decisions to fulfill orders from the most suitable location, whether it's a warehouse, store, or drop-shipping supplier. This ensures faster and cost-effective order fulfillment across channels. It's all about efficiently meeting customer expectations.

3 Order Tracking and Visibility

A WMS provides end-to-end order tracking and visibility to both the retailer and the customer. It enables real-time updates on order status, shipment tracking, and estimated delivery dates. This visibility helps retailers provide accurate information to customers, increasing trust and satisfaction.

4 Pick, Pack, and Ship Efficiency

A WMS optimizes the picking, packing, and shipping processes within the warehouse. It provides picking instructions to warehouse staff, optimizes pick routes, and ensures accurate order fulfillment. According to Hopper, an omnichannel WMS, "needs to be able to reduce the variability of the work assigned to a worker. For example, it should be able to build economies of scale through capabilities like batch picking and sorting, cluster picking, and intelligent grouping of orders that have

similar attributes." This will help reduce errors, minimize processing time, and increase operational efficiency, by distributing the execution of tasks across multiple resources including Autonomous Mobile Robots (AMRs), Automated Guided Vehicles (AGVs), warehouse associates and more to ensure each task is performed optimally.

5 Returns Management

Managing returns is a critical aspect of omnichannel fulfillment. A WMS facilitates efficient returns management by automating processes such as handling and processing return authorizations, providing real time inventory updates, enabling quality inspection, and restocking. It helps retailers manage returns across channels and enables faster refund or exchange processes, improving customer satisfaction.

6 Data Analytics and Reporting

A WMS captures and analyzes data related to inventory, orders, and fulfillment processes. It generates reports and supplies data that enables retailers to identify bottlenecks, optimize operations, and make data-driven decisions to improve overall fulfillment performance.

But a WMS is just one crucial component that ensures omnichannel success. Omnichannel fulfillment involves integrating multiple systems and types of technology including: Order Management Systems (OMS), Point of Sale (POS) Systems, Customer Relationship Management (CRM) Systems, Shipping and Logistics Software, Enterprise Resource Planning (ERP) Solutions, E-commerce Platforms, Mobile Apps and Websites, Customer Service and Support Tools, and increasingly Robotics.



If selecting a new WMS is on your to-do list, check out the Gartner® Magic Quadrant™ for Warehouse Management Systems [here](#).

IV. ROBOTICS FOR OMNICHANNEL OPERATIONS



Being an omnichannel retailer means juggling various order profiles. According to Levy, “Traditional order profiles have more items and the quantity of each item is higher, which allows for easier picking. E-commerce order profiles average 1.8 items per order, which requires significantly different, more complex picking strategies.” As pick complexity increases, so do labor demands and today, many retailers are leaning into robotics as a way to increase efficiency, accuracy, speed, and scalability in the warehouse.

Key aspects of the role of robotics in warehouse management for omnichannel fulfillment include:

1. Automated Order Picking
2. Reducing Travel Time and Labor
3. Sorting and Packaging
4. Inventory Management
5. Warehouse Optimization
6. Scalability and Flexibility
7. Data Analytics and Insights

But before you rush into integrating robotics into your operations, our experts agree there are several things to do to

ensure the transition goes smoothly. According to Hopper, “The variety of types of robotics used in warehousing and distribution is proliferating rapidly. So is the number of companies who develop and implement such solutions. But it’s important to remember that robotics is a tool, not a goal. Put simply, the goal of an omnichannel operation is to fulfill a variety of orders accurately, in the shortest amount of time, and for the lowest cost per unit shipped. And each of these factors – accuracy, time, and cost – can be defined and measured objectively.”

Hopper suggested defining your problem as the first step. “The key is to start not by choosing a solution, but by documenting the warehousing and distribution requirements of the business. Then, based on those requirements, consider all viable solutions, ranging from manual to automated (including robotics). By taking this approach, your team can objectively compare the business cases of various options and select the most effective solution, which is usually the one that best satisfies the defined requirements of the business, both quantitatively and qualitatively.”

Goldman agrees that, “Selecting the best Autonomous Mobile Robot (AMR) for your omnichannel operation can be challenging, especially given the various types of AMRs available in the market.” Factors to weigh include functionality, capacity, integration, flexibility, cost and labor challenges.

Pullo stresses that the integration of robotics will impact your overall supply chain system technology stack. “WMS and Warehouse Control Systems (WCS) are being augmented and/or replaced by emerging Warehouse Execution Systems (WES). The focus of the WES is to provide real-time optimization of processes and automation equipment within the facility.”

Levy states that it’s important to remember that, “It is possible to run an omnichannel warehouse without robotics today.” While robotics can offer significant benefits in terms of efficiency, accuracy, and scalability, they are not a mandatory requirement for operating a successful omnichannel warehouse. “It’s essential to assess your specific business needs, budget, and goals before deciding on their implementation.” Many successful omnichannel warehouses continue to thrive without robotics by focusing on optimizing existing processes and leveraging technology to support efficient fulfillment operations.



V. OMNICHANNEL WINNERS

According to Gartner, “The future of retail requires that the retailer rises above the channel to understand how the customer browses, transacts, acquires and consumes in order to gain revenue and market share.”¹ But considering that many companies’ supply chains predate omnichannel, meeting customer needs may require a complete supply chain transformation. So, where should you start?

Gryszkowiec suggests beginning, “by challenging service levels and the purpose of the distribution centers within the network. Being creative to maximize the positive value brought by the supply chain transformation can lead to the best results.” He also cautions not to “limit the scope of change” as efficiencies might be uncovered by optimizing transportation, real estate, IT systems and architecture as well as distribution center operating concepts and technology. Basing distribution center concepts and technology on detailed order profile and operating requirements will lead to success.

The most successful retailers are continually evaluating and investing in the way they service their customers. One example is Swedish-founded and Netherlands-based international retailer, [IKEA](#), which has long been recognized as a leader in fulfillment. IKEA is pioneering next generation retail fulfillment to significantly enhance how they interact with their consumers in a new era of omnichannel commerce and provide a more flexible way to shop, order, and deliver products in a sustainable way.

E-commerce is big business for IKEA. Today, almost 80% of all shopping journeys begin online, and the company had over 3.8 billion visits to its website and 680 million visits to stores in FY 2022. As such, the retailer is doubling down on leveraging technology to transform their fulfillment process to make shopping online and in-person a seamless experience. Since the start of 2022, they have announced plans to invest [\\$3B in stores globally](#) and [\\$2.2B in their U.S. omnichannel strategy](#).

Areas these investments will focus on include modernizing existing stores to support both in-store and online shopping by increasing handling capacity for parcel deliveries from stores. The company is also working to transform its last-mile fulfillment to provide faster and more sustainable deliveries.

Central to the fulfillment transformation is a new omnichannel technology solution in partnership with Made4net. IKEA will streamline the fulfillment process and take advantage of their large store network by using stores as fulfillment points for in-person and digital orders. IKEA is bridging the gap between inventory silos, improving real-time inventory visibility, and bringing more efficient options for delivery and pickup by deploying Made4net’s WarehouseExpert WMS - a solution traditionally implemented in distribution centers - to its stores. The goal is to offer unified order fulfillment across all points. In the end, IKEA will have over 100,000 coworkers using the system across their stores and DCs, and over 40,000 coworkers working specifically in order fulfillment.

IKEA is clearly doing all the right things to understand their customers and their varied shopping preferences and to be there “whenever and however customers choose to meet us.”

VI. CONCLUSION

Omnichannel success involves integrating multiple sales channels to provide customers with a unified and consistent shopping experience. As technology advances and consumer expectations rise, retailers are recognizing the need to transform their supply chains to deliver omnichannel excellence. Successful retailers understand the importance of continuously evaluating and investing in their omnichannel strategies. They leverage technology and optimize logistics and inventory management.

As you build and improve your omnichannel fulfillment strategy, we encourage you to:

1 Keep your customers front and center:

Understand their preferences, behavior, and pain points across different channels. Use your knowledge to create a seamless, personalized experience across all touchpoints. Ensure that customers can effortlessly switch between channels without losing context or facing any hurdles.

2 Take an integrated approach to technology and data:

To deliver a cohesive omnichannel experience, you need a robust technological infrastructure that integrates data from various points and systems. This includes Order Management Systems (OMS), Warehouse Management Systems (WMS), Point of Sale (POS) Systems, Customer Relationship Management (CRM) Systems, Shipping and Logistics Software, Enterprise Resource Planning (ERP) Solutions, E-commerce Platforms, Mobile Apps and Websites, Customer Service and Support Tools, and more.

3 Pace yourself:

The technology needed to support omnichannel fulfillment will be different based on each operation's individual complexity and business requirements. It's important to outline your high level strategy, but advised to implement that strategy in incremental steps.

Real-world examples of omnichannel success such as the IKEA story, showcase the ongoing transformation and investment required to meet customer needs today. Made4net is helping IKEA by providing the technology to enable the digital transformation to support "the store of the future." This will include the orchestration of automation such as AMR's, AI, VR, Drones, Material Handling Equipment (MHE) and other IoT technologies that will enhance customer experience. And we are here to help you too. [Get in touch.](#)

SOURCES

1 Gartner Quick Answer: What Is Unified Retail Commerce, and Why Does It Matter?
Published 20 May 2022 By Analyst(s): Max Hammond

About Made4net

Made4net is a leading global provider of best-in-class, cloud-based supply chain execution and warehouse management software for organizations of all sizes to improve the speed and efficiency of their supply chain.

The company's end-to-end SCExpert™ platform offers a robust WMS that enables real-time inventory visibility, labor management, and equipment productivity with performance analytics that drive faster, more accurate order fulfillment and improved supply chain efficiency. In addition to the best-of-breed WMS, the platform offers integrated yard management, dynamic route management, proof of delivery and warehouse automation software solutions that deliver a true supply chain convergence.

For more information, visit www.made4net.com.