

OMNICHANNEL FULFILLMENT OPTIMIZATION

Traditionally, the fulfillment of shoppers' orders was fairly straightforward. Walk-in traffic to the store was supported by in-store inventory, and catalog, call center, and web traffic orders were supported by the distribution center.

But consumer expectations and behaviors continue to evolve. As a result, order fulfillment is not so straightforward anymore. A retailer's order fulfillment capabilities must also evolve to stay ahead. But doing so profitably may be the biggest challenge.

TRANSFORMATION OF TRADITION

The growth of expedited online shopping, with endless aisles of assortment and nimble and quick delivery, has transformed shopping. Influenced by digital commerce, consumer expectations have been recast – so much so that fast and flexible omnichannel fulfillment strategies are paramount for modern merchants. Fast and free is expected, which has pressured every retailer to rethink its fulfillment strategies, fulfillment channels, and inventory management and order processing capabilities to adapt to the way we shop today. To compete, retailers are responding to the opportunity, providing consumers with an array of choices: pick up in store, curbside pickup, two-day delivery, and many other features that were hardly available three to five years ago.

According to the consulting firm McKinsey, "In the United States, online sales are growing 15 percent a year, against just 1.5 percent for overall retail sales. Last year, online sales accounted for 7.3 percent of total retail sales. The fastest growth of all is in omnichannel retailing—where retailers let customers buy something online and then pick it up in store, for example, or have it delivered from their local store. This sector is growing between 40 and 70 percent a year."¹

Executing omnichannel retail depends on retail systems like order management and point of sale being carefully aligned with these new consumer expectations and demands. However, traditional merchandising, inventory, and fulfillment practices and systems were never designed to support this emerging complexity, including the expansion of fulfillment options and sales channels.

Retailers seeking to compete by expanding fulfillment options, such by enabling their stores as fulfillment nodes, are challenged by legacy systems that only support traditional distribution models. These models, when sourcing inventory for fulfillment, are limited to considering only a few sourcing factors – geography, inventory level, and shipping costs. Overcoming these limitations is crucial to meeting evolving consumer expectations by offering an expanding set of fulfillment options – and doing so profitably.

Delivering on the fast, free, and flexible fulfillment expectations of today's consumers requires an omnichannel approach to order fulfillment, including the use of stores for order fulfillment. To optimize omnichannel order fulfillment profitably, retailers need tools and technology that are engineered specifically for handling the intricacies of omnichannel operations.

OMNICHANNEL FULFILLMENT OPTIMIZATION

As retailers move to using stores for fulfillment, they must understand the fundamental differences between distribution centers and store operations and use this understanding to achieve profitable fulfillment optimization.

ORCHESTRATING OMNICHANNEL FULFILLMENT

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With Manhattan Order Management, retailers can weigh every fulfillment option and simultaneously consider product performance, geographic implications, financial costs, operational costs, and customer satisfaction impact to choose the most profitable option to meet the customer promise. Retailers can gain complete command and control of the intricacies of omnichannel operations, including customer transactions, visibility and availability of inventory, and orchestration of omnichannel orders across the enterprise – all in real time. Manhattan Order Management was named a leader in The Forrester Wave™: Omnichannel Order Management Systems (OMS), Q3 2018.

To provide the fulfillment optimization that considers the difference between distribution centers and stores, Manhattan Order Management offers Adaptive Network Fulfillment (ANF). This intelligent fulfillment optimization capability delivers real-time fulfillment sourcing optimization, helping retailers to deliver on the customer promise while improving profitability, regardless of fulfillment network size, complexity, or topology.

OPTIMIZING OMNICHANNEL FULFILLMENT FOR PROMISE AND PROFITABILITY

Manhattan's ANF technology employs advanced mathematics to optimize omnichannel order fulfillment: advanced learning algorithms that adjust and readjust to the retailer's environment in real time. With our dedicated mathsciences team, Manhattan Associates is able to deliver advanced heuristic math and machine learning capabilities second to none, using this expertise to solve the most demanding and complex problems in omnichannel operations as they occur, wherever they occur.

Within Manhattan Order Management, ANF is the cognitive powerhouse that analyzes vast arrays of options and constraints within distribution centers or stores to select

the lowest total landed cost for fulfillment using both hard and soft (opportunity) costs.

To optimize omnichannel order fulfillment, ANF may “learn” a store's past performance for digital order fulfillment, recognize how much inventory is reserved for in-store traffic, and then determine whether inventory levels or staffing capacity presents too much risk to meet the customer promise.

ANF can learn across thousands of stores and distribution centers, and tens of thousands of inventory items, in real time. ANF is a configurable solution that can be tailored to react to business needs and tendencies. Once guidelines are set, ANF continues to accrue data and learn ways to optimize within those parameters. Ultimately, it selects the most profitable choice to meet the customer promise.

THE DIVIDEND OF EXPERTISE

Manhattan Order Management with ANF represents the omnichannel expertise of Manhattan Associates and its innovative mathematicians, data scientists, and engineers. As a result, it is the most technologically advanced omnichannel fulfillment solution ever engineered for retail.

The solution embraces the idea of collaboration between retailers and consumers to enable retailers to deliver on the customer promise and improve profitability in the face of evolving market demands. In the 2018 Retail Technology Study, Gartner Group highlighted this trend: “Digital businesses will, therefore, redefine traditional industry and market boundaries, and they will drive change toward new and unprecedented business environments – led by customers and characterized by industry fluidity. Collaboration is key – retailers must build ecosystems that include other retailers; businesses from other industries, such as consumer goods; and customers and tech vendors.”²

Manhattan Order Management with Adaptive Network Fulfillment is part of Manhattan Active™ Omni, a first-of-its-kind solution engineered for the omnichannel world and built to deliver on the omnichannel customer promise. Born in the cloud, Manhattan Active Omni is a suite of order management, inventory management, point of sale, and customer engagement solutions that is always current and fully extensible.

For more information

To learn more about how Manhattan Order Management with Adaptive Network Fulfillment can help you optimize omnichannel order fulfillment to deliver on the customer promise and improve omnichannel profitability, contact us today: **+1 (877) 596-9208**

1. Kumar,Raji;Lange,Tim;Silén,Patrick (2017, April) Building omnichannel excellence, Last, F. M. Retrieved from <https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/building-omnichannel-excellence>

2. Hetu,Robert (March 29, 2018),2018 Gartner/RIS NEWS Retail Tech Survey is Out, Retrieved from <https://blogs.gartner.com/robert-hetu/2018-gartnernews-retail-technology-survey/>

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