

**Meeting the
Omni-Channel Challenge
with In-Store Fulfillment
for Retailers**



ABOUT THE AUTHOR

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Chuck Fuerst is the director of product strategy at HighJump. He has more than 15 years of experience in the technology market, working for supply chain and ERP software companies to deliver innovative solutions. Chuck is responsible for monitoring supply chain industry and technology trends and identifying ways to enhance the value of products for HighJump's customers. He holds a Bachelor degree in Marketing Management and Innovation from Concordia University.



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INTRODUCTION

Retailers and grocers have experienced sweeping changes before, but the industry is currently going through some of its most drastic transformations yet. Consider this insight from the market research firm Packaged Facts:

“In the 1990s and the beginning years of this century, the greatest threat to supermarkets and grocery stores came from supersized ‘one-stop shopping’ venues like supercenters and warehouse clubs. Today the threat is spread out among all retail channels, including drugstores, dollar stores, limited assortment chains, and – the elephant in the room – e-commerce.”

Consumers are not only looking for retailers that offer online ordering, but ones that allow customers to order however they want, whenever they want, and have it delivered wherever they want: online, in-store, mobile, phone and more. The result is that retailers are thinking outside of the warehouse box and looking to their brick-and-mortar stores to function in ways formerly limited to distribution centers (DCs). In addition, retail companies have traditionally used facility-specific, disparate systems for DCs and stores.

As the lines blur between DCs and stores, order fulfillment technology is changing and allowing retailers more flexibility and continuity between multiple locations, linking and managing resources across facilities. Retailers need new and improved store systems and processes to address this growing challenge.

In the following pages, we’ll discuss the latest technology for in-store order execution and how it can deliver more synchronization, traceability, process improvements and visibility than ever before. We’ll also look at four common scenarios that retailers face when trying to fulfill an order in the store and how an in-store fulfillment solution can solve each challenge:

SCENARIO 1: ACCURATE, REAL-TIME SYSTEMS DATA

SCENARIO 2: TRACEABILITY

SCENARIO 3: WORK QUEUE MANAGEMENT AND WAVE PLANNING

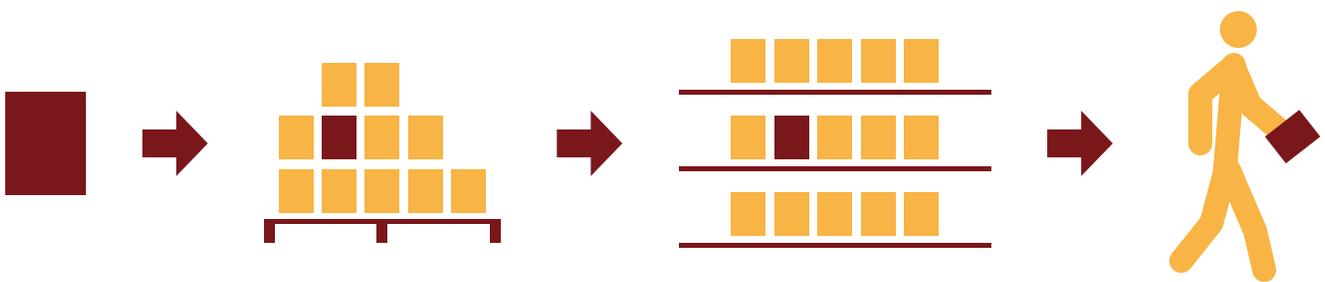
SCENARIO 4: INVENTORY MANAGEMENT

FITTING A SQUARE PEG INTO A ROUND HOLE?

In-store fulfillment technology can fulfill orders in a store in ways similar to a DC, yet take into account store-specific needs and processes. Now, retailers don't have to try to fit a square peg into a round hole and be forced to tolerate inadequate, decentralized systems with manual workarounds that were originally designed for brick-and-mortar experiences but retrofitted for today's multi-channel order stream. There's an easier, simpler way.

An in-store fulfillment solution helps retailers and grocers optimize fulfillment processes to meet the demands of omni-channel customers while driving profitability. It manages the movement of goods from receipt, to the backroom, to the store shelf and to replenishment – while considering and weighing the needs that are specific to the user's industry. For instance, a grocer will need rules that take into account the temperature of each item, while an apparel retailer will have differing sizes and colors of the same item to consider.

There is a lot of marketing-speak from vendors that say their solutions are the best, the most adaptable and so on. But how do you know whether the solution will really apply to your situation? How do you know exactly what will happen when it meets one of your day-to-day challenges?



With a flexible system that recognizes and manages distinct industry rules, retailers can rely on an in-store fulfillment solution to integrate tightly with systems and provide a consistent experience across channels.

CHALLENGE #1: ACCURATE, REAL-TIME SYSTEMS DATA

THE SCENARIO

Some of your systems, like your financial system and e-commerce web portal, can talk with each other, but they were not designed to manage supply chain execution tasks. This creates a lot of manual processes, huge hassles and sharply increases the risk for inventory errors. As multi-channel retail has grown, those manual processes have not been able to scale effectively. In the end, your fulfillment is slow and cumbersome.

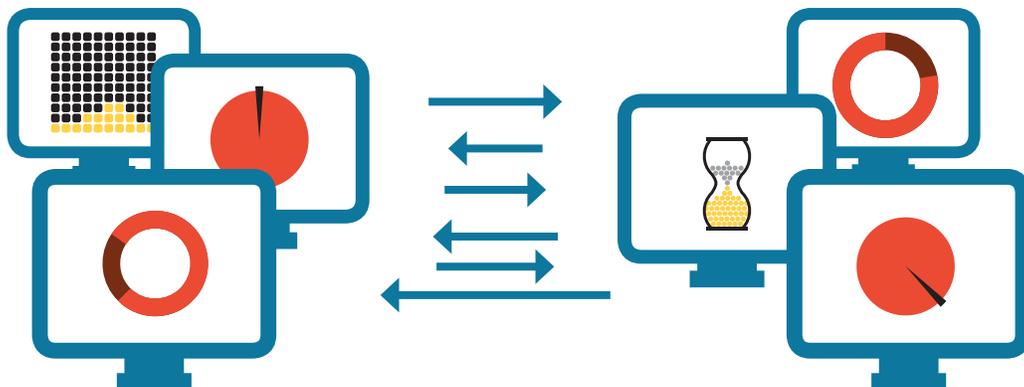
HOW DO YOU GET YOUR SYSTEMS TALKING TO EACH OTHER?

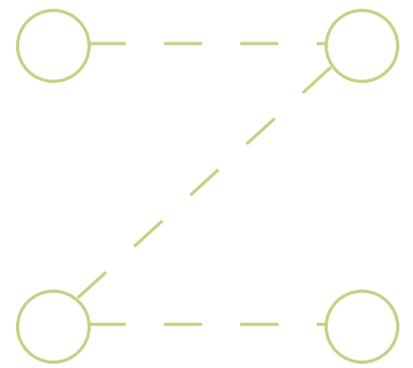
THE SOLUTION

If you're going to tackle this omni-channel world, you need your store systems talking to each other and operating as one entity as much as possible. An in-store solution should be able to give you real-time store inventory information to your customers, trading partners and store management with integration to order management, store replenishment, supply chain planning, POS, planogram and ERP systems for quality customer service and supply chain efficiency.

Ideally, your solution should operate on a platform that can integrate with your systems in your store and in your DC. This is critical for efficiencies, speed of order fulfillment and a comprehensive understanding of inventory (which we'll discuss shortly).

Watch out for vendors that claim integration ability, but in reality can only work with one or two other systems. Ask for examples of when a platform has integrated with a wide variety of applications, systems and devices.





CHALLENGE #2: TRACEABILITY

THE SCENARIO

Your warehouse management system (WMS) can track inventory by the case level, which means that codes are used to track products in bulk. But in your store, tracking inventory is more difficult, as items may arrive in cases but are stocked and sold individually.

HOW DO YOU TRACK WHERE ITEMS HAVE BEEN, WHERE THEY ARE AND WHERE THEY SHOULD BE GOING?

THE SOLUTION

You need an in-store fulfillment solution that can reduce your supply chain risk by identifying backward sources and forward recipients of products in near real time. You should be able to track and trace products down to the lot and item level, conduct periodic cycle counts, inventory look-ups, and capture key data along the way to find merchandise quickly and efficiently. This gives you instant knowledge of exactly where your products are at all times for better-decision making around order fulfillment, as well as transparency in the event of a recall.



CHALLENGE #3: WORK QUEUE MANAGEMENT AND WAVE PLANNING

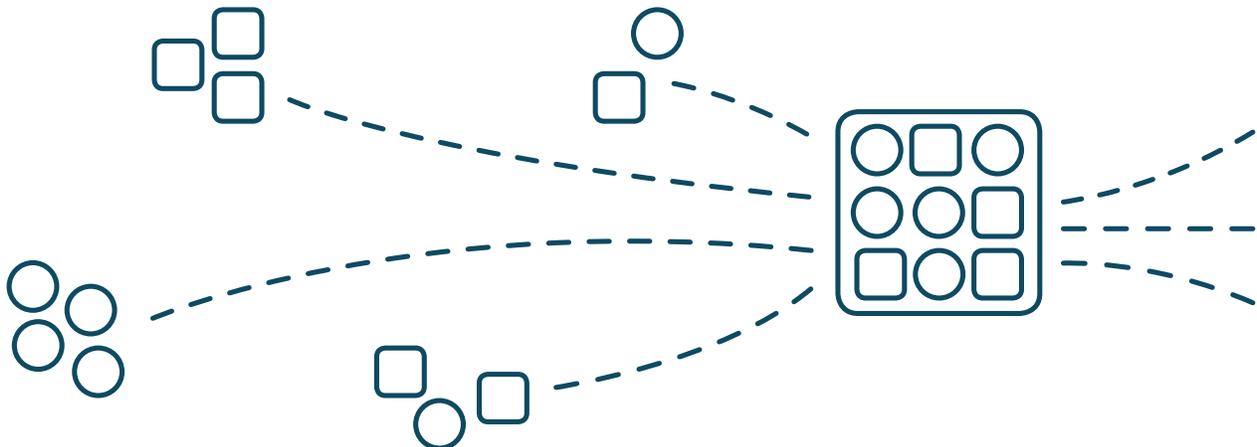
THE SCENARIO

Orders to be fulfilled in your store are coming in throughout the day, but tend to be heavier around lunchtime and in the evening. Delivery or pick-up times will vary, and of course you have to consider the contents of each order so that you can pick and stage each one appropriately: Frozen items may have to be picked later, but canned goods can be picked right away. If an order comes in during a slow time in the morning but the pick-up isn't until 3:00 p.m., you don't want the order sitting in a staging area all day.

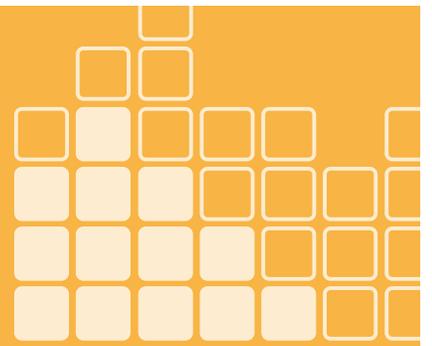
HOW DO YOU MANAGE QUEUES AND WAVES EFFICIENTLY?

THE SOLUTION

Make sure you've got the best intelligence behind the muscle of your picking: An in-store fulfillment solution built for omni-channel retailing can be configured with advanced algorithms for picking, staging and loading product across multi-temperature and even multi-building environments. With a flexible platform that knows the inventory and rules at each location, your solution can help you determine where the order should be assigned, who is available to do the work, as well as how to manage and prioritize the order most efficiently.



CHALLENGE #4: INVENTORY MANAGEMENT



THE SCENARIO

An order just came in, but you are unsure of where to fulfill it: You can tell that your DC has the items in stock, but the high order volume that the DC is handling right now would delay fulfillment and force a later delivery time. However, you hesitate to send the order to your store, as store-level inventory accuracy is only 60-70 percent and you want to avoid the risk of being out of stock of an item or needing to substitute an item, thus delaying the order further and perhaps losing the customer all together.

Effectively managing the flow of inventory into and within the store is an important step to improving inventory accuracy. Retailers need solutions that provide access to information on inbound shipments, outbound shipments, inventory on hand and in-transit as well as current order statuses.

HOW DO YOU EFFICIENTLY MANAGE INVENTORY ACROSS LOCATIONS AND CHANNELS?

THE SOLUTION

Cross-channel inventory management is a must for ensuring in-stock reliability. When an in-store fulfillment solution is architecturally similar to your DC's WMS, you can deploy the same platform for both locations and better manage inventory across your buildings. And because the in-store solution and the WMS are able to integrate with so many of your systems, they're able to provide you with a global understanding of where your inventory is and how much of it you have. For example:

- Implement a single pool of inventory per product to which all channels have access, and introduce fulfillment prioritization rules among online, home delivery, store requirements and wholesale orders.
- Eliminate the frustration of out-of-stock scenarios and build brand equity by connecting customers with the products they want - wherever the product is located.
- Manage item substitution processes as directed by the customer.

Retailers need in-store solutions that can make it easy and efficient for store associates to fulfill and complete orders.



HIGHJUMP: A LEADER IN FLEXIBLE, ADAPTABLE SOFTWARE

Whether you are a grocer or retailer, you have to be confident that you have the right product on your shelves and in your customers' shopping carts at the right time. The flexibility of our in-store fulfillment solution – HighJump Retail Advantage – can lead the way. It efficiently fulfills orders while considering a company's unique way of doing business.

Our solution can be configured to any business need, even by users without highly technical backgrounds. Because of this, our customers eliminate the costs and application support burdens that come with customized source code. Plus, one of our core solutions is HighJump Warehouse Advantage WMS, so you can deploy the same platform for both dedicated fulfillment center operations and in-store fulfillment activities.

Retailers and grocers choose HighJump Retail Advantage because it is a store-specific tool built on industry-leading flexibility that optimizes order execution and strengthens the entire supply chain.

Ready to get started? Contact us to learn more.



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