

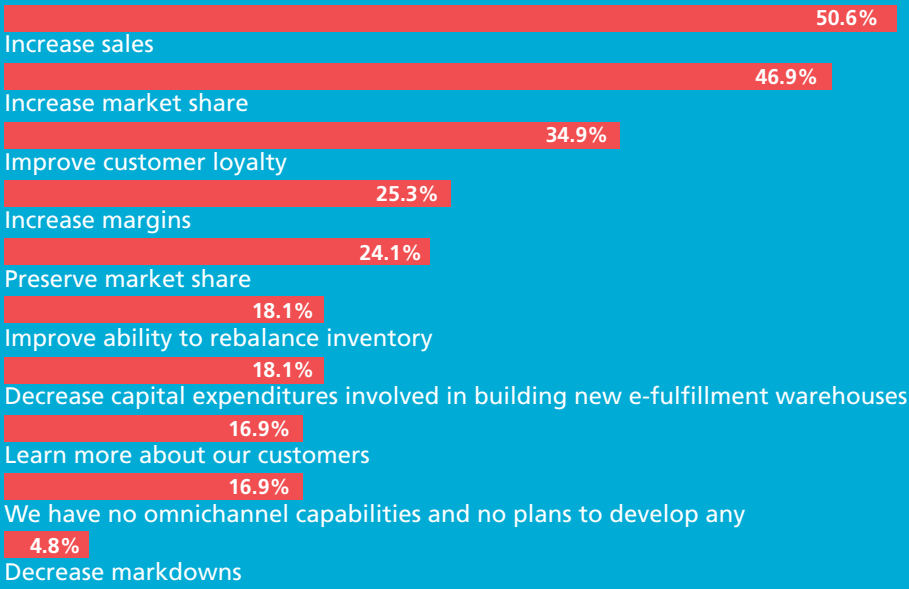
How are retailers meeting omnichannel demands in a Covid world?

Retailers were still honing their omnichannel business strategies this spring when Covid-19 hit, closing stores, sending e-commerce sales through the roof, and generally throwing their operations into disarray. To find out how companies have handled omnichannel fulfillment as well as last-mile deliveries during the pandemic, research firm ARC Advisory Group conducted a survey in the second half of 2020 in partnership with DC VELOCITY. Here, we offer a snapshot of the survey findings on how companies are rising to the omnichannel challenge during a global crisis.



Top reasons to pursue omnichannel capabilities

(Respondents were asked to indicate their top three reasons)
(% of responses, multiple answers accepted)



As in previous surveys, respondents say their companies are pursuing omnichannel strategies as a way to increase sales, grow market share, and improve customer loyalty. More recently, however, companies have also sharpened their focus on improving their ability to rebalance inventory and reducing capital expenditures for building new e-fulfillment warehouses.

What are your omnichannel capabilities?

(% of responses, multiple answers accepted)

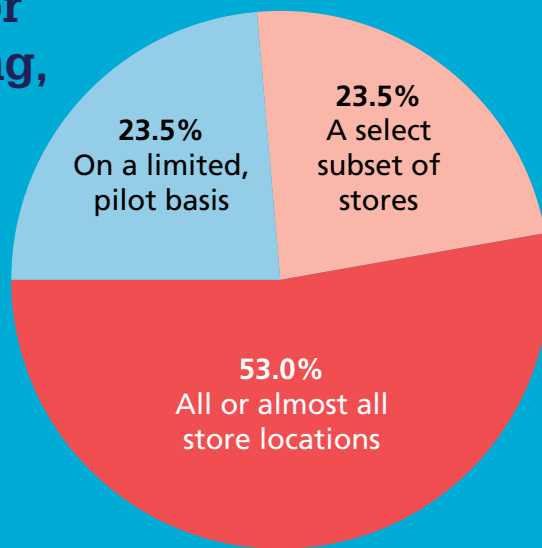


“Order at store, fulfill from warehouse” remains the primary omnichannel service offered by respondents. But the latest survey shows that capabilities like “parcel return, even when goods were bought in a store” have jumped ahead in the rankings, most likely due to store closures and other pandemic mitigation measures.

To what degree are your stores used for e-commerce picking, packing, and shipping?

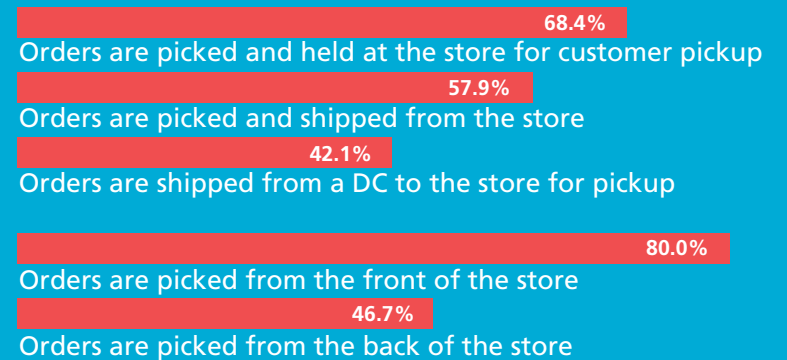
(% of respondents)

Companies are increasingly using their brick-and-mortar outlets to pick, pack, and ship orders, with more than half enlisting all or almost all of their store locations in the effort.



How are your e-commerce orders fulfilled through stores, and how are they picked?

(% of responses, multiple answers accepted)



The number of companies that pick and hold orders at stores for customer pickup dropped 15% as more consumers stayed home due to Covid-19 restrictions and store shutdowns. Store picking processes showed little change, however, with most orders still being picked from the front of the store.

How do you handle last-mile deliveries?

(% of respondents currently using, planning to use, or have no plans to use)

	Currently use	Do not use but plan to use	Do not use and have no plans to use
Parcel service	80.0%	0.0%	20.0%
Courier	56.8%	5.4%	37.8%
Store fleet	25.8%	3.2%	71.0%
Drop-shipped by partners	42.9%	14.3%	42.8%
Crowdsourced delivery service	12.1%	18.2%	69.7%
3PL delivery partner	71.1%	10.5%	18.4%
Store staff (car, bike, foot, etc.)	6.1%	9.1%	84.8%

While parcel service remains the top choice for last-mile delivery, companies increased their use of third-party logistics service providers (3PLs) by 20% in 2020 compared with 2019.

About the study: ARC Advisory Group’s 2020 “E-commerce Fulfillment and Covid-19 Survey” explored how retailers are meeting the challenges of omnichannel commerce amid a global pandemic. The survey was conducted across 100 logistics, warehousing, and supply chain professionals from a variety of industry verticals, who submitted responses between August and November of 2020. The full report is available from ARC, www.arcweb.com.