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We logistic your growth

Your Brand Promise **DELIVERED**

4 Ways Your Supply Chain
Enhances Your Customer Experience

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CUSTOMER EXPERIENCE ASSESSMENT

What is customer experience? In a nutshell, it's the way your customers interact with your brand. But it's more than that. It's the feeling they get when they enter your store. It's the excitement they feel when their package arrives on their doorstep earlier than expected. It's the satisfaction they experience when finding exactly what they wanted. It's even the relief of knowing they can easily return something that isn't quite right.

The key to having these exceptional customer experiences isn't just your promotional strategy or product development—it's having a strong supply chain. **Your supply chain is the backbone of your brand.** It can make or break your customer experience—and ultimately your retention and sales growth.

Here are four ways a strong supply chain can enhance your customer experience.

1 | Personalization

2 | Fulfillment Efficiency

3 | Seamless Returns

4 | Faster Delivery



Retail has a new kind of customer: the one who believes they can buy something—ok, *anything*—online and get it **delivered the same day**. They are young, they are busy, they are already accustomed to instant access to certain goods and surprisingly, **88%** of them say they are willing to pay for same-day or faster delivery.

Are you equipped to handle this new kind of customer? Is your warehouse and distribution operation prepared to deliver on your same-day shipping goals? Almost **a third of businesses** say they struggle to operationalize an exceptional customer experience because linkages between marketing, sales, logistics and customer service are hard to connect.

Perfecting customer experience is imperative in today's retail landscape. The worst thing you can do is stoke demand with marketing and promotions and then

under-deliver in the final-mile—because that may be the last customer touch point you ever have. On average, **27% of in-store customers** say they don't make repeat purchases. Imagine the profitability gains from reducing churn.

NO TIME TO LOSE

Millennials and Gen Z account for 40% of today's **retail spending** and, according to consulting firm Ovum, their desire for **24/7 instant access** to goods and services will be the norm by 2026. If your business can't meet or exceed their expectations, they will shop elsewhere.

Don't let fulfillment be the stumbling block that keeps you from delighting customers. Take some time to analyze your supply chain—are you ready for digital natives who want a seamless multi-channel shopping

experience? Look for opportunities to up your customer service game, shorten the interval from purchase to delivery and make it easier for customers to return goods by mail or in-store.

In a Verndale [survey](#) of leaders from 200 of the largest, U.S.-based organizations, more than half reported that they are busy working on building better partnerships with logistics providers, including the reworking of SLAs with their supply chain partners to ensure they meet customer experience standards. These companies realize that an automated, data-driven 24/7 supply chain is a strategic necessity.

SHOPPING IS DIFFERENT TODAY

Technology has changed even simple transactions into interactive experiences with room for creativity and experimentation. Now a whole generation of consumers expect to customize before they buy, order online, get it the same day and ship the item back if it's

not the right fit. Flexibility and freedom to try out different looks and find your fit is half of the modern customer experience.

- More than half of [online shoppers](#) prefer to give their business to brands and retailers that offer customized goods and exceptional customer service.
- More than [one-third of shoppers](#) say they order multiple styles and sizes with the intent of trying them on at home and returning the ones they don't want.
- [Forty-one percent](#) say "showrooming"—checking out merchandise in a store before ordering it online—is becoming a habit.

In this environment, retailers who built their brand on buying and in-store merchandising need an entirely new set of competencies in manufacturing and multi-channel logistics.



1.4 MILLION

Packages returned on National
Returns Day (January 5th) in 2018

PERSONALIZATION

A recent [survey](#) by Epsilon found that respondents appreciate both customized products and personalized service, “something suited to me exactly so I’m more likely to be interested in what [companies] are selling.” The same study finds that 80% of consumers are more likely to do business with a company that offers personalized services.

A perfect storm of technology, demographics and rising consumer expectations is driving the customization train. From sneakers to men’s cologne to on-demand movies to airlines, consumers are providing unprecedented amounts of personal data. In exchange, they want to be recognized and rewarded by brands across every channel.

Much of the interest in customization comes from millennials who grew up expecting to order what they want, when they want, from wherever they want. Smart marketers use personalized messaging to drive traffic to websites where online shoppers design exactly the goods they desire. Whether it’s trying on “virtual makeup” at home using Sephora’s augmented reality app or embellishing your Gucci jacket with appliques while you wait in the store, consumers want to be actively involved in designing the products and

services they purchase. “Hyper-personalized shopping experiences are becoming the norm” according to [TotalRetail](#).

Retailers are responding with web-based design options, 3-D printing, robotics and localized digital shopping experiences. Massachusetts Institute of Technology’s Sloan School calls these souped-up supply chains “high-speed bespoke supply chains, because they provide both quickness and product customization.” “[These] supply chains...offer the promise of unprecedented market intelligence for manufacturers by capturing demand signals directly from online customers about specific features they are seeking in existing products and prototypes.”

“Retailers seek new, category specific **value-added services** [and they] view them as increasingly **essential** to help **attract** and **retain** customers.”

- Armstrong & Associates

CUSTOMER HIGHLIGHT | GREETING CARDS

With a large manufacturer of greeting cards in the United States, it’s still the thought that counts. To bring that vision into today’s consumer market, digital technology now allows customers to order, personalize and mail cards in one step. That’s why the fulfillment process needs to be flawless for this client.

What began as an effort to reduce space and labor costs became an 11-year partnership to improve processes at the client’s distribution center in order to

support their personalization and ecommerce business.

It may surprise you that one of the world’s most admired brands trusts a logistics partner to fulfill customized online orders. When a customer wants to include a unique sentiment, they can write a message and select their preferred handwriting online. A GEODIS employee then handwrites the message on the card in the preferred style before sending it to the customer.

The client uses sublimation, laser etching, book print and assembly, LaserJet 3D printing and more to send heartfelt messages or gifts for when their customers care enough to send the very best.





"In retail, RFID continues to be adopted for **apparel tagging** above all other applications by volume—that application alone will demand **8 billion RFID labels** in 2018."

FULFILLMENT EFFICIENCY

One-quarter of supply chain spending in 2018 went to **automating fulfillment—specifically manufacturing, distributing and delivering goods at the speed of e-commerce**. As the number of e-commerce orders continues to rise, the labor market tightens and consumers expectations increase, automation technology allows companies to keep up with this high demand while still delighting their customers.

Robots, artificial intelligence (AI), radio-frequency identification (RFID) and drones allow businesses to fulfill orders faster. Automation connects workflows, eliminates mistakes, improves forecasting, minimizes loss and lets you see orders across all sales channels.

However, many businesses have been slow to embrace robots even though they get faster, smarter and less expensive every day. Interest is high—90% of respondents in a recent IDC **survey** say they "are using, piloting, researching or plan to deploy commercial robots." Never-

theless, 52% say they don't know if they have a valid use case and 26% say budget constraints are holding them back. North American retailers lead all other industries with 19% saying they're already using robots for on-shelf inventory management and other repetitive tasks.

Radio frequency identification (RFID) technology is also booming. Worldwide, RFID revenue is expected to soar from \$4.2 billion in 2018 to close to \$12 billion by 2025, with \$3.8 billion coming from the retail sector. Although slow to gain traction over the last decade, RFIDs are making a comeback because they support forward and reverse logistics and track items across offline and online channels. The ability to track every move made by every item means you have total end-to-end visibility into what's working and what's not in your supply chain. Knowing exactly what's going out and what's coming back helps accelerate inventory turns, flag counterfeit returns and reduce loss and theft. RFIDs also provide continuous

feedback about the products your customers buy and the ones they return, which can help your marketing and sales teams develop new products and identify potentially profitable cross-sell and up-sells opportunities.

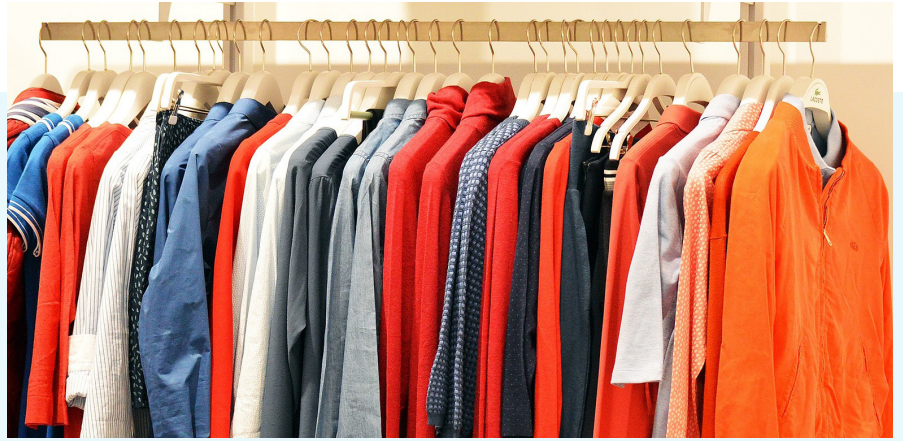
Like robots, RFIDs make it faster, easier and less costly to provide a higher level of customer service. Many analysts agree we're in a transformative moment when automation will take on repeatable, unskilled jobs and free up human resources to do more creative and thoughtful work—that's good for employees and consumers. With expert guidance from trusted logistics partners, early adopters are already embracing the benefits of higher productivity and error-free automated fulfillment.

CUSTOMER HIGHLIGHT | CASUAL WEAR DESIGNER

The client, a Japanese based innovative clothing designer, sells trendy clothes online and in brick-and-mortar stores in 19 countries. To create a customer experience that delivers on its brand promise of “made for all”, the client allows customers to **custom order garments that can be altered in the distribution center before they ship**. It takes precise inventory management, automation and standardized operations to maintain that level of efficiency while keeping labor costs in check.

The client’s seasonal marketing promotions and mark-downs run like a well-oiled machine. Mark-downs are handled within their fulfillment center. Merchandise is organized, repriced, stickered and sent back to retail locations ready for sale, which keeps sales associates on the sales floor instead of processing inventory. Sophisticated, multi-channel fulfillment operations keep the brand team **focused on customers, not logistics**.

In 2018, the client implemented robots in their New Jersey fulfillment center to further automate their e-commerce operations with the goal of doubling productivity. What’s more, the addition of RFID tracking in 2019 will capture item-level data to allow stores to receive and track inventory in one step by “wandering” incoming products. That’s one more job retail associates won’t have to do and a massive step forward for inventory accuracy.



SEAMLESS RETURNS

As shoppers move toward purchasing more items online, they expect to be able to easily return unwanted items. In 2017, when [global e-retail sales](#) topped 2 trillion U.S. dollars, \$132 billion of e-commerce purchases were returned by mail. Reverse logistics has become mission critical because of a groundswell change in consumer behavior.

Research shows that of online shoppers

89%

say return policies determine where they shop

70%

of shoppers buy something else when returning items in a store

Subscription services like Stitch Fix say their customers don't just expect returns to be free, they expect them to be easy. In fact, customers who make

frequent returns are also the most loyal as long as the return experience is a good one—they're not interested in the sophisticated logistics behind the scenes, they're just looking forward to the next shipment.

Managing returns is a complex process. Your challenge is to recover the increasing costs of extra transportation, integrated IT systems, credit-processing capabilities and inventory management. You need a supply chain ecosystem that enables inspection, re-work and return to inventory to operationalize flexible cross-channel returns for consumers

A creative logistics partner can help you use product returns in one channel for order fulfillment in another, move returned goods back to a supplier or remanufacturer for recycling, or return unsold items held on consignment. Regional multi-client return centers streamline work and minimize transportation requirements. Data analytics help you identify sales and distribution trends based on products, geography and consumer demographics to guide investments in warehouses and pick-up and drop-off locations.

CUSTOMER HIGHLIGHT | PERSONAL SHOPPING SUBSCRIPTION



The client is an online subscription and personal shopping service in the United States focused on providing personal styling for men, women and children. The service ships five custom curated items to customers on a monthly or quarterly basis allowing them to try and buy in the comfort of their own home.

For a subscription apparel company, returns are built into their business model. **For every 100 boxes sent, 75% return at least part of their shipment.** The client knows its

returns management capability is a strategic and competitive advantage: they send you garments, you keep the ones you like, return the ones you don't and then you do it all over again. GEODIS manages the end-to-end process from order on demand to hand selecting items to free, easy shipping both ways.

FASTER DELIVERY

Amazon sets the pace for customer experience when it comes to fast delivery. Amazon Prime customers can already get same-day delivery on over a million items in more than 8,000 cities and towns in the U.S. and Prime Now offers ultrafast 2- hour delivery from Whole Foods, restaurants and other local stores in select urban markets.

Even if you don't compete directly with Amazon (and who doesn't), your customers are being trained to expect super-fast delivery. Smart retailers will find new ways to make same-day pickup convenient, even if they can't afford to invest in their own final-mile delivery systems.

Here are few trends logistics experts expect to see more of in the next few years:

Collection Points: Expect Internet-based retailers to engage in partnerships to establish physical collection points with 24/7 access—i.e. Amazon Lockers.

Shared Retail Space: Non-competing brick-and-mortar retailers will collaborate to let consumers pick-up products in each other's stores. This will allow them to maintain a virtual geographic presence even as they reduce physical store assets.

Urban Fulfillment: The largest players will invest in exclusive delivery to differentiate themselves despite the high costs of last-mile fulfillment.

Home Delivery: Home delivery, increasing use of couriers and third-party distribution will still be the primary method of delivering online orders.

CUSTOMER HIGHLIGHT | BEST BUY

Best Buy relies on a proprietary app and crowd-sourced driver system for **final-mile same-day deliveries**. They only pay drivers when they need them, and customers get a fast delivery experience **without absorbing extra costs**.



NEXT STEPS: SUPPLY CHAIN ASSESSMENT

Looking to provide your customers with a superb customer experience? Ask these questions to determine if supply chain improvements could support your efforts.

1. CUSTOMIZED OFFERINGS

- ☐ Are you customizing a product or a complete customer experience?
- ☐ What about kitting, custom notes, individualized orders or packaging?
- ☐ How is your marketing team selling the value of customization and why would customers want it?
- ☐ Can your supply chain meet their expectations?

2. ON-TREND FULLFILLMENT

- ☐ What is your competition doing?
- ☐ Who is setting the bar for delivery and how high is it?
- ☐ Do you need to find new partners to create collaborative distribution solutions?
- ☐ Get up to speed on automation like drones, bots, RFID and other technologies to enable faster and more convenient deliveries.

3. REVERSE SET UP

- ☐ Are you set up for quick returns?
- ☐ Have you thought about refunds and exchanges?
- ☐ What about refurbishing and getting products back to stock?
- ☐ Are you using intelligent tools to capture all the value in returned good?

4. DELIVER EVERYWHERE YOUR CUSTOMERS ARE

- ☐ Where is your inventory, and can you bring it closer to where it needs to be?
- ☐ Do you have the right facilities to reach even hard-to-serve locations?
- ☐ Have you considered fulfillment centers, package-holding sites, mobile lockers, or parcel lockers?
- ☐ What about delivery partners—do you know your options?
- ☐ Have you thought about parcel carriers, transport partners, private fleets or even crowd-sourced drivers?

CONCLUSION

There's a straight line from your supply chain to your customer experience - and as a result your profitability. Customers now expect faster delivery, seamless returns, personalization, and fulfillment efficiency and your supply chain needs to be able to meet those needs.

Logistics partners can help you see opportunities to make your supply chain a strategic player in optimizing your customer experience. Having a strong, agile supply chain gives you the flexibility to delight your customers in new and creative ways.

Join the Conversation around Customer Experience

Join GEODIS in a webinar where we'll guide you in building a roadmap to the ultimate customer experience. Learn about practical applications of customer experience building blocks—customization, automation, returns management, faster delivery—and how other retailers are already providing their customer base with an exceptional customer experience.

SAVE YOUR SEAT



ABOUT GEODIS

GEODIS IS A TOP-RATED, GLOBAL SUPPLY CHAIN OPERATOR recognized for its passion and commitment to helping clients overcome logistical constraints. With more than 40,500 employees in 67 countries, and a global network spanning 120 countries, GEODIS offers complete logistics software solutions for supply chain optimization, freight forwarding, contract logistics, distribution and express, and road transport.

GEODIS is owned by SNCF Logistics, a division of the SNCF group (the French National Railway Corporation).

For more information, you can reach GEODIS at info.geodis.com/nrf