

8

OPERATIONAL ASPECTS OF DIGITAL BUSINESS: LOGISTICS AND CUSTOMER SERVICE

“THE VALLEY IS THE HUB WHER KNOWLEDGE BECOMES THE DRIVER THAT TRANSFORMS”

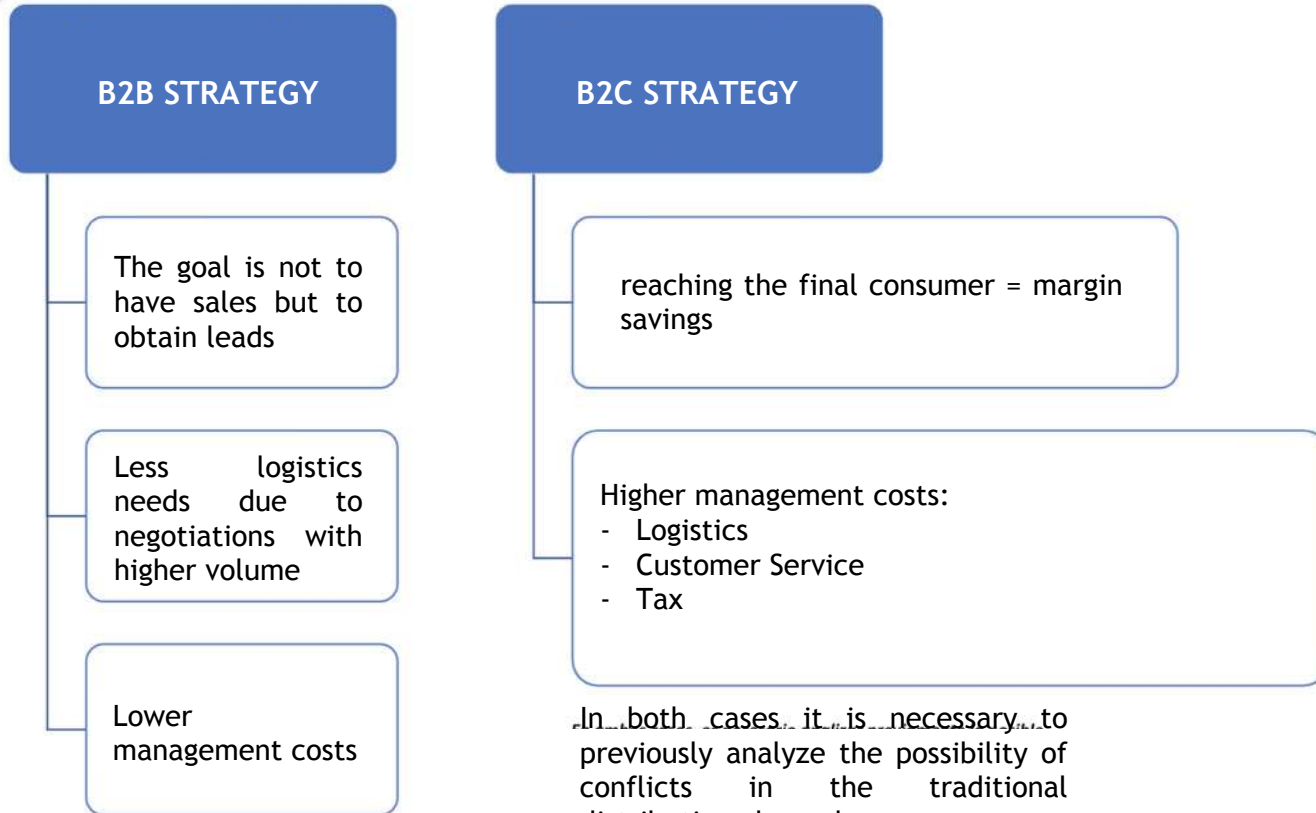
8. OPERATIONAL ASPECTS OF DIGITAL BUSINESS: LOGISTICS AND CUSTOMER SERVICE

This section is dedicated to the elements that define the online operations area. A large part of the future success of the online sales channel is concentrated in this area, to the extent that errors are usually paid more on the Internet. Excellence in online store operations is a process of coordination of numerous external and internal functions that requires a high degree of professionalism.

- Main differences between B2B and B2C logistics.
- Stock management and main concepts: picking, packing, central stock, cross-docking, dropshipping, etc..
- Availability levels and service expectations: relationships with multiple providers.
- Degree of outsourcing of the operational and logistical aspects of the online store.
- Customer service: its strategic nature.
- Cost alternatives in customer service services.
- Typology: telephone, email, online chat, virtual assistants, chatbots, etc.


- *The difficult fit of B2C logistics in the agri-food sector: some examples.*
- *The case of Amazon Fresh as an innovative example*
- *The Hema / Freshippo case in the Chinese market.*

LOGISTIC DIFFERENCES BETWEEN B2B AND B2C



In both cases it is necessary to previously analyze the possibility of conflicts in the traditional distribution channel

MAIN DIFFERENCES: CLIENTS



B2C CUSTOMERS

- One contract
- Search for a product
- Quick purchase
- Fixed prices
- Promotional offer
- Direct payments
- Unit shipments
- Unique visits
- Individual purchase

Transactions



B2B CUSTOMERS

- Various contracts
- Find a provider
- Decision process
- Negotiated prices
- Price conditions
- Credit payments
- Large-scale shipments
- Long-term relationship
- Professional purchases

Leads



SOME PRELIMINARY QUESTIONS:

- Impact of logistics on the viability of the online model
- List of required suppliers/partners
- Difference with traditional logistics

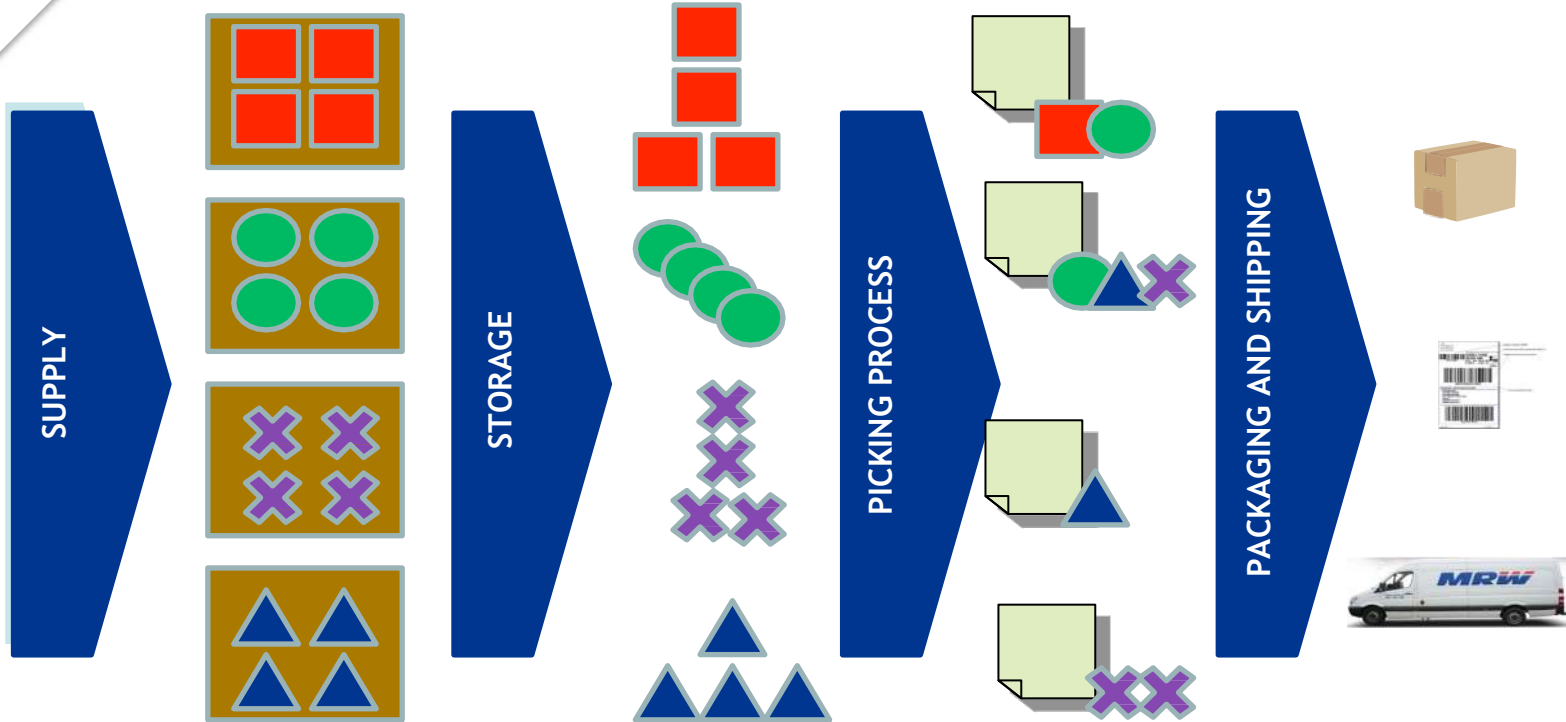
GOING FROM A MASSIVE LOGISTICS MODEL TO THE LOGISTICS OF INDIVIDUAL ORDERS.

- Lowest average online channel price
- From stable client to sporadic client
- From geographically concentrated shipments to dispersed shipments
- Push to pull
- From regular order to custom order
- Is the traditional logistics provider suitable?

SOME PRELIMINARY QUESTIONS:

- Stock or non-stock? Pros and cons. What happens if I combine several products from my portfolio?
- Independent warehouse for online sales?
- Internal warehouse management or outsourcing?
- Can I involve my traditional channel in deliveries or returns?
- Always transparent return policy for the customer
- Delivery: spaces and need for the presence of the buyer
- Delivery through alternative distribution systems (service stations, post office, DHL Pack Stations, Amazon Lockers, Kiilla hotspots, etc.)

LOGISTICS FLOW





<https://www.youtube.com/watch?v=PK7c9aOb8NQ>



LOGISTICS AND OPERATIONS

- Logistics integration and operations:

- Logistics process:

Picking /packing + shipping (order tracking) + delivery + returns system + after-sales/customer service.

- Communication with the client at all times:

Acknowledgment of receipt,

Order confirmation

Information on warehouse removal

Delivery information

Permanent contact at all times (mail, chat, telephone, click-to-call)

It is not the same to manage returns of pallets as in B2B than to manage small daily returns of two or three packages or dozens of them, depending on the volume of online sales that we have, and which are also returned for something as simple as "I made a mistake with size".

The volume of returns in ecommerce is much higher than in B2B.

In short, the product must be left again in perfect condition for sale, which requires differentiated management. This, which seems logical and relatively simple, if not done correctly, can cause real collapses in the processes.

The Forward Logistics Process Traditional Supply Chain



The Reverse Logistics Process Innovative and Efficient



Image source: logistics4students.blogspot.com

¿Qué es lo que buscas?

Devoluciones

365

¡En IKEA puedes cambiar de opinión!

Tienes 365 días para devolver tus compras en cualquiera de nuestras tiendas.*

Si una vez abierto y montado no lo quieres, tráenoslo sin usar y siempre con el ticket de compra. Recuerda que también puedes solicitar...

Carrefour

DEVOLUCIONES

Si el producto adquirido no te conviene, puedes solicitar la devolución. Todas las compras se pueden devolver en cualquier hipermercado. Además, si has comprado...

1. Plazo de devolución

El cambio o devolución del artículo se podrá efectuar en un plazo de 90 días.

2. Devolver gratis en hipermercados

Para devolver tus compras en hipermercados, presenta el producto a devolver junto con la factura o el ticket. Una vez comprobada que la devolución es conforme y se ajusta a las condiciones expuestas más abajo, podrás...

RETURN POLICY

Returns: Once your items are delivered, you have 7 days from the date of delivery to ship them back to us for a full refund. Returns shipped after the first 7 days will be eligible for store credit (store credits never expire). After 30 days, all sales are FINAL and returns will not be accepted.

If there is a problem with your order, please be sure to contact us immediately!

All returned merchandise must be in its original packaging. We do not reimburse shipping or return fees. However, we will provide a return label for no cost to you via email for any orders that were fulfilled incorrectly.

Return Instructions: All returns must include a tracking number (USPS, UPS, FedEx). Please provide us with the tracking number for your return (support@rebelgirls.co). Failure to do so may delay the processing of your return/credit.

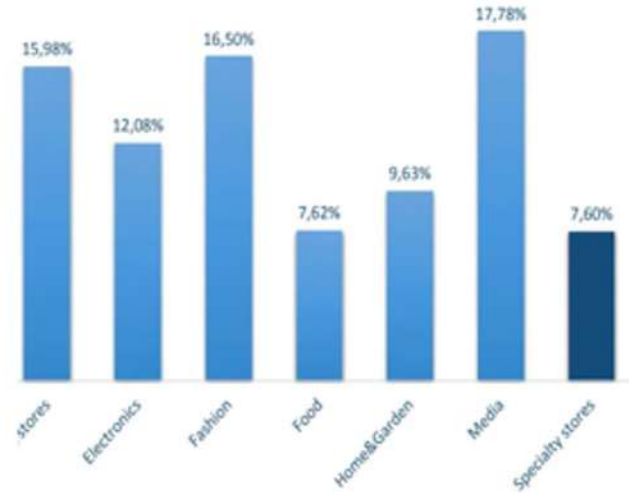
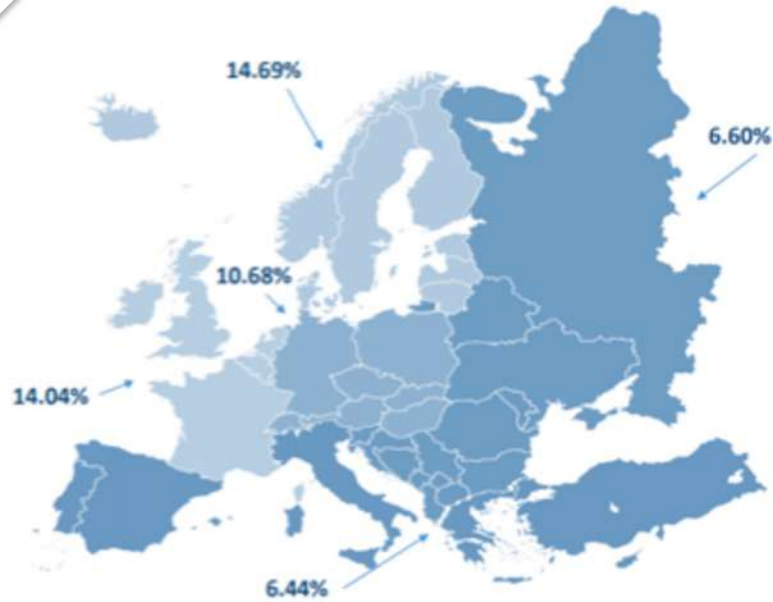
Exchanges: At this time, we do not accept exchanges.



UNITED COLORS OF BENETTON.



<https://www.youtube.com/watch?v=5nPrHYKDLvo>



Stock control is a detailed photograph of the stock in the warehouse, including all the information regarding the quantity, characteristics and location of each product. The reliability of this record is essential to prevent errors that weigh down the activity of the warehouse.



STOCK CONTROL

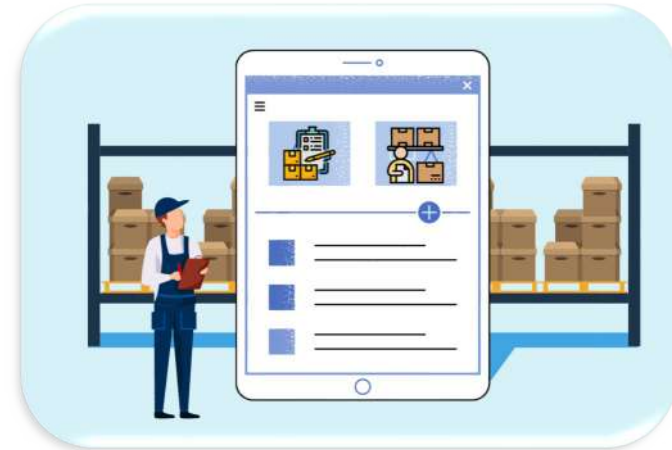


<https://www.youtube.com/watch?v=yy5VHKUqGpM>

Warehouse stock management refers to how to organize all material flows in the warehouse. This term encompasses actions such as location assignment, inventory traceability, replenishment ordering or goods movement systems such as FIFO, FEFO or LIFO, among others.

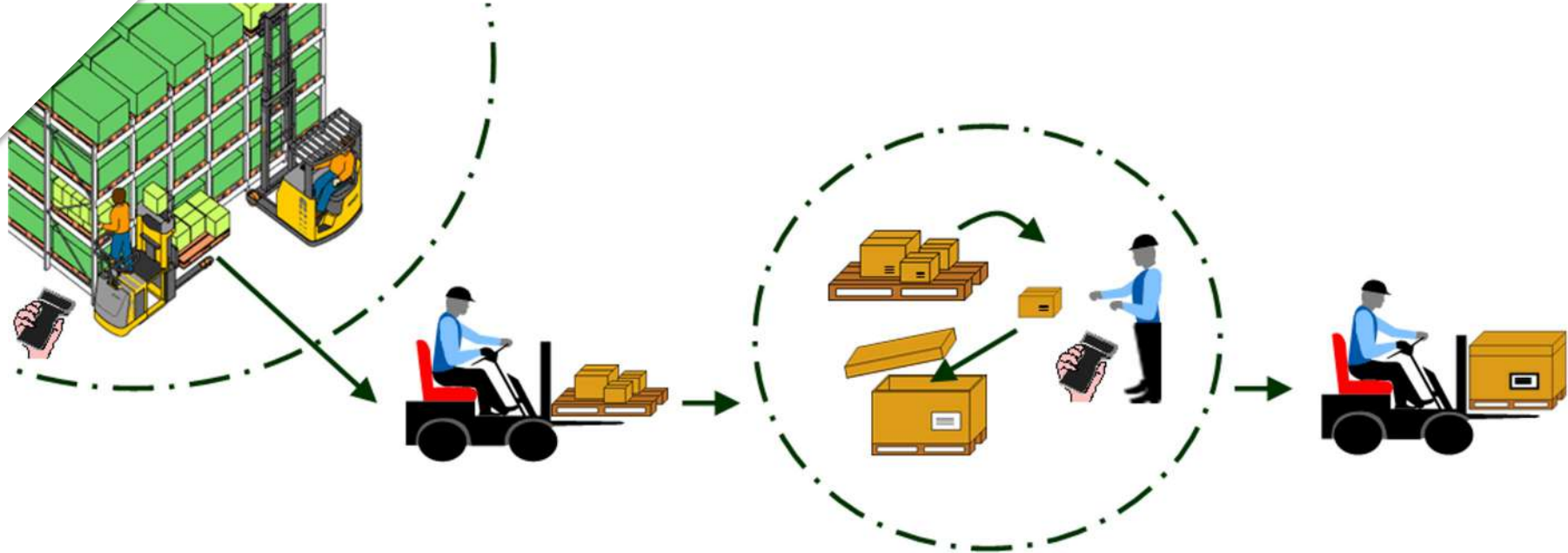


Inventory optimization: collects the tasks aimed at improving the productivity of the stored stock. For example, with the help of specialized software, the history of the warehouse can be analyzed to improve slotting or product placement, or it can also make heat maps that detect inefficiencies and thus eliminate bottlenecks.



Picking or preparation of orders is the warehouse process by which we proceed to break the initial load unit, that is, the transport or storage unit, to generate another that will be or will form part of the dispatch unit: from the order to client. This process can account for between 12% and 60% of the costs related to warehouse operations. It is one of the tasks that consumes the most labor, infrastructure and administrative resources, essential to provide customer service and that unfortunately does not add value but does add cost.

PICKING



The term **packing** refers to the actions of packaging, packaging and packaging of the merchandise.

The **container** refers to the container in which the product is going to go, while the packaging acquires a broader meaning, since it is a receptacle that encompasses several components of the merchandise. Finally, packaging is the act by which the different cargo units are unified, thus greatly facilitating transport.

Packing is a part of the process closely **related** to picking, which is the phase in which an order is organized. If the product is going to be exported, it is very convenient to do some advance planning to determine what type of packaging will respond better.

PACKING





https://www.youtube.com/watch?v=XejgbF2m_8g

CENTRAL STOCK



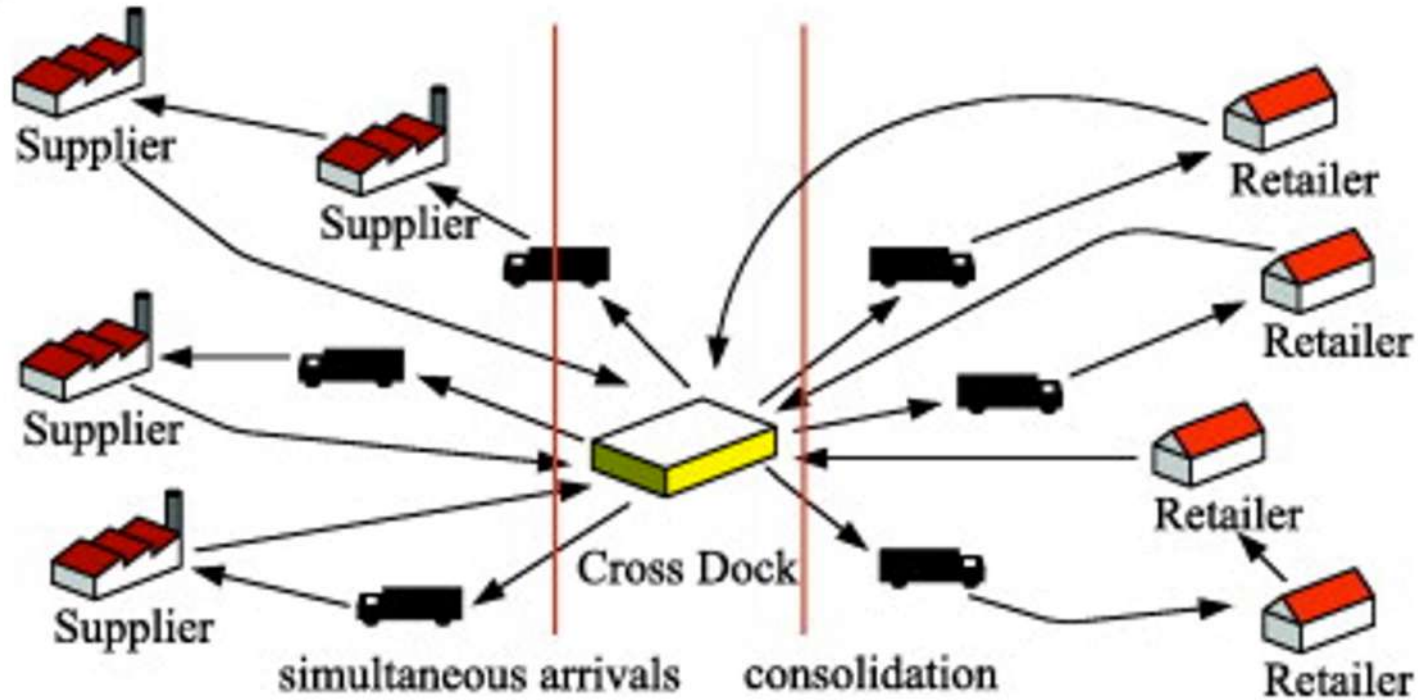
The central warehouse is the place where all the company's materials and products are gathered, it allows us greater and better control of the goods and products, a better economy of space and a greater use of the means of handling.



Cross-Docking: there is no storage of the supplier's merchandise, the merchandise passes through the warehouse only for the transfer of the transport vehicle.

It is a type of order preparation without placing merchandise in stock or picking operations. It allows you to transit materials with different destinations or consolidate goods from different sources.

CROSS-DOCKING



CROSS-DOCKING



<https://www.youtube.com/watch?v=VGZsQsvEWCg>

Drop-shipping: the seller does not transport the merchandise, he passes his customer's order to the supplier, who sends the merchandise directly to the customer. The seller has the role of logistics information manager.

The supplier can be a wholesaler or the manufacturer itself.

How Dropshipping Works



ShopMaster

shopmaster.com Smarter dropshipping solutions for you

DROPSHIPPING



<https://www.youtube.com/watch?v=JUXbCGhZbE4>

AVAILABILITY LEVELS AND SERVICE EXPECTATIONS: RELATIONSHIPS WITH MULTIPLE PROVIDERS.



We cannot live without suppliers, they are a fundamental part of the life cycle of many supply chains. Although you can always choose to manage a broad portfolio of suppliers, the ideal situation is to work with long-term suppliers, enhancing trust and a joint relationship for the future.

This long-term relationship triggers the term strategic ally for suppliers. We have gone from a supplier vision as a resource for our needs to being a strategic partner capable of growing and transforming to achieve better results.

AVAILABILITY LEVELS AND SERVICE EXPECTATIONS: RELATIONSHIPS WITH MULTIPLE PROVIDERS.



Supplier relationship management (SRM) is a business process responsible for managing and systematizing interactions with supplier companies or organizations.

Optimizing the entire supply chain information flow is made easy, creating value from relationships, reducing supply chain costs, and delivering high-quality end products.

Supplier relationship management (SRM) processes improve coordination and cooperation between buyers and suppliers. It enhances the mutual knowledge of both parties, being an ideal resource to mitigate the risk and increase the profitability of the supply chain.

AVAILABILITY LEVELS AND SERVICE EXPECTATIONS: RELATIONSHIPS WITH MULTIPLE PROVIDERS.



<https://www.youtube.com/watch?v=XibS0susCP8>

Fulfillment definition: integration of people, processes and technologies to achieve customer satisfaction before, during and after a shopping experience on the Internet (Bayles, 2001).

Critical area for the success of the online store... .and for the viability of the business plan.

Let's learn from Amazon: it gave up its purely virtual store concept to open distribution centers when it realized the impact on customer service.

DEGREE OF OUTSOURCING OF THE OPERATIONAL AND LOGISTICAL ASPECTS OF THE ONLINE STORE

3PL (Third Party Logistics)
Selling online means external companies



The big logistics players bet on ecommerce (I)

The screenshot displays the SEUR website homepage. At the top, there is a navigation bar with 'English' and 'SEUR Pro' options. Below this is the SEUR logo and a search bar with the placeholder text 'How can we help you?'. A secondary navigation bar includes links for 'Private', 'Professional', 'Sustainability', 'Help', and 'About us'. The main content area features four large tiles: '+115 millions of shipments in 2019' with a van icon, '1,200,000 clients' with a building icon, 'Worldwide shipments' with an airplane icon, and '8,100 employees' with a person icon. A chatbot window is visible in the bottom right corner with the text '¿Necesitas' and 'Iniciar conversac'.

The big logistics players bet on ecommerce (II)



Particular

Empresa

Busca en correos.es



INICIAR SESIÓN

Find the solution you're looking for



Create Online Store

MORE INFO >



Sell in Marketplaces

MORE INFO >



Create a website

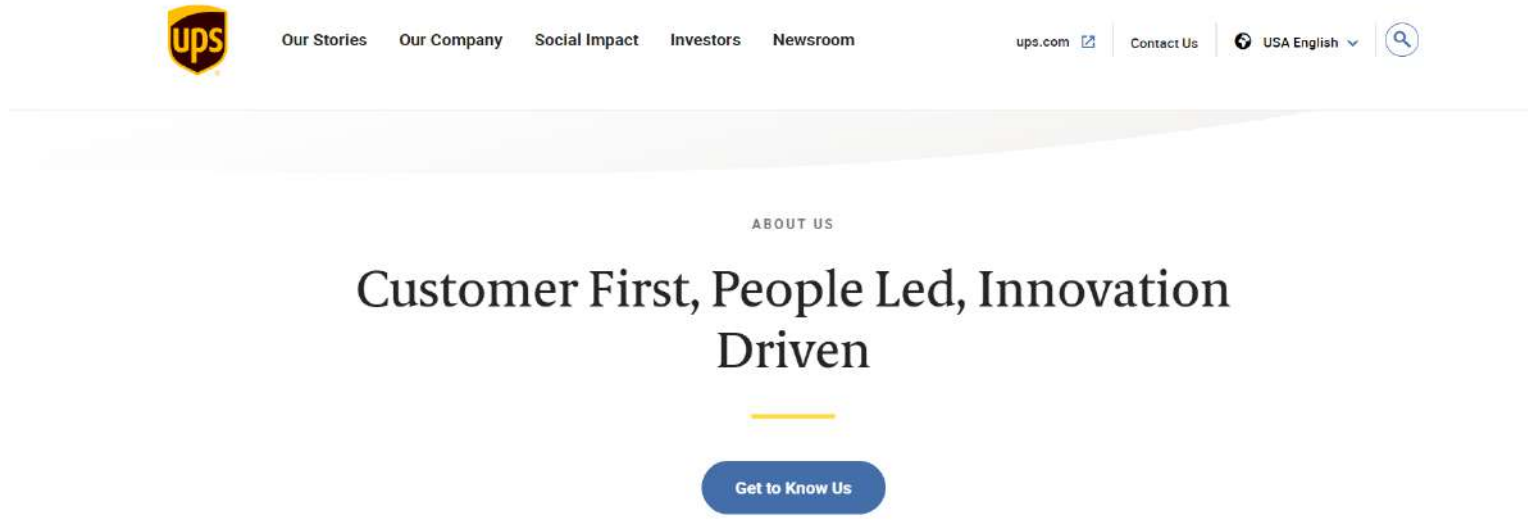
MORE INFO >



Create an app

MORE INFO >

The big logistics players bet on ecommerce (III)



Alibaba Group invests heavily in logistics services



Fast ocean and air shipping | Competitive prices | Online tracking


Digitizing the Parcel Network

Merchants → First Mile → Stations → Sorting Hubs → Line Haul → Branch Transport → Sorting Hubs → Stations → Last Mile → Community → Last 100 Meters → Consumers

Cainiao's Products and Services

E-shipping Label Dynamic Forecasting Smart Routing App for Delivery Personnel Smart Voice Assistant

Cainiao Index – Industry Standard Service Rating System

DEGREE OF OUTSOURCING OF THE OPERATIONAL AND LOGISTICAL ASPECTS OF THE ONLINE STORE

Amazon is a leading provider of logistics services



Amazon is a leading provider of logistics services



DEGREE OF OUTSOURCING OF THE OPERATIONAL AND LOGISTICAL ASPECTS OF THE ONLINE STORE



Amazon is a leading provider of logistics services

<https://www.youtube.com/watch?v=hCJKuENvjCQ>

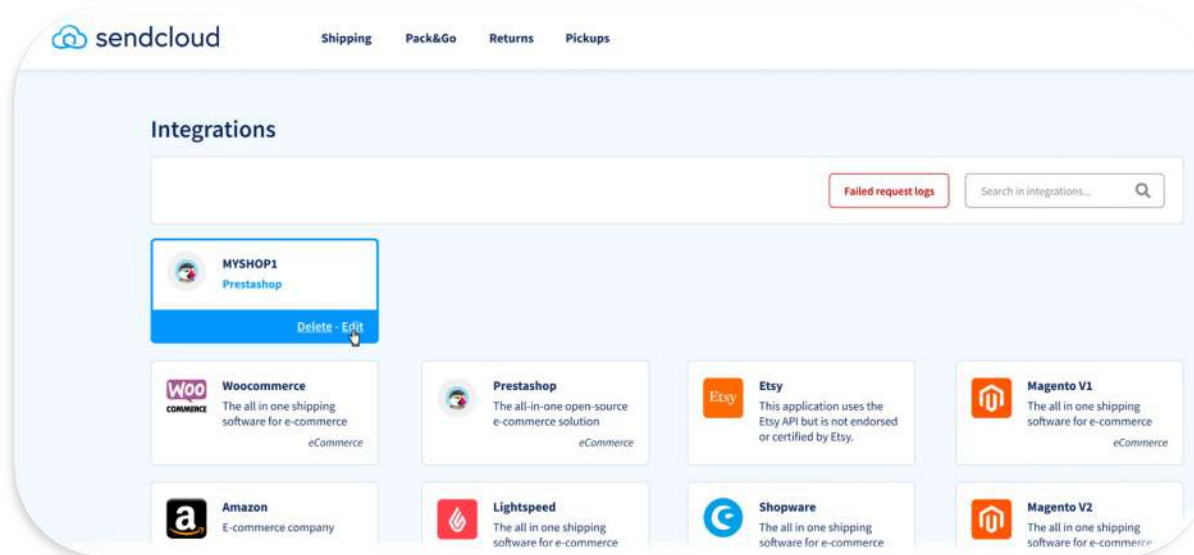
DEGREE OF OUTSOURCING OF THE OPERATIONAL AND LOGISTICAL ASPECTS OF THE ONLINE STORE



From price comparators to integrated logistics services



From price comparators to integrated logistics services



DEGREE OF OUTSOURCING OF THE OPERATIONAL AND LOGISTICAL ASPECTS OF THE ONLINE STORE



<https://www.youtube.com/watch?v=R8M71G7jLtA>

CLICK & COLLECT: CHANNEL INTEGRATION OPTION

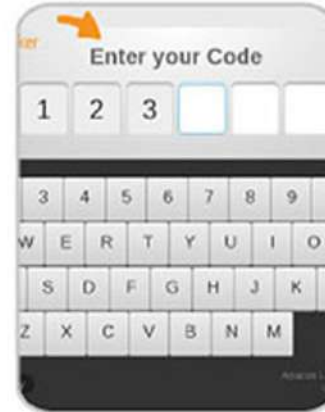
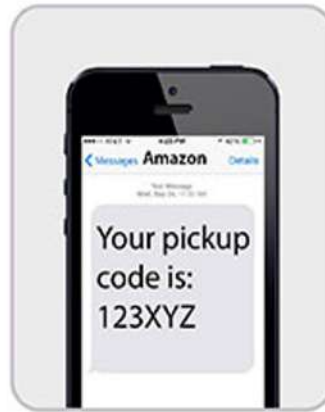
click&collect

Shop online. Collect in store. In just 3 easy steps:



CLICK & COLLECT: CHANNEL INTEGRATION OPTION

- 1** Go to your Amazon Locker location
- 2** Find the unique pickup code provided either via e-mail or text
- 3** Enter the unique pickup code on the Amazon Locker touch screen
- 4** The locker with your package inside will automatically open



CLICK & COLLECT: CHANNEL INTEGRATION OPTION



ASDA



ALIMERKA



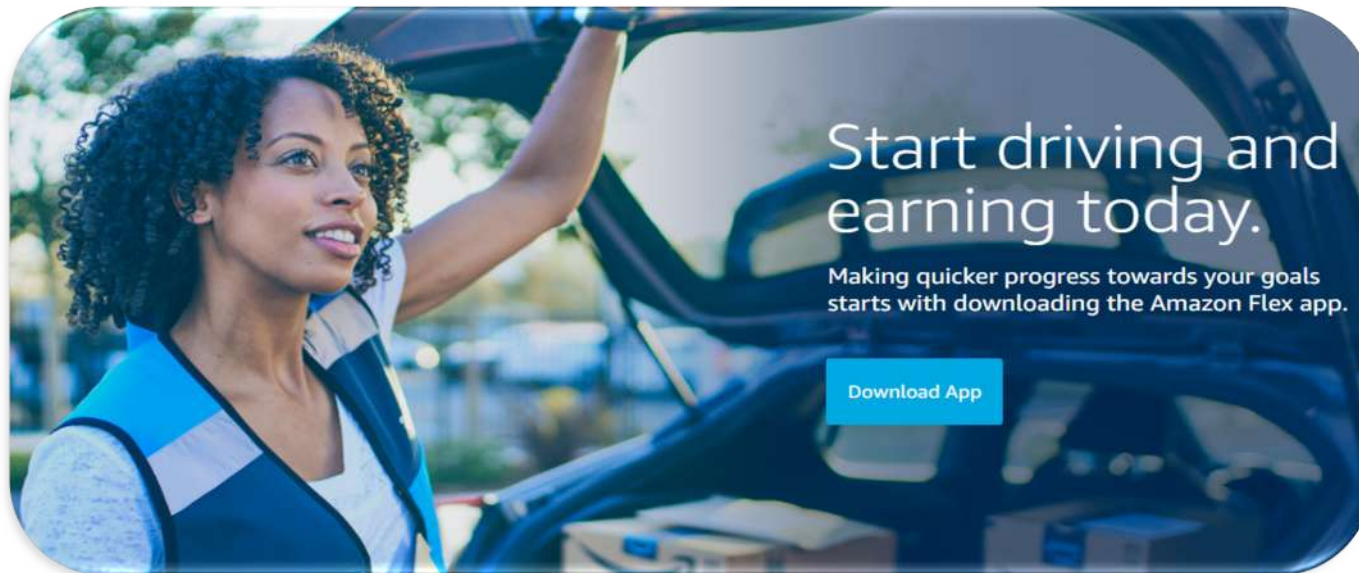
DEGREE OF OUTSOURCING OF THE OPERATIONAL AND LOGISTICAL ASPECTS OF THE ONLINE STORE



<https://www.youtube.com/watch?v=flyZdmhH0p4>

NEW LOGISTICS MODELS: COLLABORATIVE ECONOMY

 **FLEX**



Start driving and earning today.

Making quicker progress towards your goals starts with downloading the Amazon Flex app.

[Download App](#)

THE ARRIVAL OF DRONES: REGULATION?

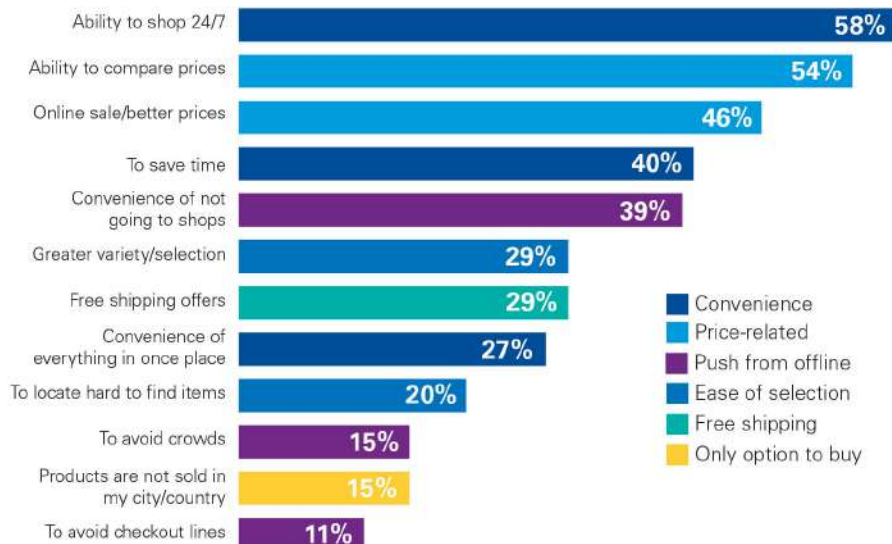


3D-PRINTING ON TRUCKS



WHAT DO CUSTOMERS WANT?

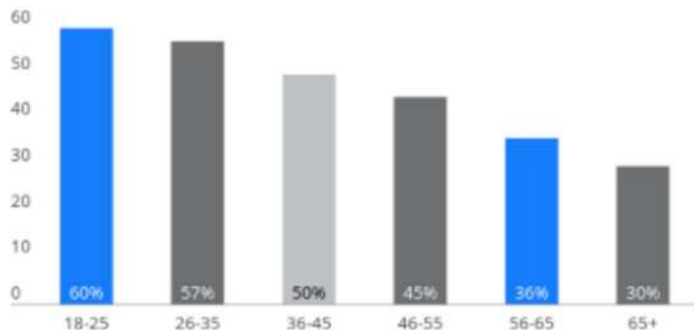
Reasons consumers shop online instead of in stores



Source: Global Online Consumer Report, KPMG International, 2017

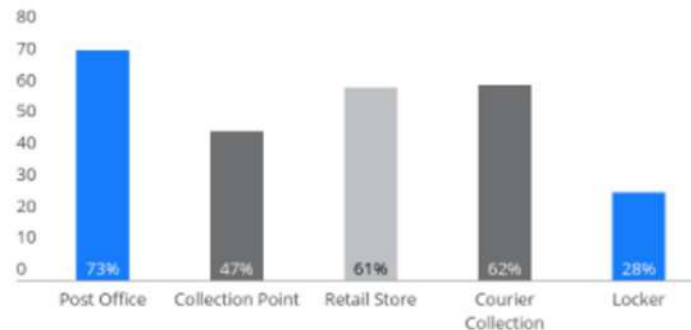
THE IMPORTANCE OF RETURNS FOR CONSUMERS

¿Alguna vez una experiencia negativa con una devolución hizo que no volviera a comprar en la misma tienda en línea?



Source: Rebound, 2018

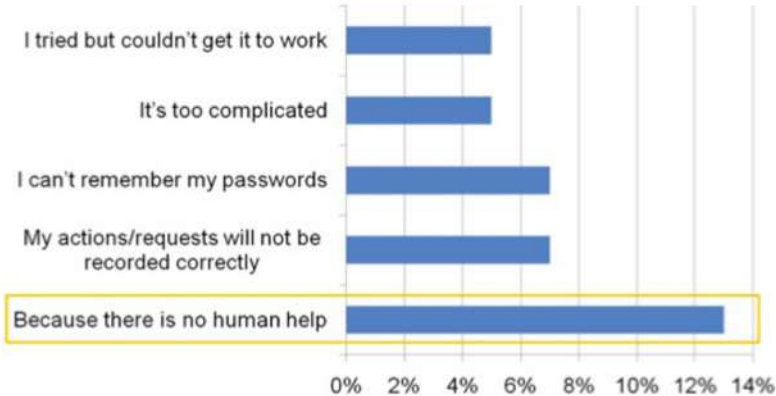
¿Cómo quieren los compradores devolver las compras realizadas en línea?



Source: Rebound, 2018

CUSTOMER SERVICES

“Why don't you use online banking?”

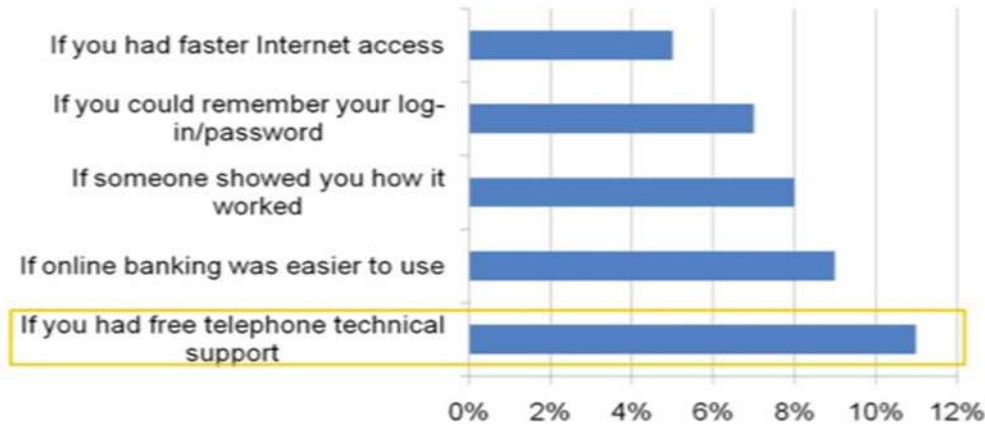


Source : Forrester Group – « French online Banking Forecast 2008 - 2013

Users today require human attention to solve their problems in online contracting processes as a mechanism for removing barriers

CUSTOMER SERVICES

“Which of the following, if any, would persuade you to use online banking?”



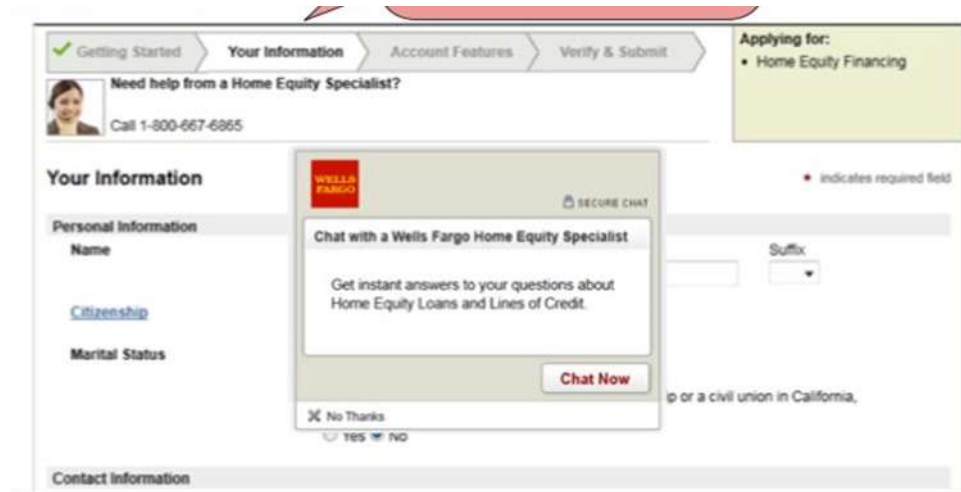
Ease of use and free are the two great criteria valued by users

Source : Forrester Group – « French online Banking Forecast 2008 - 2013

CUSTOMER SERVICES

Online chat in the data questionnaire

Wells Fargo users who use online chat tools receive a higher rate of approvals and generate higher average returns than shoppers who don't. The conversion rate for this product increased between 30% and 40%.



CUSTOMER SERVICES

Analysis of chat transcripts as an additional avenue of customer intelligence, as a "personalized" source of analytical information

Leah: Hello! Thank you for being a valued customer! My name is Leah. How may I assist you on your personal checking and savings account today?

You: I am trying to set up my new car loan to automatically deduct from my account, **but I can't seem to figure it out.**

Leah: I understand your concern regarding an automatic payment.

Leah: I will be happy to look into that for you.

Leah: To begin with, can I please have your complete name and last four digits of your account number?

You: Dorothy Smith.

You: account number is XXXX.

Leah: Thank you for that information.

Leah: Please give me a few moments while I look into that.

Leah: Thank you for waiting, Dorothy.

Leah: Regarding your concern, you may be able to set up a recurring payment via your Online Banking.

Leah: Just go to the Transfers Tab.

Leah: Then, on the "Account to Account" Transfer, select the From and To Accounts.

Leah: Input the Amount.

Leah: Then, select the frequency.

Leah: Press Continue.

You: oh- I see it. **I wouldn't have thought to look there.** Thank you.

You: Did it. Thanks for your help.

Leah: You're welcome.

This indicates user confusion

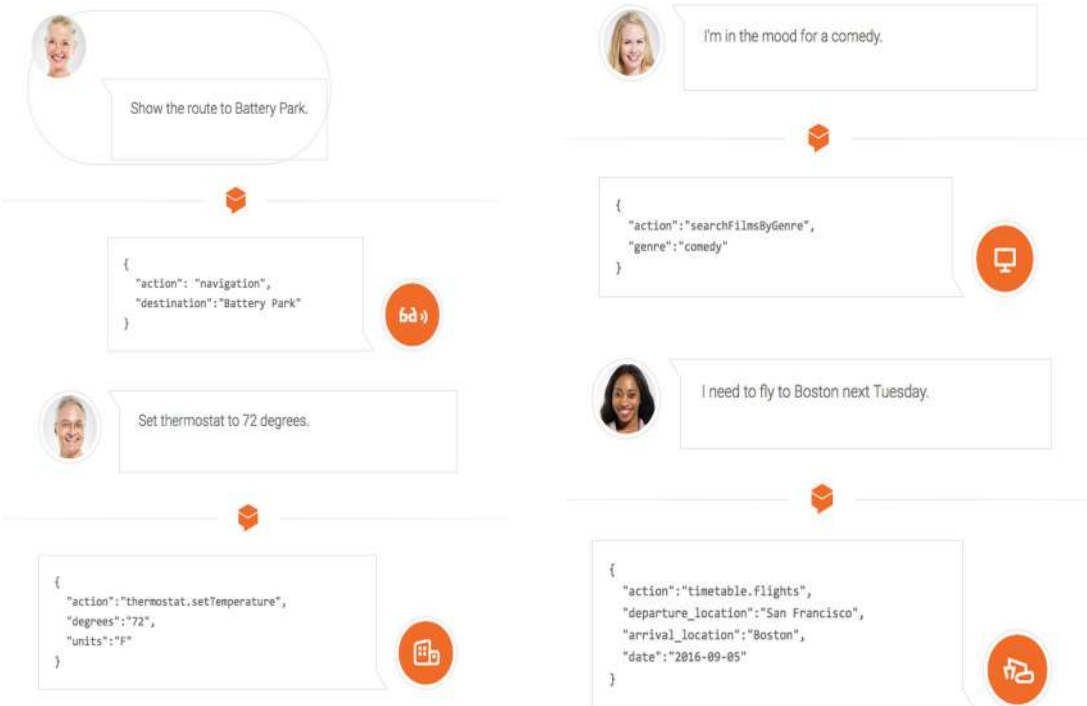
Potential improvement in usability of the private area

CUSTOMER SERVICES



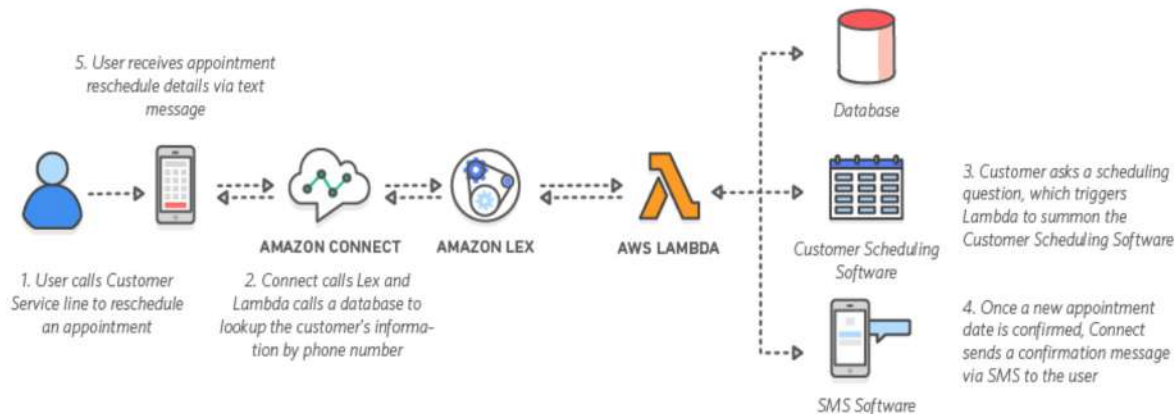
Guided assistance
option: take control of
the user's computer to
manage user problems
in contracting processes

THE IMPACT OF CHATBOTS ON CUSTOMER SERVICE SYSTEMS



USING AI FOR CUSTOMER SERVICE SYSTEMS

Example: Amazon Connect contact center uses Amazon Lex for natural conversations.



Callers can perform tasks such as changing a password, requesting an account balance, or scheduling an appointment, without having to speak to an agent.



TELEPHONE:

- The elements of verbal communication must be enhanced (tone, volume, rhythm, intonation, silences...)
- An adapted verbal communication, sympathy by default and maximum courtesy.
- Clear and complete messages with the guarantee of carrying out what was promised.
- Thanks for the call.

TYPOLOGY: TELEPHONE, EMAIL, ONLINE CHAT, VIRTUAL ASSISTANTS, CHATBOTS...



TELEPHONE



Dirígete al cliente
por su nombre



Crea un programa
de fidelización



Recompensa
a tus clientes



Ofrece diferentes
canales de servicio
al cliente



Muestra siempre
tu lado humano



Ofrece
recomendaciones



Recolecta y comparte
datos con los clientes



EMAIL:

The 5 Ps of email customer service:

- Prompt. Quick response
- Politeness. The rules of courtesy, education and other formalisms that are considered necessary and unquestionable in any channel of communication with customers
- Personal. Response customization.
- Professional. Professionalism.
- Promotional. Opportunity to do branding, cross-selling...



ONLINE CHAT:

- It is a service that you manage to provide through digital communication tools, where you can quickly answer the questions and concerns of your customers.
- Some of the advantages of using online chat to serve your customers:
- It is a direct communication, personalizing the answers of your clients.
- It allows to speed up queries in a timely manner.
- It is a free customer service channel.
- Make it easy to automate questions and answers from your customers.



VIRTUAL ASSISTANTS:

The main goal of virtual assistants is to have ownership of the customer relationship and data. Devices such as Alexa (from Amazon) or Google Home aim to "entangle" the customer in their own ecosystem, here we can see some of the virtual assistants:

- Amazon (Echo, Alexia)
- Google (Assistant, Home)
- Microsoft (Cortana)
- Apple (HomePod, Siri)
- Samsung (Bixby)
- LG (DeepThinQ, ThinQ)
- Alibaba (AlieGenie, Tmall Genie)
- Baidu (DuerOS)



VIRTUAL ASSISTANTS





CHATBOTS:

Important part of the digital marketing strategy to get potential customers on your website through conversational marketing.

Advantages:

1. Answer frequently asked questions immediately.
2. Obtain customer data in a friendly way.
3. Improve the image of the company.

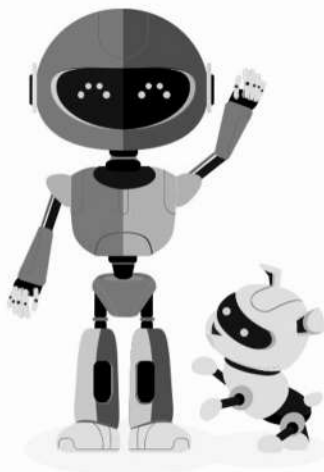
Disadvantages:

1. A chatbot is not a 100% replacement for human attention.
2. Existing customer inquiries are often difficult to predict or automate.
3. Sensitive services.



CHATBOTS:

Some use cases of chatbots:



SERVICIO AL CLIENTE



RECOMENDACIÓN DE OFERTAS



HELPDESK



AUTOMATIZACIÓN DE TAREAS POR VOZ

THE DIFFICULT FIT OF B2C LOGISTICS IN THE AGRI-FOOD SECTOR: SOME EXAMPLES



Logistics is one of the biggest challenges facing any company that distributes any physical object. In the case of perishable products, or food products, it is even more difficult, since the conditions of temperature, light and humidity must be respected, from the moment the product leaves the field until it reaches the consumer's table.

Currently, logistics must be approached from two angles: large-scale logistics and last-mile delivery. Understanding by large-scale logistics the transport of the merchandise to the store or warehouse, and by last-mile delivery, in terms of transport to the consumer's home.

CHALLENGES IN LOGISTICS IN THE AGRI-FOOD SECTOR:

Shipping costs:

- In general, they have no relation to logistics costs.
- They are given by the market

Delivery times:

- Meet the established deadlines.
- Merchandise with expiration date.

CHALLENGES IN LOGISTICS IN THE AGRI-FOOD SECTOR:

Box stowage

- Product separation
- Product protection
- Product location

Packing process standardization

- Choosing the box that protects the content
- Choice of padding that gives consistency to the box and protects the content
- sustainable packaging

PACKAGING EXAMPLES



Good packaging makes things better

CHALLENGES IN LOGISTICS IN THE AGRI-FOOD SECTOR:

- Transportation and home delivery

Existing problems:

- Lack of coordination between the work schedule of the distributors and the schedule in which there is someone for the reception at the address.

Greater restrictions for movement within cities

- Pedestrian zone
- Restriction of delivery times
- Insufficient loading and unloading areas

CHALLENGES IN LOGISTICS IN THE AGRI-FOOD SECTOR:

Returns:

- Specific areas must be available in the warehouse for returns
- Clear processes for urgently dealing with returns.
- These processes are integrated with billing to return the money to the consumer as soon as possible.

Turn the problem into an opportunity:

- Opportunity to build customer loyalty.
- Facilitating the return instead of putting obstacles.
- Giving several return options.
- Opportunity for process improvement: trying to understand the reason for the returns.

THE GOLDEN MILLE:

It is a package transport management focused on the last route to be made in the final delivery. That is to say, it usually corresponds to the route that is made once a series of packages have been grouped and which are then distributed in the city.

Hence, it refers to the last mile because it is the last route that takes the product directly to the customer or capillary distribution because within the city the deliveries are made in different areas or branches.

KEYS TO OPTIMIZE THE LAST MILE:

- Optimization of transport routes in the last mile: Within the city, it is necessary to see which are the most efficient routes based on factors such as traffic jams in real time and their possible alternatives, as well as the streets closed and under construction that they may entail. a handicap in our delivery condition.
- Type of package and transport: It is also necessary to think about the size of the packages to be transported at each point and even the nature of said product. Transporting a fragile package is not the same as transporting refrigerated food, for example.
- Conditions of delivery to the client: In this sense, it is necessary to consider different variables for correct management, where, for example, the different time windows of the product delivery period enter.

KEY POINTS REGARDING THE GOLDEN MILLE



LOGISTICS AND TRANSPORT PLAY A FUNDAMENTAL ROLE IN THE MISSION OF ADDRESSING THE GREAT CHALLENGES OF THE AGRI-FOOD SECTOR:

The search for efficiency, sustainability and competitiveness require a stronger agri-food chain between all the links.

Adequate infrastructure and improved processes are also necessary.

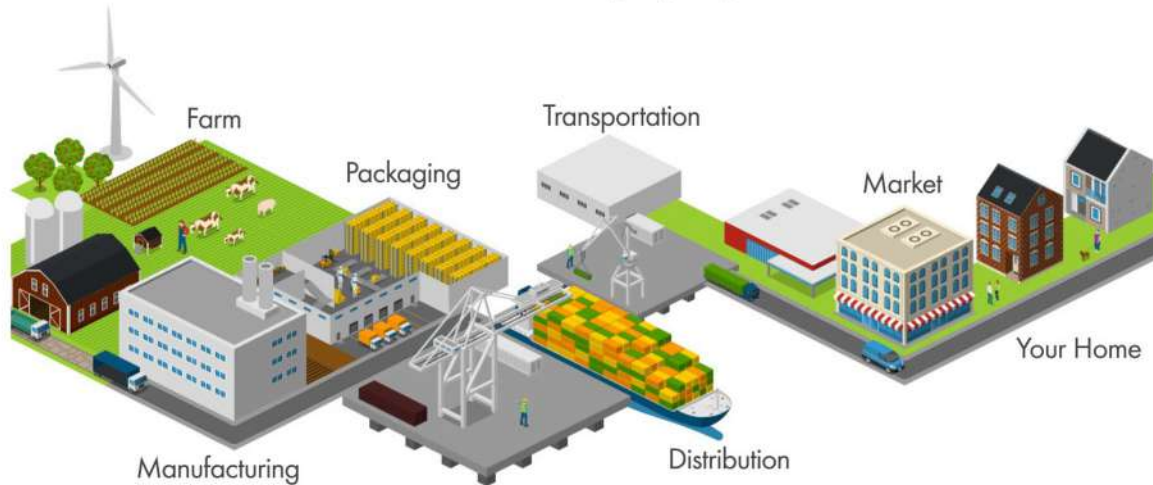
We need a comprehensive vision of logistics from the primary sector to the consumer.

Efficiency and cost reduction have been key in logistics, but currently it is not enough, it must be sustainable at an economic, environmental and social level.

Standards and technology as well as good practices play a key role in a new supply chain.

Consumers demand more transparency and more information about the products they consume.

The Food Supply Chain



The deployment of a correct and solid food safety system by logistics operators implies a deep knowledge of three disciplines, although complementary, they are absolutely different and therefore require different specialties that provide in-depth knowledge of:

1. The technical-sanitary aspects of food by specialized technologists.
2. Logistics processes, their stages and their own situation from a risk-based thinking by specialists in the sector.
3. Controlled temperature, its maintenance and techniques for its assurance, through the validation and qualification of means, facilities and processes.

THE CASE OF AMAZON FRESH AS AN INNOVATIVE EXAMPLE



Amazon Fresh is the Amazon service for Amazon Prime users that allows you to make your purchase online in a supermarket.

THE CASE OF HEMA / FRESHIPPO IN THE CHINESE MARKET



THE CASE OF HEMA / FRESHIPPO IN THE CHINESE MARKET



THE CASE OF HEMA / FRESHIPPO IN THE CHINESE MARKET

FRESHIPPO F2



FRESHIPPO PICK'N GO



First Successful New Retail Omni-channel Model Built in the World

打造全球首个新零售Omni-channel的成功样板



THE CASE OF HEMA / FRESHIPPO IN THE CHINESE MARKET



FRESHIPPO FARMER



THE CASE OF HEMA / FRESHIPPO IN THE CHINESE MARKET

FRESHIPPO MINI



FRESHIPPO STATION



THE CASE OF HEMA / FRESHIPPO IN THE CHINESE MARKET



FRESHIPPO MALL



THE CASE OF HEMA / FRESHIPPO IN THE CHINESE MARKET



<https://www.youtube.com/watch?v=xWZBAx6sOX4>