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Technological Capability and Logistical Reality

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Technological Capability and Logistical Reality

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Technological Capability and Logistical Reality

• Successful adoption of any e-solution requires fulfillment capability
• This has implications in terms of logistics and supply chain configuration
• Examples: buying a shirt in Dublin
  Toysrus
  general industry problems
## The B2C Shopping Proposition

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Inconveniences</th>
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<tbody>
<tr>
<td>• Customers shop from where they choose</td>
<td>• Customers can’t “feel” the goods</td>
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<td>• Online support can improve customer service</td>
<td>• Lack of human touch</td>
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<td></td>
<td>• Price comparison is easier</td>
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<td>• The “Last Mile” conundrum</td>
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</table>
The “Last Mile” Conundrum

• Also known as the longest mile!
• Critical due to tight margins, high volumes of low-cost goods, perishable goods, etc
• Delivery to (a) home, (b) office or (c) third-party place
  • (a) 25% of people refuse to stay home (Chilton 1999)
  • (b) often forbidden by employers
  • (c) e.g. petrol stations, post offices, local shops, etc
Fulfilment Issues: front-end

- Poor customer service
- Abandoned virtual shopping basket - 88% (Anderson 1999)
- Returns
- Speed and cost of fulfilment
Fulfilment Issues: back-end

- Under-investment in the fulfilment chain
- Outsourcing policy
- Integration of front-end and back-end operations
- Last mile delivery
Technological Capability and Logistical Reality

- No IT is a magic solution
- IT should be regarded as an enabling technology and implemented as an integral part of a company’s strategy and supply chain re-engineering