The Future of Fulfillment Report: Part Two

BlueYonder

Fulfill your potential™

Executive Summary

On behalf of Blue Yonder, Researchscape International conducted an online survey of 300 senior executives in retail and e-commerce firms with responsibility for logistics and fulfillment. The survey was fielded from October 6 to 13, 2020.

As e-commerce grows and to be best positioned to address consumer needs, retailers will need to fully automate their fulfillment networks. The survey showed that 14% of retailers have full automation across their fulfillment locations today and 21% are planning to fully automate their fulfillment locations within the next 12 months – representing a 50% growth. Almost a quarter (23%) of retail executives expect to have most of their fulfillment locations automated in the same timeframe. Additionally, over the next 2-3 years, usage of pop-up distribution centers (DCs), dark stores, and micro-fulfillment centers will double as part of their e-commerce strategies.
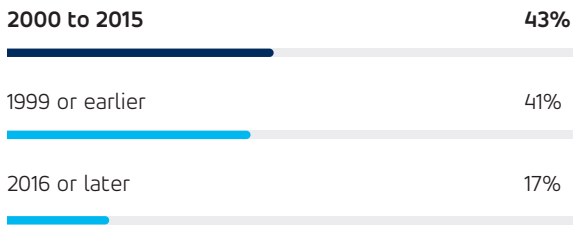
Priorities

- **What extent of your fulfillment locations do you plan to have automated 12 months from now?**
  All (21%), Most (23%).

- **Which of the following fulfillment options do you plan to have in the next 2–3 years?**
  In-Store fulfillment (BOPIS, Ship from Store) (59%), E-Com Fulfillment Centers (51%), Micro-Fulfillment Centers (27%), Pop-up Distribution Centers (26%), Dark Stores (12%).

  - Roughly half of grocery retailers (49%) and pet care retailers (49%) cited expanding existing capacity as an area they would like to improve – more than any other vertical.

  - Over half of drug store/health & beauty retailers (52%) and pet care retailers (52%) selected improving labor productivity as an area they would like to prioritize – more than any other vertical.

- **What areas of the retail customer experience would you like to improve in the next year?**
  Pricing and promotion: ensure profitability from market launch through markdown (48%), Workforce management: associate retention, employee engagement, and productivity (38%), Store execution: consistent quality, profitability and customer satisfaction (36%), Assortment management: remove the guesswork and drive higher sales and margins across channels with localized customer insights (36%).
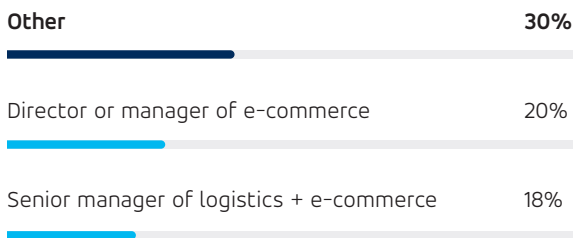
Firmographics

When was your organization founded?

2000 to 2015 **43%**

1999 or earlier 41%

2016 or later 17%

What is your title?

Other **30%**

Director or manager of e-commerce 20%

Senior manager of logistics + e-commerce 18%

Which, if any, of these product categories are sold by your company?

Retail – Hard Goods **54%**

General Merchandise 49%

Retail – Soft Goods 39%

What is your headcount?

1–9 employees **27%**

10–99 employees 19%

100–999 employees 16%

10,000+ employees 15%

1,000–9,999 employees 14%

0 employees 10%
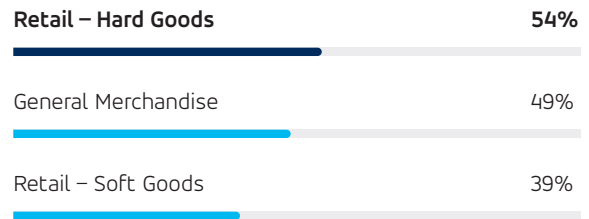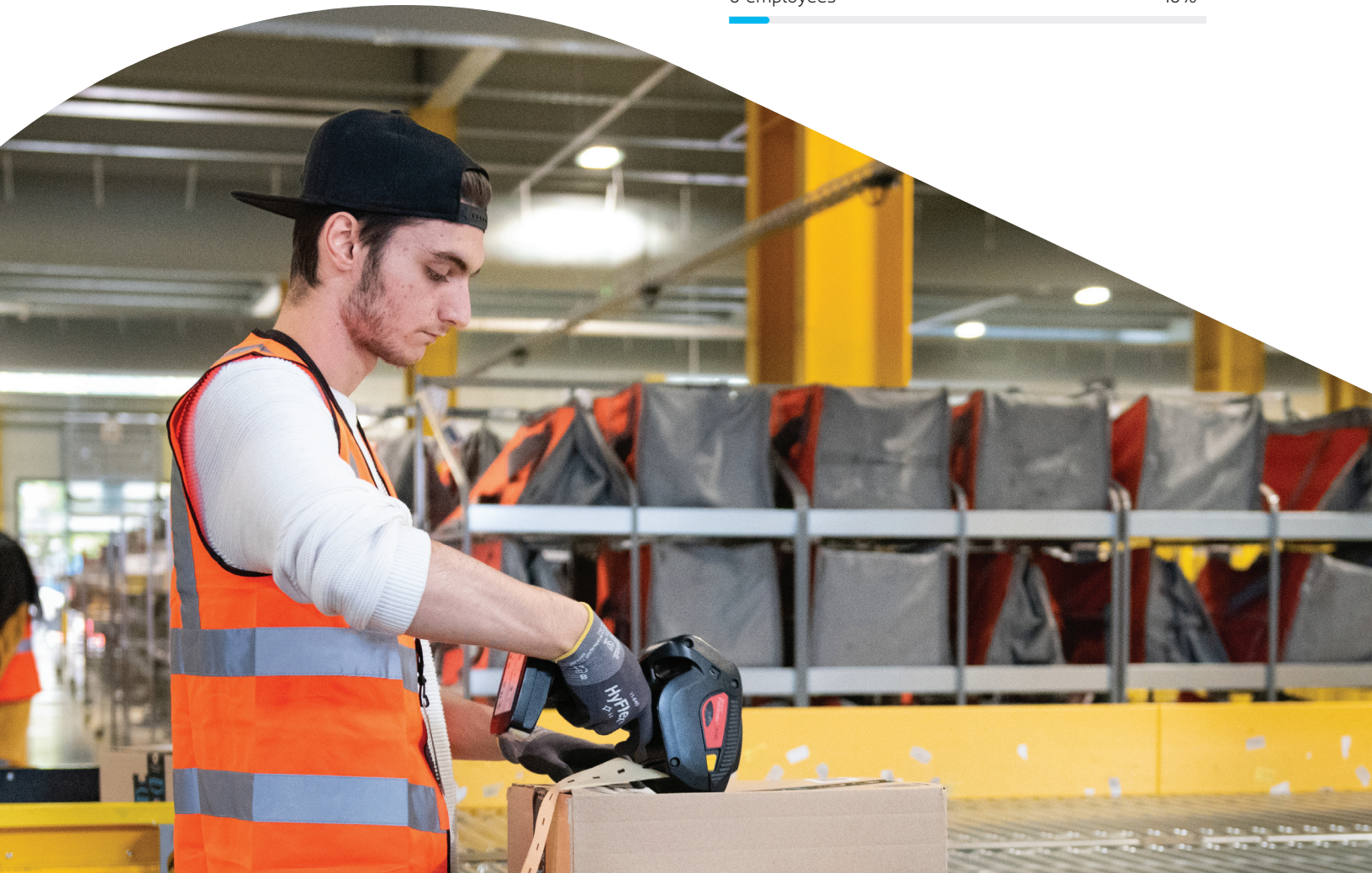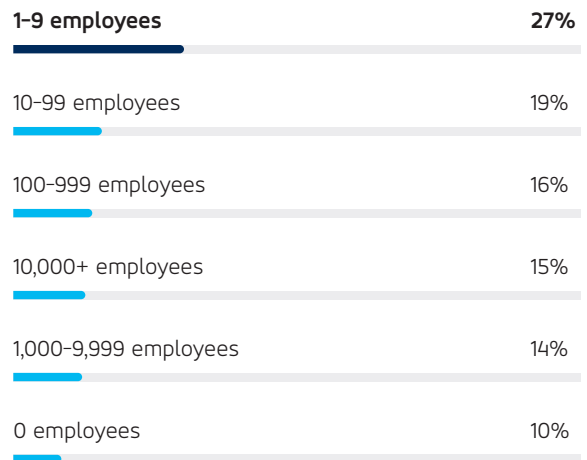
"Automation" Question Comparison

What extent of your fulfillment locations do you plan to have automated 12 months from now?

21	23	15	19	23

What extent of your fulfillment locations are automated today?

14	23	13	22	29

0%   25%   50%   75%   100%

■ All ■ Most ■ Half ■ Some ■ None

"Fulfillment Options" Question Comparison

■ Which of the following fulfillment options do you have in your network today?

■ Which of the following fulfillment options do you plan to have in the next 2–3 years?
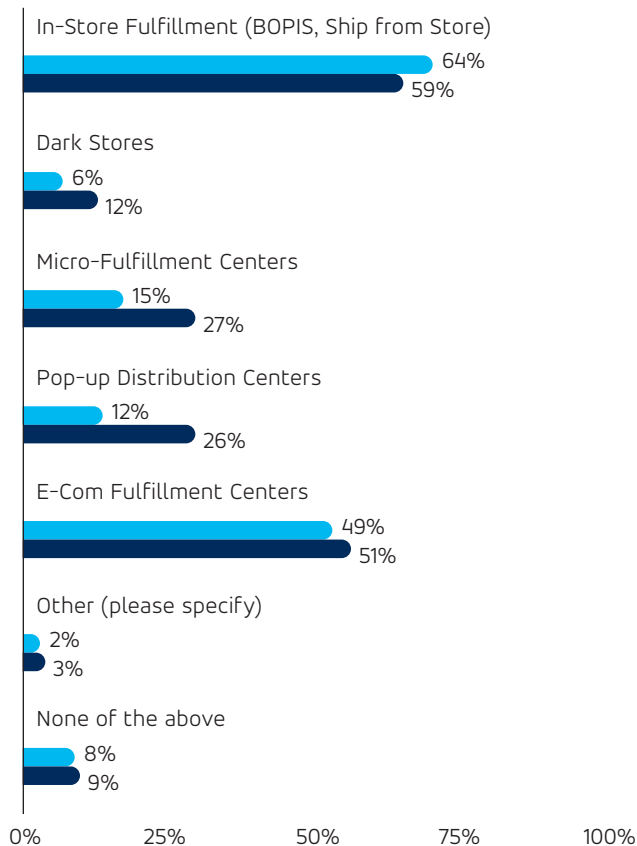
In-Store Fulfillment (BOPIS, Ship from Store)
64%
59%

Dark Stores
6%
12%

Micro-Fulfillment Centers
15%
27%

Pop-up Distribution Centers
12%
26%

E-Com Fulfillment Centers
49%
51%

Other (please specify)
2%
3%

None of the above
8%
9%

0%   25%   50%   75%   100%

Detailed Results

What extent of your fulfillment locations are automated today?

All	14%
Most	23%
Half	13%
Some	22%
None	29%

0%   25%   50%   75%   100%

Sample Size: 281 (94% of Respondents)
Note: Only a single option could be selected.

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Half	15%
Some	19%
None	29%

0%   25%   50%   75%   100%
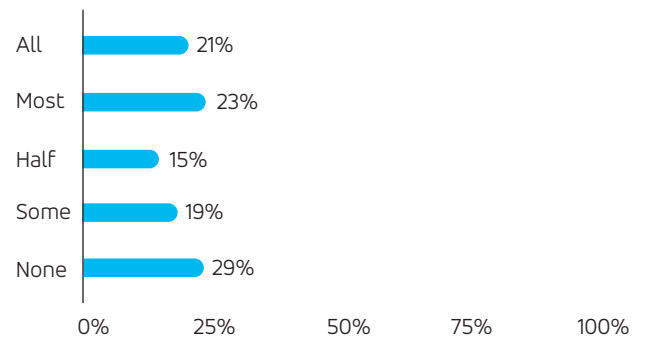
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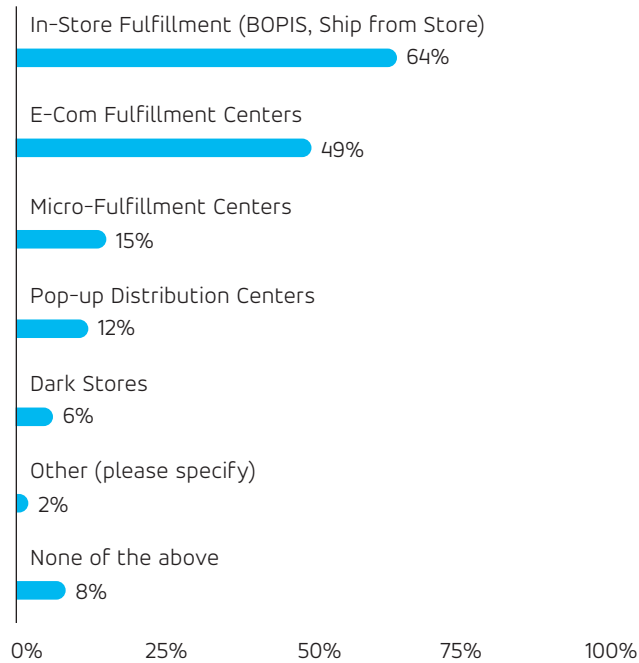
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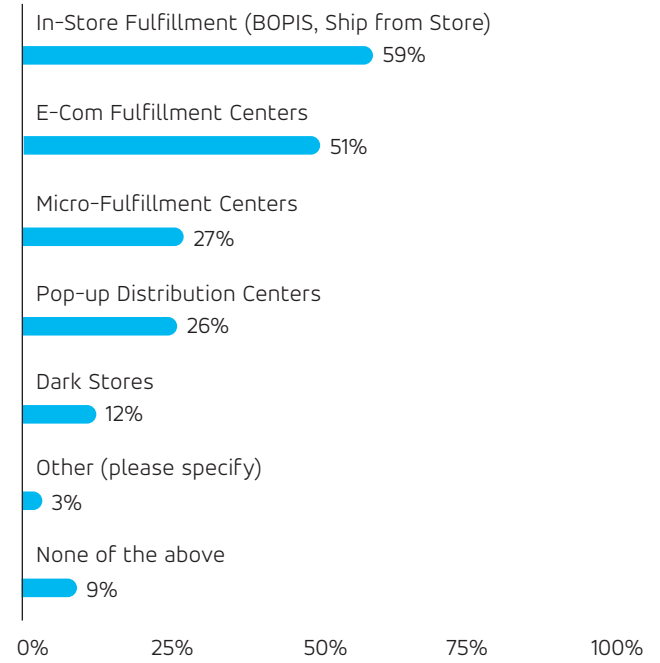
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What are your top warehousing and fulfillment priorities over the next 12 months?

Expand existing capacity
43%

Improve labor productivity
42%

Improve picking processes
39%

Reduce warehouse/DC cost
38%

Optimize DC operations
21%

Implement automation/robotics
14%

Consolidation/Re-configuration
14%

Invest in new DCs
10%

Implement WMS
8%

Implement WES
4%

0%   25%   50%   75%   100%
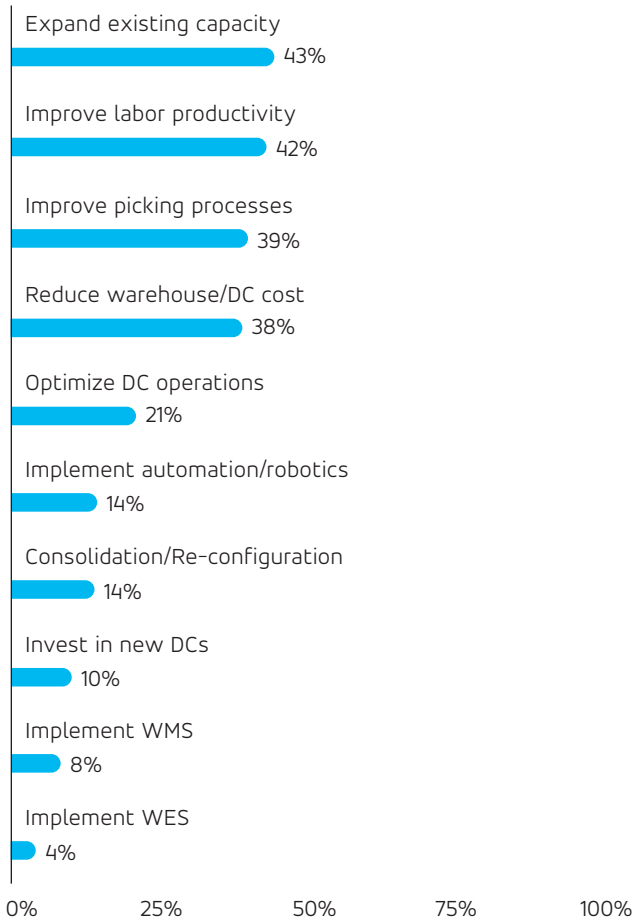
Sample Size: 277 (92% of Respondents)
Note: Respondents could select multiple options.
Showing only the top 10 most selected options.

What areas of the retail customer experience would you like to improve in the next year?

Pricing and promotion: ensure profitability from market launch through markdown
48%

Workforce management: associate retention, employee engagement, and productivity
38%

Store execution: consistent quality, profitability and customer satisfaction
36%

Assortment management: remove the guesswork and drive higher sales and margins across channels with localized customer insights
36%

Real-time inventory visibility and orchestration
36%

Space and floor planning: make smarter, more accurate merchandise space allocation decisions
38%

0%   25%   50%   75%   100%

Sample Size: 277 (92% of Respondents)
Note: Respondents could select multiple options.