



THE FUTURE OF FULFILLMENT VISION STUDY

Major disruptive forces of online shopping and increasing consumer connectivity have combined to establish a new on-demand retail economy that is blurring the lines among manufacturers, transportation and logistics (T&L) firms and retailers. Many of these companies are reaching across previously existing industry lines to fulfill orders collaboratively and efficiently — or moving in that direction. Zebra Technologies recently conducted a Future of Fulfillment Vision Study to determine how these businesses are adapting and planning to adapt their operations to the prevailing omnichannel fulfillment environment.

Zebra, working with research partner Qualtrics, surveyed more than 2,700 professionals in transportation and logistics, retail and manufacturing firms on their omnichannel logistics plans, implementation levels, experiences and views in 2017. The surveys were conducted in the United States, Canada, Brazil, Mexico, Colombia, Chile, France, Germany, the United Kingdom, Italy, Russia, Spain, China, India, Australia and New Zealand.

Key report takeaways summarized below indicate that consumers' omnichannel expectations are impacting respondents' operations in the areas of fulfillment, delivery and returns. To adapt to the new on-demand economy, survey respondents are aware of the need to enhance their operational efficiency with technology investments that enable omnichannel fulfillment capability.

OMNICHANNEL DIFFICULT TO ATTAIN

- A decided majority of survey respondents said they think that e-commerce is giving the typical consumer a faster delivery expectation.
- Given consumers' expanded choices in merchandise, driven by their increasing connectivity, one would expect that their fulfillment options have grown as well. However, survey respondents who think they have attained omnichannel fulfillment capability are in the minority.

TOP TRENDS



E-COMMERCE



INVENTORY ACCURACY



DIGITIZATION OF THE SUPPLY CHAIN



INNOVATION

"Zebra's Future of Fulfillment Vision Study shows that companies are turning to digital technology and analytics to bring heightened automation, merchandise visibility and business intelligence to the supply chain to compete in the on-demand consumer economy."

**Jim Hilton,
Manufacturing
and T&L Global
Principal,
Zebra**

STORES BECOME MULTI-PURPOSE RETAIL CENTERS

- Most surveyed retailers use store inventory to fulfill online orders.
- Most also plan to offer consumers a buy online-pick up in store option in the next year.

RETURNS ARE A SERIOUS OPERATIONAL CHALLENGE IN RETAIL

- Shoppers' growing expectation of free and fast product delivery corresponds to an increase in product returns, which drive significant operational costs. Most surveyed retailers are struggling to manage returns processes efficiently across numerous purchasing models.
- The majority of retailers that currently do not offer free shipping, free returns or same-day delivery plan to do so.
- Nearly half of retailers expect to outsource returns management to a third party
- Most surveyed executives agree that, increasingly, retailers will modify stores into fulfillment centers that accommodate product returns.

TECHNOLOGY INVESTMENTS WILL MAKE OMNICHANNEL LOGISTICS FEASIBLE

- Most organizations currently utilize barcode scanners; however, the majority still use manual paper-based processes for logistics purposes.
- Nearly all respondents said that, by 2020, they will use handheld mobile computers with barcode scanners to attain omnichannel logistics capability through more real-time access to warehouse management systems.
- Respondents expect adoption of radio-frequency identification (RFID) technology inventory management platforms, which increase inventory accuracy and shopper satisfaction with real-time item-level inventory lookup, to grow considerably in the next few years.

DISRUPTIVE TECHNOLOGIES WILL FURTHER INCREASE EFFICIENCY

- Many surveyed executives also think that emerging technologies will assist organizations to build next-generation supply chains with new levels of speed, accuracy and cost-effectiveness.
- Respondents expect drones, driverless/autonomous vehicles, wearable and mobile technology and robots to be the most disruptive technologies.

LOGISTICS COMPANIES ANTICIPATE FASTER DELIVERY

- More than three-quarters of logistics companies expect to provide same-day delivery by 2022.
- More than one-third anticipate delivery within a two-hour window by 2032.

REGIONAL SURVEY TAKEAWAYS

- North America: Manufacturers, logistics companies and merchants reported their collective inventory accuracy at 74% and said it must reach 83% for omnichannel-level capability. Also, 83% said that autonomous vehicles are highly disruptive to the fulfillment status quo.
- Europe and Middle East: An overwhelming majority of respondents use store inventory to fulfill orders and nearly one-third expect this to increase by more than 10% in the next five years.
- Asia Pacific: Nearly all respondents said e-commerce is driving a need for faster delivery and expect to implement same-day delivery faster than those from any other region. Accordingly, nearly half identified drones as one of the most disruptive technologies.
- Latin America: Fully 93% of respondents said that e-commerce is creating pressure to reduce the environmental impacts of relying on paper-based inventorying systems and a surge in delivery vehicles.



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