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

Benefits

• Customers shop from where they choose
• Online support can improve customer service

Inconveniences

• Customers can’t “feel” the goods
• Lack of human touch
• Price comparison is easier
• The “Last Mile” conundrum
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