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Technological Capability and Logistical Reality

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Supply Chain Management
Centre of Excellence

Technological Capability and Logistical Reality

U.S. - Ireland Cross Sectoral Initiative eLogistics Forum

**Farmleigh, Dublin,
March 2002**

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&

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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



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