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The Linnworks Total Commerce Guide to Automation.

Contents.

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1. Why retailers need to automate.

As sales increase and operations scale, all ecommerce businesses face the same challenge of keeping up with the pace of change.

Not only are there more products to merchandise, additional payments to process and a greater number of orders to deliver, growth usually means expanding your selling strategy across multiple channels. To find new customers and drive sales, retailers need to meet their customers where they want to shop - this can mean expanding your retail presence on marketplaces, social channels and other third party selling platforms, as well as relying on multiple partners for efficient inventory management, shipping and fulfillment.

While business growth is encouraging, there are some obvious pitfalls that arise. Unless sales and stock systems are integrated, a business can end up overselling or having the stock in the wrong location. This can lead to inefficiencies in stock management and, more importantly, can cause frustration among consumers waiting for the retailer to meet their demand.

But as your ecommerce operations scale, they become much more complex, making it virtually impossible for staff to manually manage orders and stock levels, or control and forward plan inventory and stock levels to maintain the flow of goods in and out of your warehouses.

To drive efficiencies, profit and maintain customer service levels and competitiveness, it will become essential for growth-driven retailers to embrace automation and give the organization a detailed oversight and central view of merchandising, sales, ordering and fulfillment within one suite of tools.

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# Automation is essential for omnichannel success.

It is essential, not just for internal efficiency, but also to offer customers the seamless omnichannel experience they now expect. **"The Effortless Economy" research from Linnworks** found convenience tops the list of what consumers want from retailers and that:
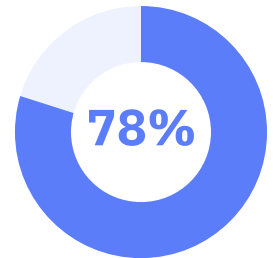
46%

78%

Three in four shoppers prioritize retailers who offer a seamless omnichannel experience.
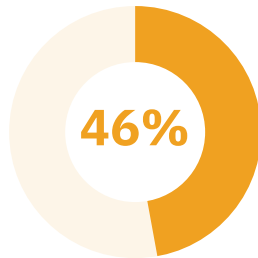
Nearly one in two shoppers **(46%)** prioritize convenience over price when picking a retailer.
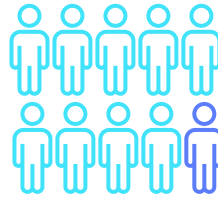
Nine in ten shoppers prioritize retailers who offer a convenient experience.

78% value convenience higher since the pandemic.

To deliver this, retailers need to be able to create a retail experience that reflects what their customers value as convenience:

95%

Four in five consumers expect to buy on social sites, not just a retailer's website.
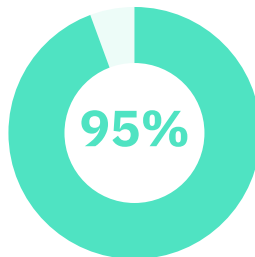
95% expect fulfillment to work around them, be that delivery or click and collect.

Four in five expect to be supported in researching and buying across multiple devices.

61%

82%
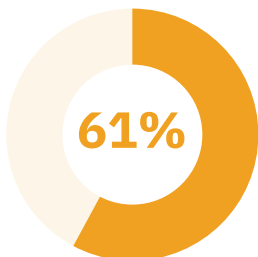
61% will pick retailers whose systems are slick enough to offer next day delivery.

82% will be more loyal to a brand offering a seamless browsing experience backed up by frictionless, flexible payment options.

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Automation's role in a retail business.

Consumers are clear in what they expect, so the challenge for retailers is to deploy the correct technology to ensure the process is truly seamless for both sides. Consumers want to be able to curate their purchase journey. This can mean ordering on whatever retail channel suits at the time of purchase, right through to choosing from multiple delivery or pick up options.

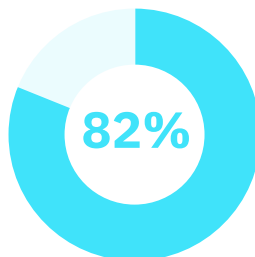At the same time, the ecommerce operator needs oversight on what it is merchandising, on which channels, and at which price points so it can process sales, manage stock levels and reordering and get the goods to the customer within the promised time frame.

Just as importantly, automation will ensure retailers do not face spending marketing budget promoting goods they do not currently have available to sell. One needs only conduct a Google search to find examples of this, particularly during busy sales periods, such as Black Friday or the run up to Christmas. Retailers carry on paying for PPC ads to attract clicks for the latest game console, or other must-have gift, which they no longer hold stock for. Not only do they waste budget, they lose hard-won customers by prompting a click through to a store for a product that doesn't exist.

"A really good order management system comes in to consolidate all those back end processes and service the centralized hub to not only manage your inventory and distribution but also as that place for your customer service team to easily access information for your clients... having that information easily accessible and accurate is what's going to allow them to provide that differentiated, best of breed experience that is going to set you apart from the competition.

The other important factor is that you need to ensure that that experience across your channels is consistent from a logistics standpoint as well. A lot of our customers were looking to restructure their supply chain to be more adaptable, so it's essential for all those elements of the shipping stack to not only work seamlessly together but also to be able to share data between those components and applications to create a more agile system. With more sophisticated analytics and insights, retailers can better predict future demand, avoid keeping excess stock and you can mangae those distribution demands more effectively."

Iris Schiefer - Senior Strategic Partnerships Manager EMEA, **Big Commerce, speaking at Linn Academy 2021.**

Catch up with the Linn Academy session on Multichannel selling strategies and how to keep control of your brand on-demand here.

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2. Automation in product listings.

Managing listings.

Using automation tools to list only the products a retailer has available is arguably the most obvious and compelling reason for an ecommerce business to consider an investment in automation tools. Out of stock items can still be listed, so long as they are set up to be identified as 'out of stock', perhaps with a recommendation for another product or a 'notify me when back in stock' option.

Product listing software saves a huge amount of effort writing individual descriptions manually for each product across multiple channels. Instead, a single listing can be written and then shared across the sites and apps where the item is sold. This ensures the retailer merchandises each product in a consistent tone and that the risk of mistakes is minimized. With copy coming from an original source, there is no chance of extra features being added or missed out.

Targeting copy to audiences.

At the same time, bulk listings can also be individualized to suit a different channel. It is likely a retailer will want to use different language on a social channel reaching Gen Z customers than their own website which might be used by a broader demographic. Choice of image and headline description may alter too between different channels.

Automation can cover these different requirements by allowing carefully-crafted versions of a listing to be offered for each type of site or app with the core basics kept constant, such as dimensions, technical features, environmental credentials or performance information.

Pricing can also be tailored to specific channels to balance supply and demand in different selling environments. Through automation, a promotion can be run on a single product on one or more retailing sites or throughout an entire category of selling environments, all at the push of a button.

Grouping listing.

Listings can also be grouped together so that similar or complementary purchases can be linked in the automation system. If one product is bought alongside another, either as an accessory or alternative, it makes sense for an automation system to understand the impact of a sale on related products to ensure stock levels are maintained.

Purchases of one product could notify the retailer that there is increased demand in that category and allow them to prepare accordingly by considering ordering additional stock of both the items and the accessories typically bought alongside it. If replacement stock is not available from a supplier, the retailer can then stock up on the alternative it would normally suggest, so it is ready for increased demand.

This better understanding of sales and stock levels empowers retailers to become more dynamic with listings and customer communications. If a product is getting low on stock, for example, an automated rule could be set up to display an icon to warn consumers it may not be available on a return visit. This might perhaps be an 'only 4 left' or 'selling fast' or 'limited availability' sticker to create a sense of urgency in the purchase journey, while also managing expectations with customers.

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3. Automation in ordering.

Automating workflows.

Once a customer has hit the 'buy now' button, it is time for the complex systems behind the scenes to swing into action. Retailers who are focused on growth need to automate the ordering process so they can scale with sales to provide an efficient fulfillment service.

Sophisticated software is needed to determine workflow rules to ensure a consignment, which could involve goods from different parts of a warehouse and possible multiple warehouses, to be collated into a single order that is picked and packed for the customer, with the correct shipping rules applied based on their location and preference. A case in point would be when the customer's nearest logistics center may not have all the goods required, prompting the ecommerce platform to have the order fulfilled through a different center where the correct goods can be found. It might also be a case of the automation software pausing an order until it knows the goods are in stock so it can be fulfilled from the customer's nearest warehouse, still within the promised delivery window.

By connecting sales with warehouse inventory and projected stock levels, the ordering system can be made to work efficiently and cost effectively. It puts an end to the days of orders being delayed or only partially fulfilled because logistics centers were unable to communicate with one another. Stock in the warehouse is never left on the shelf because it's in the wrong location, or sold to a customer when it doesn't exist, allowing retailers to always be able to deliver on the sale and that all important customer experience.

"Overselling inventory on sales channels can lead to a bad customer experience.

Inserting a scalable, robust, comprehensive inventory management software that supports native channel integrations across all of your selling channels allows you to, in real time, sync your inventory at scale. You can push your stock level across all of your channels and know that if you sell something on one channel the stock levels get updated across the rest of your channels.

If you're worried even further about over selling you can build in some buffers, some safety stock so you are only pushing a subset of your inventory. Maybe you only want to list 50% of your stock on one channel, or only list a maximum of 50 items on another channel, you have the flexibility and control to do that from one backend."

Matt Heitzer - Solutions Engineer,
Linnworks, speaking at Linn Academy 2021.

Catch up with the Linn Academy session on Achieving Total Commerce through Automation on-demand here.

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Customer communication and problem spotting.

Automation allows an ecommerce business to keep track of the progress of an order and, crucially, communicate updates with customers. As businesses scale, the potential for "WISMO" calls (where is my order) escalates exponentially and can swamp customer services team.

An automated platform will register not only when an order has been placed, through an order confirmation email or text, it can also let them know when it has been dispatched or is in-store awaiting collection. Depending on the logistical maturity of the business and its partners, messages can be automatically sent out from when an order is dispatched through to a delivery window. This type of regular communication tells the customer their delivery is on the move, reducing the impact on customer service resources and customer dissatisfaction with any delays.

From processing to picking, packaging and dispatch, the order and fulfillment part of any ecommerce business can give rise to mini bottlenecks that smaller, manual fulfillment teams may not be able to pinpoint or resolve. With an automation platform in operation, the areas which are holding back an agile, efficient service can often be identified and rectified. This not only benefits productivity and reduces costs, but helps businesses to be able to maintain their delivery promise to customers even in times of peak demand.

By improving these inefficiencies, an ecommerce operation not only works more smoothly, customer service levels can also be improved and, with it, customer satisfaction. This will not only lead to a boost in customer loyalty and increased probability of future sales, it can open the door to new service levels. A five working day delivery window could perhaps be brought down to three and, ultimately, a business could work towards the golden standard of a next day delivery service.

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Case study.

Why Rinkit switched to automation to sync sales and stock.

Home and garden retailer, Rinkit, is a good example of how not syncing sales and inventory can lead to a major headache and lost sales for an ecommerce retailer. In its early days, the business manually processed orders by reconciling a pile of printed out sales against a spreadsheet of stock.

The business would typically order large levels of stock across its own warehouse and marketplace logistics centers so it could put off the moment when the last items were sold and the product was listed as having zero availability. The trouble was the manual process led to discrepancies and overselling was common, particularly for a large sales order that could be accepted, even though the retailer did not have sufficient stock. Taking a massive order for champagne glasses one Christmas that it was not able to fulfill was the tipping point that made the retailer realize it needed a more efficient way to reconcile orders and inventory.

Before turning to Linnworks for an automated, cloud-based ecommerce platform, Richard Goss, Commercial Director and Co-Founder of Rinkit, admitted the business could not cope with demand. Rinkit were spending budget to drive sales they could not deliver on. With automation in place to manage stock levels against incoming sales, the business has been able to grow sustainably and better plan for future growth.

"Having an inventory and order management system that's cloud-based has enabled us to move our Head Office away from our operational warehouses", says Goss. *"We now have a Head Office based in Chichester, which is near a university and train station, making it really easy to recruit excellent talent that we couldn't access before.*

"In this new environment, there's a real buzz around progress and new and clever ways of doing things. We're still very much in touch with the warehouses, how they're coping and what the order flow is like, without having to pick up the phone."

"We're growing our product range, which will facilitate an increase in sales and an increase in the amount of orders we can fulfil every month. Our growth is definitely larger because we have better control of our data and better control of our sales channels and pricing. We know what's going on and we have the time to think strategically about our future moves".

Rinkit!

delivering everyday happiness

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4. Managing Inventory levels.

Keeping stock of stock.

The simplest rules in the retail world is that you cannot make money from stock you do not have and old stock does not get more valuable (unless it is an antique or fine wine, of course). Running a successful ecommerce business relies on the organization having the tools to order the right stock, in the right quantity and at the right time to ensure orders can be fulfilled without delay.

To make this vision a reality, retailers need sophisticated automation software that can reconcile sales with stock levels across one or more warehouse locations. This ensures the business always has an accurate, real-time overview of orders compared to available stock so re-ordering trigger events can be set up. By understanding demand for each product and how long it takes to be replenished, automated alerts can be set up to advise when items need to be restocked to avoid the business missing out on sales opportunities. Automated systems can even trigger these orders directly to suppliers to remove another manual step from the inventory management process.

Just as importantly as stock levels, ecommerce platforms need to understand where demand for each good is highest so automated orders can have stock sent to the correct warehouse. This enables future orders to be fulfilled cost-effectively and at speed because the items are located where demand is likely to be highest.

Predicting supply and demand.

This insight into the balance between sales and restocking can be taken to the next level when smart software analyses sales patterns so predictable demand can be anticipated. This may be steady throughout the year but some goods have seasonal demand and so require software that can ensure stock levels are high enough to handle a predictable short-lived spike in sales before the usual level of sales returns.

Of course, the ultimate benefit of automation is that this oversight allows sales and stock levels to be maintained at the optimum level. Insight at this granular level would be virtually impossible without automation software because keeping tabs on sales and stock and forecasting demand is just too complex. Handling the multi-faceted process manually would also be highly prone to human error.

Taking inadvertent mistakes out of workflows can also lead to efficiencies and savings in the order process and better relationships with suppliers. Automation can create orders when trigger events occur, such as stock falling below a certain level or a season event approaching. When the system is set up properly, these restocking orders can be automatically generated with the correct purchase order formatting, with the proper product codes and with the possibility of payment being handled automatically.

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Case study.

How Direct Plants delivered multichannel sales growth with inventory and order management automation.

Having 10,000 stock keeping unit numbers (SKUs) meant keeping track of stock levels manually was a major headache for Direct Plants. There was the added complication of plant growing being subject to seasonal availability and demand, meaning up to 1,000 SKUs needed to be processed at any one time, and they were subject to change from one week to the next.

The company admits that before it worked with Linnworks to bring automation to its retailing systems, it struggled with overselling stock, leading to disappointed customers and shipping delays. To make matters worse, it struggled to keep up with seasonal windows for a perishable product, resulting in sales opportunities being lost.

The answer for Shaun O'Brien, Company Director at Direct Plants, was to **invest in automation tools** that allowed the business to sync sales and stock and to get a better oversight of inventory for items that were either going in or out of season. The result has been a more efficient joined-up way of working that he credits with boosting customer trust in the business.

"Providing a fast and efficient service is critical for a perishable item such as outdoor plants, and because I can trust Linnworks, that helps build our customer's trust in our business," he says."

"The ability to quickly update SKUs to reflect changes in our inventory and accurately syncing inventory levels across our selling channels means I don't have to worry about overselling or underselling. I have full control to set up new users and can give them streamlined access to focus on order management means they can focus on day-to-day operations and order fulfillment, which frees up my time to focus on the business."

Direct Plants

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5. Shipping management.

Creating shipping manifests and picking and packing orders manually, potentially across different locations, before dispatching them to customers is highly labour intensive and prone to error.

Retailers dedicated to growth use automation software to create shipping manifests and apply pre-defined shipping rules to make the process work efficiently, even if fulfillment needs to be coordinated through deliveries from different warehouses.

Automation can group orders together and also select the most appropriate delivery partner, which can vary depending on the channel an order has been placed through, where the item or items are located, where the customer is and the type or value of the product.

Retailers can set rules so the right decisions are made on how orders are fulfilled with the risk of human error taken out and expensive manual processes replaced with seamless automation.

This resilient fulfillment operation can extend beyond the courier leaving a warehouse, of course. With automation tools, retailers can keep customers fully informed of the status of their order. As part of the overall customer experience, shoppers expect an ecommerce business to go beyond an acknowledgement their payment has been processed. By aligning order and shipping software, retailers can automate communications with customers from time of dispatch through to an arrival time on the day of delivery.

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Automation is about customers, not just processes.

Unless ecommerce organizations pursuing growth can scale operations, they are doomed to fail. It is impossible to expand while hanging on to manual processes or multiple platforms managing different parts of business logistics in silo. Overselling, wasted marketing budget, dissatisfied customers, overburdened customer service staff and lost orders are some of the outcomes for businesses that don't scale the sophistication of their operations as their selling channels expand and sales grow.

Forward-thinking retailers need to automate these processes so sales can be matched to stock and trigger a replenishment order when a pre-set minimum stock level is reached. Tools are also needed to guide in the picking and packing of orders to ensure workflows are efficient and the shipping method selected is the most cost-effective option that meets the promise made to the customer.

It is worth remembering that 9 in 10 shoppers pick a retailer who offers a convenient service, 95% expect a seamless journey where delivery works around them and nearly two in three will always favor a retailer who can offer next day delivery. Shoppers expect to press the pay button and have their goods turn up within the promised delivery time frame, so retailers need to set up business processes that can not only help them compete on customer experience but also optimize profit by minimizing the costs associated with delivering this experience.

The good news for retailers is if they get it right, and have the tools to offer a seamless and convenient omnichannel experience, more than four in five shoppers will likely be more loyal to the brand and make repeat purchases.

It can be easy to see automation tools as purely a logistics operation, but they also play a key part in building an ecommerce brand, a solid customer base and a competitive customer experience by creating the ability to offer highly valued features in the consumer journey, like next day delivery or click and collect.

Automation tools might make life a lot easier within an ecommerce business but it is also the service levels they allow a business to rise to, even when scaling up growth, that is the compelling reason to invest in a platform that can allow you to take control of all corners of your retail operation.
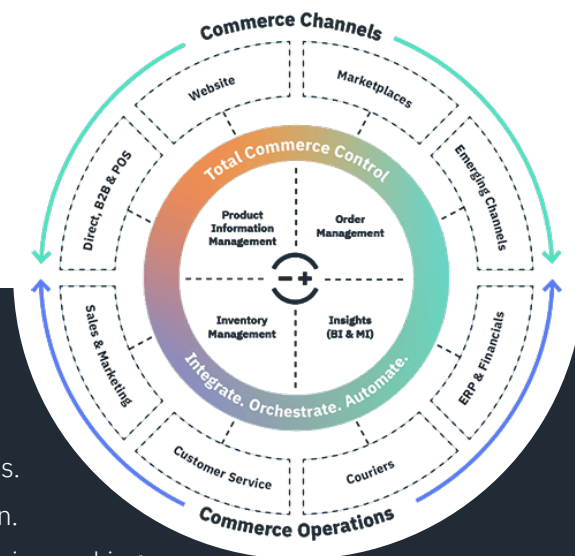
Linnworks puts Total Commerce Control at the center of your organization so you can:

- Manage multichannel inventory easily across multiple marketplaces.
- Optimize your order and fulfillment processes from a single location.
- Gain deep insights across your sales and operations for fast decision making.

Book a demo to discover in 30 minutes how Linnworks can automate your operations and help you sell better.
www.linnworks.com/demo

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