

FULFILLING YOUR PROMISE

As an online retailer it's easy to assume as that most of the work is done once your customer's order clears the checkout. Sadly, the reality is that getting the order is the easy part. By **Dean Taylor**, Founder and CEO of Cracka Wines.

It's actually what happens next, the back-end of the business that is always the most challenging. How you handle the fulfilment of the order versus your customer's expectations, will make or break your business.

Running your own warehouse is certainly a great option if this is an area where you have experience. However, a key challenge with any approach is how you cater for changes in demand, particularly in a rapidly scaling business. Taking on a larger warehouse that allows for growth adds significant overhead on a business, while settling for a smaller more affordable one with limited capacity can restrict growth.

For many medium and larger operators, using a 3PL (third party logistics) distribution model is a much better alternative. Typically, costs are linked to throughput and so rise and fall depending on transaction volume. Paying less during quiet periods and more in peak times in line with your business revenue, is often well worth the margin they charge. In addition, you get the benefit of having shared resources and the redundancy that this offers.

Critical to getting this right, is finding a 3PL partner who is both capable of understanding and delivering on your needs.

Relatively simple things like receiving policies, order cut-off times, picking processes and service levels, which all seem relatively innocuous can make a massive difference in how quickly orders are processed and the impact on the consumer experience.

While cost is certainly a key consideration, like most things in life you get what you pay for. Many businesses fail to factor in the costs of getting it wrong – opting for 'cheap' options that ultimately can

more. Having an incorrect order sent back can cost between six and ten times that of the original order, by the time you factor everything in.

More importantly, the value of the damage to your brand and goodwill from a simple picking mistake causing the customer to never buy again can be worth thousands of dollars in lifetime value.

A bad delivery experience will put the most loyal of customers off. Even if your customer service handles it beautifully, in the end you've let your customer down on your promise and consequently have lost their trust.

Let's face it – consumers are becoming used to instant gratification and businesses need to adapt. You can send a bouquet of flowers hand delivered to someone on the other side of the world with a few short hours' notice and can order anything from clothes to groceries to be delivered to your door in one business day. Even a week turn around just doesn't cut it with customers anymore and odds are if you don't catch up, a competitor will.

Especially for occasions such as Christmas, weddings, Mother's/ Father's Day, they'll likely give up and find something else if they can't be certain your product will arrive on time.

By building a reliable supply chain with minimal lead times, you open yourself up to the hyper busy professionals, the slightly less organised, or unplanned-last-minute customer base. By taking the onus of time from your customers and putting it on yourself, you increase your potential business dramatically.

I often stress that customers should be your first and greatest focus and that growth will follow

– timely delivery is one of the best ways to look after them. A fast and reliable delivery service is one of the most important investments in the growth and longevity of your business. With Amazon in Australia, consumers are going to be spoiled with not only a quick delivery service but in many instances free. If you haven't already, now is the time to invest in speedy turnaround. **BFM**

