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The Ultimate Guide to

Order Management

Create the Connected Experience Your Consumers Expect with Omnichannel Fulfillment





YOU KNOW YOUR CUSTOMER. NOW MEET THEIR EXPECTATIONS.

Globally, retail eCommerce sales are expected to exceed $5.5 trillion in 2022[1], up from $4.2 trillion the previous year. This growth isn't slowing anytime soon, with global eCommerce sales predicted to surpass $7 trillion by 2025.

The surge in online spending doesn't mean consumers aren't incorporating physical stores into their shopping journeys. In fact, 64%[2] of consumers use a mix of both digital and physical channels (e.g., "hybrid shopping") when making a purchase.

For many consumers, the pandemic accelerated the blending of online and offline shopping channels into a single shopping journey. For retailers and manufacturers, this omnichannel approach to commerce demonstrates the importance of seamless order management across all retail touchpoints.

Omnichannel order management is a key ingredient to a successful omnichannel retail strategy. It enables businesses to manage inventory, fulfill orders quickly, and provide a consistent experience no matter where a customer's shopping journey begins and ends.

Order management and fulfillment factor largely into the overall experience a customer has with your brand. In this guide, we provide insight on all types of fulfillment options, the crucial role of omnichannel order management technology, and how to choose the best order management solution for your business.

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The Benefits of Omnichannel Order Fulfillment



STATE OF THE INDUSTRY

By 2019, nearly 90%[3] of consumers said they preferred a personalized and consistent experience across all shopping channels - and that was before the pandemic forced retailers and consumers to rethink what shopping looked like amidst lockdowns, shutdowns, and safety concerns.

In our post-pandemic world, shoppers expect high-quality omnichannel experiences. New consumer behaviors including hybrid shopping approaches are here to stay. In 2020, U.S. click-and-collect sales—when shoppers buy online and pick their items up at a physical location—increased by nearly 107%. The pace of growth slowed in 2021, but the trend continued, increasing by another 15% to reach just under $84 billion and accounting for 9.9% of retail sales in the U.S.[4]

In 2021, five traditional retailers drove 42%[5] of hybrid sales including Walmart, The Home Depot, Best Buy, Target and Lowes. Not all of these companies were initially equipped to pivot to an omnichannel order management strategy, but they've since made significant investments in the technology and processes needed to support it.

The rise of mobile commerce (mCommerce) has further upped the ante for online shopping, liberating shoppers from their computers and spurring further innovation from merchants. Over 70%[6] of eCommerce sales occur on a mobile device, typically via a mobile app. Merchants are rightfully focused on connecting online and offline offerings to create a compelling, seamless pre-purchase experience.

OMNICHANNEL
order fulfillment
HELPS MERCHANTS MEET
SHOPPER DEMANDS
for high-quality
HYBRID
shopping experiences

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YOUR CUSTOMERS WANT OPTIONS

Consumers want options, particularly when it comes to fulfillment. They also demand speed. According to a 2021 McKinsey report, 90% of U.S. shoppers expect free 2-to-3 day shipping[7].

Offering multiple fulfillment options including in-store and curbside pickup, expedited shipping (made financially possible by ship-from-store), and same-day delivery can mitigate the cost of shipping while satisfying consumer needs for immediacy and convenience.

The McKinsey report also found that to meet consumer expectations, merchants need to invest in order management capabilities. This includes order tracking, visibility, changes/cancellations and returns management. This is the best way to efficiently meet consumer expectations for speed and order accuracy.

Getting fulfillment right is not only important for making the initial sale, it inspires recurring sales and brand loyalty. The Harvard Business Review reports that buy online, pick up in store (BOPIS), in particular, helps retailers boost sales while keeping customers happy[9].



60% OF CONSUMERS

PLAN TO CONTINUE USING

STORE-BASED PICK OFFERINGS

after the pandemic is (finally) over.[8]

SHOPPERS DON'T LIKE TO PAY FOR SHIPPING

If online shopping has an inherent purchase inhibitor for consumers, it's the cost of shipping. Nearly 70% of consumers expect free shipping for every online purchase and 80% expect it with orders that meet a minimum value threshold[10] (e.g., free shipping for orders over $50).

With omnichannel order fulfillment, retailers can transform their physical stores into distribution and delivery hubs that produce efficiencies while giving shoppers a free pickup point.

Benefits of Leveraging Stores as Distribution and Delivery Hubs:

- Free customer pickup to physical stores
- Fast order delivery to locations that are close to the customer
- Cheaper shipping costs (closer shipping = cheaper shipping)
- Increased attachment rate
- Better inventory management across your entire network

FAST ACCESS TO PRODUCTS IS IMPORTANT

While consumers consistently claim to favor free over fast when it comes to direct shipping options, speed is just as important. We can blame this on the popularity of Amazon Prime, which offers free same-or-one-day shipping on millions of items to members and has set the bar high for all merchants to deliver quickly.[11]

Amazon doubled the number of global Prime subscribers from 2018 (100 million) to 2021 (200 million). In the U.S., Amazon has nearly 149 million Prime members, up roughly 50% from 2019[12]. As the dominant player in eCommerce, Amazon sets the bar for best practices in online selling, particularly when it comes to fast shipping.

But free shipping alone doesn't always translate to a good experience. The key to earning consumer satisfaction—and loyalty—is to combine free shipping with fast delivery. Over three-quarters of U.S. online shoppers subscribe to a paid membership program that offers free and fast shipping. The top three programs are Amazon Prime, Walmart Plus, and Target Redcard (in that order).

amazon Prime

100%

Prime membership growth from Q1 2018 to Q4 2021

200m

paying Prime members as of Q1 2021

FREE + FAST SHIPPING

76%

of U.S. online shoppers subscribe to a paid membership program that offers free and fast shipping.

85%

of online shoppers will switch vendors when delivery takes too long[14]

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THE DEVIL IS IN THE DETAILS

If you want to benefit from omnichannel order fulfillment, you need to create a roll out plan that prepares all functions impacted including in-store associates. Lengthy waits for store pickups, in-store versus online pricing discrepancies, and inaccurate inventory counts equal a poor customer experience. These snags in what should be a seamless process can destroy consumer trust and harm sales.

To avoid such flubs, merchants should adopt a methodical approach to order fulfillment. Start with a realistic assessment of your current capabilities and build plenty of testing and training into the pre-launch process. **A comprehensive omnichannel fulfillment strategy should consider:**

What options will be available to customers
Focus only on the services you can execute flawlessly and build more ambitious projects into long-term plans.

The customer experience
Channel your customers by pretending to be one. Shop your store – online and off – to see how the tangle of fulfillment options manifests from the shopper's perspective. This helps identify where the process is seamless and consistent and where your fulfillment and order management needs work.

The technology that fits your strategy
Not all omnichannel fulfillment platforms are created equal. A good partner empowers your business to be flexible and scalable. It should be able to grow as your business grows. Look for robust order routing rules that allow your organization to adapt as your needs change.



We think the benefits of universal order fulfillment outweigh the risks. Even so, it's important to approach any new fulfillment model strategically. Failure to do your research and consider all your options can create bad customer experiences that ultimately turn shoppers away.

The Importance of Inventory Visibility



CONSUMERS FEEL THE PAIN OF SILOED INVENTORY

Here's a common consumer shopping experience: A retailer's website shows they have an artisanal coffee maker in stock, but when the customer stops by the store to buy it, they discover it's sold out. This disconnect is frustrating and can motivate the shopper to go elsewhere (never to return). Why did this happen?

Likely because the store's inventory is not aligned (in real time) across all touchpoints. Someone may have bought the last coffee maker that morning, but that information didn't make it to the website.

In today's age of information and immediacy, it is not good enough to display semi-accurate inventory availability. Real-time inventory visibility and accurate available-to-promise (ATP) information are necessary for seamless omnichannel fulfillment.

A SINGLE SOURCE OF THE TRUTH

The retailer in the above example likely segments its inventory into different data siloes to satisfy different areas of order capture, and then adds restrictions and safety stocks. That is, the number of products displayed as available for in-store pickup is whatever the end number that remains after inventory has been allocated to each channel.

Segmenting inventory can lead to a series of problems and significant maintenance. There's a high risk of some channels having excess inventory, which could leave you with additional storage fees or forced to discount products. Additionally, you could also end up with too little inventory for specific channels, causing a poor customer experience and loss of sales.

A more effective way to balance and manage inventory is by implementing an order management system that provides a centralized view of your inventory across distribution centers, retail stores, and vendor locations in real time. This will help you maintain a single source of truth of inventory, minimize overcommit or out-of-stock scenarios, and optimize omnichannel fulfillment.

BEST PRACTICES:

A robust order management system (OMS) gives retailers and manufacturers a single view of their entire inventory in real time. It allows you to break away from relying on safety stocks that communicate inventory in batches or daily processes. The latter approach forces you to fulfill orders from high volume warehouses rather than local stores. Advanced inventory management, by comparison, frees up all available inventory to enable true omnichannel sales and order management.

WHY IS REAL-TIME INVENTORY VISIBILITY ESSENTIAL?

Real-time inventory tracking is the foundation of your omnichannel consumer experience. But maintaining a single view of inventory can only be successful if the inventory is constantly updated.

Advanced order management APIs enable retailers to send inventory positions to the OMS in real-time as availability shifts throughout the day. The system feeds SKU and location inventory levels to your eCommerce site to provide the most accurate fulfilment options for each customer based on available inventory and the shopper's location.

Unfortunately, too many retailers don't realize the benefits of real-time inventory visibility. Instead, retailers often rely on warehouses or 3PLs to fulfill online orders because they can't access—or don't trust—their own inventory reporting.

Real-time inventory visibility and available to promise (ATP) inventory provides more accurate reporting over legacy systems where business reconciliation is typically only performed daily. It allows you to identify, manage and correct issues much faster.

When every item is accessible to view, you can sell more items because you know what you can promise to customers, regardless of where they're making the purchase.

79% of shoppers want to know about back-orders and delays before they purchase an item.

Local product visibility is important to consumers. In a 2021 post-holiday shopping survey, 79% of respondents said they want to know about back-orders and delays before they purchased an item[15]. By allowing consumers to see inventory availability in real-time, retailers can drive more foot traffic into stores, make more sales, increase inventory turns, and reduce markdowns.

Shoppers frequently go online to see if what they want is available in their local store before they head out to purchase it. According to Google, 74% of in-store shoppers[16] searched online to get critical information like availability of a given item, store hours, and wait times before going to the store.

74% of in-store shoppers search online for inventory information before going to the store.

And despite the relentlessness of the pandemic (or maybe because of it), consumers still prefer to shop in person. According to a recent survey by Raydiant, nearly half[17] of consumers prefer to shop in a physical store versus online. The main reason? They enjoy the experience.

This shopper desire to immediately see where a product is available can prove challenging for retailers who lack a single view of inventory.

48% of consumers prefer to shop in a physical store versus online because they enjoy the experience.

The solution? An order management platform with powerful APIs can provide accurate, real-time inventory availability to shoppers. Any demand placed on an item is immediately checked against the master inventory list to determine its availability. With a singular, real-time, ATP inventory system, your inventory is made accessible to any customer shopping through any channel at any time.

Order Fulfillment Options: A Primer



In this order fulfillment primer, we'll dive into each category and outline how to set priorities when creating your omnichannel order fulfillment strategy.



Traditional distribution centers

Distribution centers and warehouses serve customers living outside the delivery boundaries of physical stores. They also act as repositories for "long tail" inventory when stores don't have available shelf space. Flexible order routing rules allow merchants to route online orders to distribution centers during high-traffic shopping times such as Black Friday, when picking inventory from retail shelves may not be feasible.



Ship-from-store for online orders

In a ship-from-store scenario, retailers route eCommerce orders from store locations based on their specific routing logic. For example, a retailer may prioritize stores with excess inventory or stores closest to the customer to minimize delivery time. The benefits of this approach can be significant. In this order fulfillment primer, we'll dive into some of the more popular fulfillment approaches and outline how to set priorities when creating your omnichannel order fulfillment strategy.

Another bonus: *Store-to-customer delivery time is often quicker compared with distribution center-to-customer. This enables retailers to compete with Amazon and other quick-shipping competitors. Using ship-from-store, electronics retailer Best Buy cut its average delivery time by two days, according to Forrester.*



Endless aisle in stores

Retailers who empower their associates to fulfill orders from other stores help them "save the sale" when assisting individual customers looking for out-of-stock items. By shifting inventory to where it's needed, retailers optimize their existing merchandise and can better predict when it's time to restock.

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Drop ship from vendors or manufacturers

Drop shipping allows merchants to sell items online that they don't stock in stores or distribution centers. Drop shipped items are sent directly to customers from vendor or manufacturer partners. It allows you to offer a broader selection of items than you can stock in house with the added benefit of outsourcing fulfillment tasks to the drop shipping company or manufacturer.



Soft allocation

Soft allocation in cart allows customers to reserve an item in their online shopping cart for a period of time set by the retailer. This prevents disappointing customers when they go to checkout, only to realize the item in their cart is sold out.



Pre-ordering

Pre-ordering allows customers to order a product that is not yet available or is backordered. This can help you drive exclusivity and hype for core or new products while offering transparency around the availability of products.



Recurring orders with subscriptions

When your subscription management solution is integrated and used effectively with an order management system, you can automatically create orders on a recurring basis. This allows you to gain a predictable revenue stream and dependable inventory forecasting.



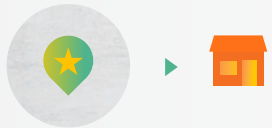
Ship to a pick-up point

Ship to a pick-up point allows shoppers to complete their purchase online and specify a pick-up point based on what's most convenient to them. The pick-up point could be a parcel locker, store location, a partner retailer, or post office. Ship to pick-up point is a good option for customers who can't accept packages at home or are concerned about porch piracy (when thieves steal packages from doorsteps and mailboxes)[18].



Buy online, pick up in-store (BOPIS):

BOPIS is another click-and-collect fulfillment choice. As with ship-to-store, BOPIS enables shoppers to make purchases online. The difference is that orders are fulfilled from store inventory for free—and often same-day—pickup. According to a 2022 digital shopping report[19], a quarter of eCommerce shoppers in the U.S. picked up their last order in store at the curb.



Reserve and collect:

Reserve and collect enables shoppers to select and hold items at store locations and pay for them on pickup. This method combines the benefits of in-store pickup with additional flexibility for shoppers. They can inspect and try items before committing to buy, plus they can use cash which remains the preferred payment method for 17% of U.S. consumers.[20]

Heathrow Airport's online shopping hub is taking advantage of the reserve and collect approach by giving passengers the opportunity to reserve products in their airport retail hub. Travellers make the purchase online and swing by to collect the items once they're through security. They have the option to pay online or at the airport's collection desk.[21]

BEST PRACTICES:

When launching in-store pickup, you need to ensure that each store associate is properly trained on both the software and the process behind the program. Using Kibo's Order Management System, Boscov's rolled out its BOPIS program and spent many hours training in-store associations to maximize program adoption. The program included a wave picking method to minimize the impact on labor. After fully rolling out, Boscov's BOPIS program resulted in a 40% attachment rate, meaning that every $100 of BOPIS spend has resulted in an additional $40 of in-store spend.

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SETTING PRIORITIES WITH OMNICHANNEL FULFILLMENT

When setting priorities for your omnichannel fulfillment strategy, you should consider:



THE CURRENT LANDSCAPE

Embark on cross-touchpoint fulfillment initiatives with a firm understanding of how your customers use existing options. Determine where your customers' pain points are by reviewing shopping cart abandonment patterns and customer service complaints. Then address those known deficiencies.



TECHNOLOGY

As more consumers expect to shop anywhere, anytime, it's critical to find an order management system that is customer-centric rather than supply chain centric. Omnichannel fulfillment is best accomplished with an order management system that integrates easily with other retail technology systems (such as eCommerce, point-of-sale, and ERP). When researching technology vendors, look for a partner that offers flexible order routing functionality, fast time to market, a robust partner ecosystem, and the latest fulfillment features.



TIMING

When onboarding a new OMS, consider both the big picture and the product-level implementation. Avoiding rollouts during peak sales periods is an established best practice, but you'll also need to plan for increased consumer demand during peak shopping periods. For example, will certain fulfillment options like reserving items for later pickup be suspended when there's high demand or can exclusions be applied at the item level?

Make sure you factor in speed-to-market and select a vendor that can implement the order management system quickly. Adding options like BOPIS and same-day delivery in six-to-eight weeks versus six-to-eight-months can make quite a difference in the ROI and total cost of ownership of your new platform.



CUSTOMER LOYALTY

When it comes to order fulfillment, prioritize how different options integrate with existing loyalty programs. Make sure your members have access to something extra—faster service, discounted shipping, priority in store pickup lines, etc.



REPUTATION IMPACT

Since some fulfillment options must be implemented in full view of customers, some merchants start their "fulfill anywhere" journey by testing easy-to-implement services like ship-from-store. This lets you work out interoperability glitches behind the scenes without impacting customer satisfaction.

Now that you have a thorough understanding of all the order fulfillment options available, it's time to start setting priorities for your omnichannel fulfillment strategy. Here are some key stats to keep you motivated.

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THE IMPORTANCE OF FULFILLMENT ON CONSUMER EXPERIENCE

90%
of online shoppers in the U.S. expect fast (2-to-3 day) and free shipping[22]

20–30%
average return rate for omnichannel purchases in the U.S.[23]

15%
of online shoppers will abandon their order if they can't pick it up at a store[24]

70%
of online shoppers have used BOPIS multiple times.[25]

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The Power of Order Routing Logic to Increase Sales and Inventory Visibility



When it comes to establishing this unification of online and offline channels, there are many questions to address around the issue of routing logic. How do I synchronize my online listings with offline inventory? How do I determine how online orders are routed? How can I extend my product life cycle and reduce in store price cuts by selling inventory online?

This section will answer many common questions by outlining common strategies for order routing logic configuration, so you get the most from your online and offline sales channels.



INTELLIGENT ORDER ROUTING

For many retailers, several factors play into the order routing strategy. With an intelligent order routing engine, retailers can support complex fulfillment rules and prioritize by inventory turn, vendor partners, store locations, and more.

One retailer might give priority to its warehouse—which is well suited for picking, packing, and shipping orders—followed by nearby stores. Alternatively, another retailer might prioritize order fulfillment to its flagship store and use other stores as backup fulfillment sources.

Routing logic also lets retailers "turn off" or "turn on" various fulfillment options. For example, in the case of a natural disaster, you can prevent affected stores from being used as fulfillment centers until the crisis has passed.

Some of the most common order routing criteria includes:



INVENTORY LIFE TO DATA (LTD)
Improves inventory turns and reduces markdowns by assigning orders to the locations with the slowest moving inventory.



CONTROL SPLIT SHIPMENTS
Prioritizes scenarios that maintain single shipment or allows split shipments at line or quantity levels to minimize shipping costs.



COST-BASE OPTIMIZATION
Maximizes margins by considering multiple cost factors such as carrier costs, location-specific labor costs, and location overhead.



ASSIGNMENT THROTTLING & THRESHOLDS
Sets limits for orders, line items, or revenue volume by location to manage fulfillment capacity or regulate revenue distribution.



ITEM SPECIFIC ASSIGNMENT
Assigns orders that require special handling like assembly, personalization, or freight delivery to a specific fulfillment group or fulfiller location.



GEOGRAPHIC PROXIMITY
Reduces shipping costs and customer delivery times by shipping from the location closest to the delivery address.

When leveraging an order management system with an intelligent order routing engine, such as Kibo's Order Management System, you gain several key benefits for both your business and customers. The optimized order routing enhances customer satisfaction by providing convenient fulfillment options and frictionless delivery experiences. The gained fulfillment efficiencies ensure you're using inventory across your entire network — ultimately resulting in increased inventory turn, reduced markdowns, and optimized carrying costs that maximize profit margins.

MANUAL ORDER ROUTING WITHOUT INVENTORY FEEDS

Retailers don't need an inventory feed to route online orders to brick-and-mortar fulfillment locations. It's true that feeds automate the process and make it (much) easier to accomplish, but you also have the option of manual order routing — this is particularly common among retailers that use their ERP to manage many of the functions that an order management system is designed to handle.

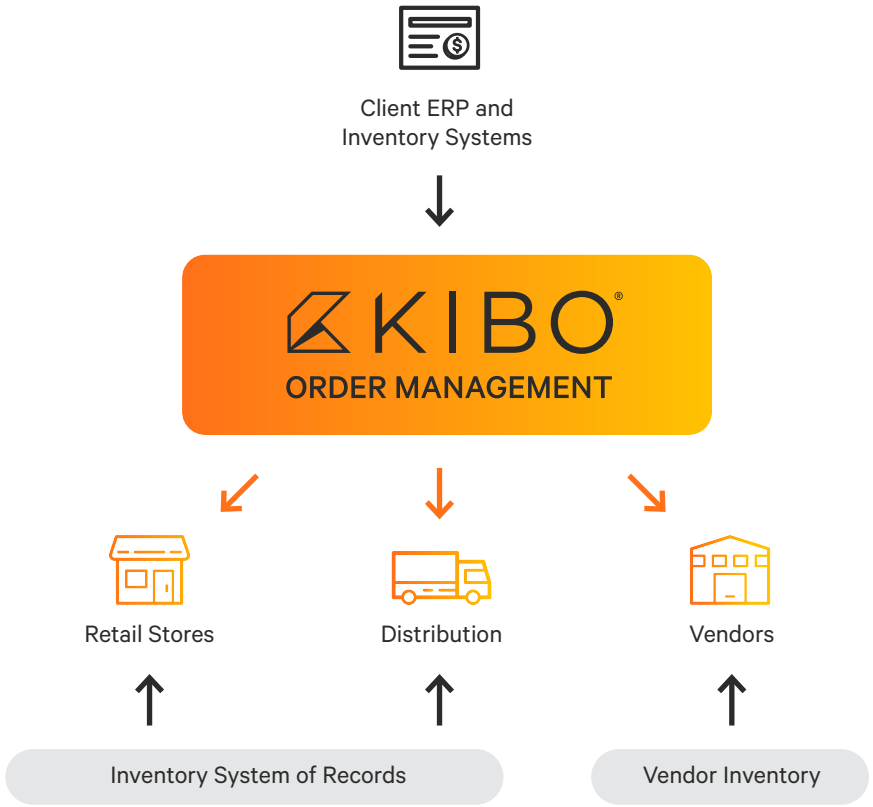
However, if you route online orders without a real-time inventory feed, you'll need to put some backend procedures in place so stores can address and fulfill orders placed on the website.

Here's one scenario: Manual orders are placed into a centralized order exchange where members from all stores can log in and review orders that are awaiting fulfillment. A store associate can then do a manual check of the in-store inventory and "claim" the order for fulfillment if they have an item in stock.

In this scenario, the centralized order exchange doesn't immediately impact the store's inventory management data, but the result is the same—an online order is fulfilled using in-store inventory.

Manual order routing is much slower and error-prone than automated order routing with real-time inventory feeds. Retailers who invest in automating the process will ultimately fulfill orders quickly while adding transparency to product availability for consumers.

Modern Order Management Systems Provide Intelligent Order Routing



Building a Business Case for Omnichannel Fulfillment



Many retailers begin their omnichannel investment in order fulfillment because it aligns with what consumers want while also promising to increase sales and ROI.

Retailers lose over 70% of sales to shopping cart abandonment – this amounts to nearly half (48%) of shoppers getting as far as the shopping cart before they exit the (virtual) building[26]. One of the main reasons consumers abandon their online carts is shipping – specifically, high shipping costs and/or too few shipping options.

In a recent report by barcode scanning company Scandit, integrating eCommerce and store systems was the single most important technology priority for retailers in 2022[27]. The second highest priority was improving accuracy of in-store inventory availability. Over the next few years, U.S. retailers plan to spend $4 billion updating and improving their eCommerce infrastructure.

What is your single most important priority in terms of technology investment?

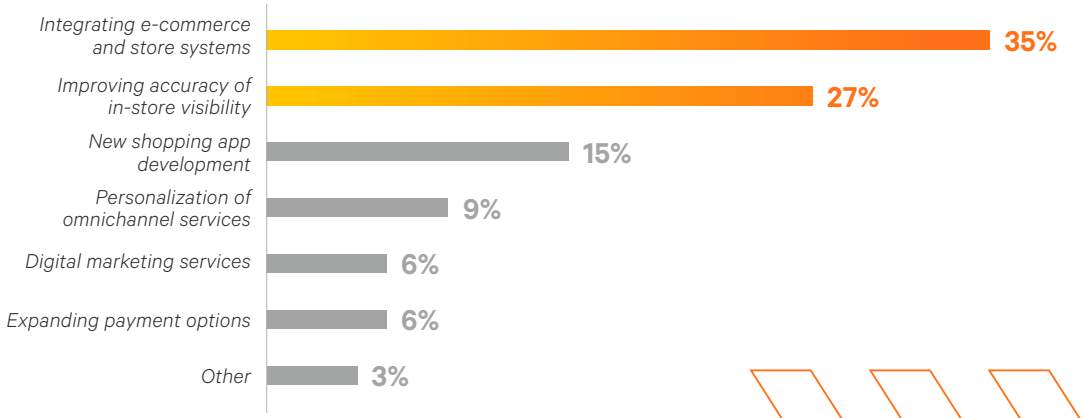


Image Source: Scandit

The critical ingredient for activating more fulfillment options is a robust order management system. Best of breed OMS platforms will route orders the most efficient way possible factoring in location, cost, and customer preference.

Omnichannel Investment Proof Point - Retailer:

Laura Canada, the popular Canadian women's fashion retailer, has more than 150 stores across the country and a large eCommerce presence. The retailer wanted an omnichannel operation that was efficient and offered a smooth customer experience both online and off. Laura Canada selected Kibo's order management system to leverage both distribution centers and in-store shipping. This new process quickly enabled Laura Canada to **increase sales by 25%**, and led to a **400% increase in online sales** in the 3 years after changes were implemented at the company.

MCKINSEY REPORTS THAT
ABOUT 75% OF APPAREL, HARD GOODS, AND SPECIALITY RETAILERS
will invest in technology
to facilitate faster delivery
INCLUDING ONE-TO-DAY FULFILLMENT TIMES[28]

Four Considerations When Researching Order Management Systems



01. HAVE A COMPREHENSIVE UNDERSTANDING OF YOUR BUSINESS

Understand your needs and how they align with the requirements for a new OMS by looking at the whole business. Reach out to key stakeholders in every department to ensure you understand each team's immediate and projected needs. You likely won't be able to address everything at once, but successful OMS implementations traditionally involve multiple departments.

Once you're clear about what your company needs to succeed, begin looking for and vetting companies that align with your specific use cases. Create a personalized request for proposal (RFP) so you can make an apples-to-apples comparison of shortlisted vendors.

02. UNDERSTAND THE TRUE COST OF OWNERSHIP

The true total cost of ownership can be challenging to calculate, but it's crucial to understand your total investment because it will illuminate your path forward. It's important to calculate the cost of your initial output (e.g., investment in staffing, new technology, and new infrastructure) as well as the total cost over time. **Some costs to keep in mind are:**

- *Platform/subscription pricing*
- *Implementation cost*
- *Hosting and managed services cost*
- *Commerce strategy cost*
- *Upgrade path and cost*
- *Support and maintenance*
- *Initial and ongoing training*

Look for OMS vendors that are upfront about services and expenses, including support, upgrades, and training.

03. DETERMINE IF THE SOLUTION CAN GROW WITH YOUR BUSINESS

COVID-19 forced retailers to quickly scale their online business, but without a scalable order management system, many were unable to see accurate inventory levels or meet customer expectations. By choosing an order management system that can scale and adapt with your business needs, you can easily manage operations during low and high demand periods and customize fulfillment rules.

Also consider how the order management system will integrate with your existing system and impact daily business users. If you have a composable architecture, can the order management system support it? Is the system's interface intuitive enough for seasonal store employees to use it without a significant amount of training? By taking these things into consideration, you ensure you choose an order management system that's flexible to meet both business and technical needs, and it can scale as your company grows.

04. CONSIDER THE DEPTH OF THE PARTNER ECOSYSTEM

Great platforms typically have extensive third-party communities associated with them. They care about their partner relationships and how their partnerships enhance your business. Providers with future proofing in mind will invest heavily in integration points, testing, and documentation to enable partners. Best-of-breed platform providers will also take responsibility for the quality of their partner integrations.

Some questions to ask an OMS vendor during the vetting process include:

What qualifications do they use to approve partners?

What access will you have to third-party vendors?

How does the platform manage third-party vendor relationships?

Is the platform's third-party community certified and endorsed?

Your omnichannel future is only as bright as the capabilities and scalability of your order management solution. In today's competitive retail space, software won't solve every problem immediately, but it should be able to scale as your business grows and your customers' needs change.



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In-House vs Saas OMS Platforms



If you're introducing omnichannel fulfillment to your retail ecosystem, you have two main platform approaches to choose from: in-house and SaaS.

IN-HOUSE ORDER MANAGEMENT *platforms* are typically used by larger retailers who have the internal resources, IT staff, and budget to develop and maintain their own order management system. They give merchants more control over order orchestration and workflows.

Pros to in-house solutions:

Can be customized to the specific needs of the company

More control over order orchestration and workflows

Internal IT staff can handle maintenance and updates

Cons to in-house solutions:

Big (and often small) changes require big investments in time and technology

Can be complex and time-consuming to manage

Updates can take longer to roll out

Adding and maintaining integrations is difficult and sometimes impossible

SAAS ORDER MANAGEMENT *platforms* are a popular choice for retailers who want to quickly launch an omnichannel strategy without a large upfront investment. SaaS order management platforms are also a good choice for retailers who want to outsource order management to a third-party provider.

Pros to SaaS solutions:

Quick to launch and implement (e.g., 8 weeks versus 8 months)

Less expensive than in-house solutions

Much easier to integrate with other retail technologies

Updates and API monitoring are managed by the vendor

Easy to integrate offline and online touchpoints for a true omnichannel experience

Cons to SaaS solutions:

Some tools require a high level of IT skill to customize

Less control over order orchestration and workflows

Vendors manage updates

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Why Composable Commerce is a Game Changer for Order Management



Composable commerce uses packaged business capabilities (PBCs) from different vendors to create a custom eCommerce system that's not tied to one platform or vendor. PBCs are composable software components that provide a turn-key way to add functionality to your OMS.

Composable order management is an approach that provides the best of both worlds – the stability and features of a proven backend system with the flexibility of a modern frontend framework.

With PBCs, you can create an order management framework that flexibly accommodates changes in order volume or product mix without requiring a complete overhaul of your core order management platform. It's an approach that's incredibly focused on the customer experience, making it easy to add or remove features as needed to improve customer satisfaction.

4 ORDER MANAGEMENT PROBLEMS THAT PBCS SOLVE:

1. ***Problem:*** You need a real-time view of inventory across your global retail channels.

   SOLUTION: An inventory management PBC that tracks real-time inventory availability in one central location can solve this problem. The PBC can offer features like multi-channel inventory control, inventory mapping, and real-time inventory tracking to give you the visibility you need to make informed decisions about product stocking levels.

2. ***Problem:*** Your customers want more fulfillment choices than you currently offer (e.g., BOPIS, curbside pickup, same day delivery, etc.).

   SOLUTION: An order management PBC that offers features like distributed order routing and order splitting can help you offer more fulfillment choices to your customers. By splitting orders and routing them to the nearest fulfillment location, you can offer BOPIS, curbside pickup, and same-day delivery.

3. ***Problem:*** You want to offer flexible, anytime fulfillment but your current system can't keep up.

   SOLUTION: As with problem #2, an order management PBC that offers distributed order routing can help. Features like order splitting and intelligent order routing can ensure that orders are fulfilled from the nearest location. This will minimize shipping costs and get orders to customers faster.

4. ***Problem:*** You need to manage customer service issues across multiple channels but have trouble tracking individual cases.

   SOLUTION: A customer and order servicing PBC that offers customer care features like centralized customer order profiles, access to inventory so you can make real-time adjustments, and case management can help you keep track of customer service issues across all channels. This will allow you to quickly resolve cases and improve customer satisfaction.

Summary

Omnichannel fulfillment is possible for all retailers. You just need the right order management system in place. At Kibo, we're biased. We know that cloud-based, API-first order management provides the most flexible, dynamic, and scalable experience for retailers.

Our order management system gives retailers a single source of truth for inventory with the ability to track and update product information in real-time. This is the only way to provide a consistent experience for customers whether they're shopping in-store, online, or through a mobile app.

Learn More About Kibo's Order Management Solution or request a free demo today.



Order Fulfillment Glossary

A quick intro into the most common order fulfillment terms and offerings

ALLOCATE
In inventory management, the process of assigning a product as "sold" so that it cannot be applied to another order and does not count toward on-hand inventory.

ANYWHERE RETURNS
The omnichannel strategy that allows the consumer to return a product in the way that works best for them: at any store (even if they didn't purchase it there) or shipped back to the warehouse, even if bought in store.

APPLICATION PROGRAM INTERFACE (API)
A set of routines, protocols, and tools for building software applications. APIs allow different software programs to interact and exchange information with each other.

DISTRIBUTION CENTER (DC)
A large, specialized facility with the sole purpose of storing inventory for quick redistribution to nearby stores or homes. Distribution centers are also commonly referred to as warehouses.

COMPOSABLE COMMERCE
Composable commerce refers to the ability to easily piece together different commerce capabilities to create a unique customer experience and future-proof their commerce functionality. Gartner introduced the concept of composable commerce in a 2020 report which emphasized the importance of adopting modular architecture that enabled commerce systems to be more flexible, scalable, and plug-and-playable.

ENDLESS AISLE
An omnichannel strategy that prevents sales loss by giving instore consumers access to your full catalog from a kiosk or mobile application. If you are out of stock of an item, or do not carry a particular product, consumers can still purchase the item they need from your store without having to go to a competitor.

FULFILLMENT OPTIONS/MODELS
Consumer order shipping options that include instore pickup, ship-from-store, ship-to-store, third-party vendor dropship and ship directly from a warehouse or distribution center. The ability to flexibly offer all of these fulfillment options is the heart of omnichannel retailing.

IN-STORE PICKUP (AKA BUY ONLINE, PICKUP IN STORE)
The omnichannel fulfillment option that allows shoppers to purchase a product online, but pick it up from a local store, sometimes within an hour or two of the purchase. In-store pickup saves shipping costs, drives traffic into stores and allows retailers and branded manufacturers to offer an expanded product mix.

INVENTORY TURNOVER
The measure of the number of times inventory is sold and replaced over a certain time period. Omnichannel retailing strategies such as in-store pickup and ship-from-store can help increase inventory turnover.

MICROSERVICES
Encapsulated application components that operate independently of each other and thus they can be scaled independently. Microservices enable businesses to speed up the software development process which optimizes application performance.

OMNICHANNEL RETAILING
The concept of creating a seamless shopping experience through all available shopping channels, such as mobile, online, in-store, catalogs, direct mail and more. Omnichannel retail strategies can be made easier and more effective with an order management system.

ORDER MANAGEMENT SYSTEM (OMS)
The most important tool in your omnichannel retailing strategy. Enterprise-level order management systems handle complex order entry and fulfillment models, allowing for advanced order routing capabilities and all critical omnichannel fulfillment options, such as in-store pickup, ship-from-store and ship-to-store.

ORDER ROUTING
Advanced rules that determine which of your fulfillment locations are best suited to ship a customer order. Order routing fulfillment options can include dealer proximity to the consumer, velocity of product, store ranking, load balancing of orders or cost-based.

PACKAGED BUSINESS CAPABILITIES
Complete, out-of-the-box solutions focused on a specific business service (or capability). PBCs are built from microservices working together to achieve a specific function that services the end user (e.g., the customer).

RESERVE AND COLLECT
An order management offering that allows shoppers to select and hold items at store locations, and then pay for them on pickup. This method combines the benefits of in-store pickup with the additional flexibility of allowing shoppers to check out the item before purchasing.

SAFETY STOCK
A reserved amount of stock maintained to avoid the risk of running out of inventory, due to uncertainties in supply and demand.

SHIP-FROM-STORE
Pick, pack, and ship eCommerce orders in stores. Increase sales without inventory costs and provide a better shopping experience by fulfilling online orders with inventory already on the shelves of local retailers Ship-To-Store Ship any order directly to a specific store from other stores and warehouses. Provide an endless aisle to in-store customers by offering fulfillment from another nearby location.

STORE-TO-STORE
When items are not available in the store, this omnichannel fulfillment offering allows store associates to look up inventory at a different store location, then "save the sale" by shipping that item to the store or the shopper's home (usually for free).

VENDOR DROP SHIP
A system where a retailer sells goods but does not keep them in stock. Instead, they transfer the customer order to a vendor who ships the good directly to the customer.

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Kibo is the catalyst for modern commerce transformation. As the only composable yet unified commerce platform, Kibo enables retailers and brands to customize their commerce stack to satisfy business needs. Kibo combines AI-driven personalization from industry leaders Monetate and Certona, with analyst-leading composable commerce and enterprise-grade order management. Global clients like Reebok, Office Depot, and Lufthansa Group rely on our API-first architecture that empowers organizations to grow their commerce capabilities at the speed of digital transformation.

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