

How does fulfillment impact the performance of an e-commerce site?

18 Statistics That Will Improve Your E-commerce Sales

4 Factors You Should Consider



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Introduction

Internet sales have played an increasingly important role in retail.

In 2021, e-commerce accounted for approximately 19.6% of retail sales worldwide.

Predictions indicate that by 2025 the online segment will represent nearly a quarter of total global retail sales.

In recent years, more than 33 million e-commerce buyers have been registered in Italy, 71% of whom have carried out online research before purchasing products.

E-commerce turnover in Italy in 2020 increased steadily, reaching 48.5 billion euros.

In this context, a proper fulfillment strategy can improve and increase your e-commerce sales, reduce customer management operations costs and increase retention.

What is fulfillment?

Managing inventory, selecting products, packaging them, and shipping orders to customers.

Order fulfillment refers to the entire process starting from the sale, through the post-delivery customer experience and including any returns. It covers all the essential aspects such as receiving, processing and delivering orders.

Let's take a closer look at these steps to learn more about how eCommerce fulfillment works.

Step 1

INVENTORY MANAGEMENT

Step 1: Inventory Management

It is a recurring process that runs concurrently with inventory management. It is essential to have a complete view of your inventory before you can start processing any orders.

Step 2

STORAGE AND INVENTORY
MANAGEMENT

Step 2: Storage and inventory management

This step is one of the most crucial as it determines the speed of fulfillment operations. It is essential to arrange the inventory products in appropriate shelves and bins along with the correct labels to avoid problems during picking. Optimizing the warehouse space allows you to accommodate all the available items and locate them easily.

Step 3

RECEPTION

Step 3: Receiving

This step is parallel to inventory management. Once you have established how you will receive order requests, you need to sort them by delivery dates. It is important to provide the customer with an estimated delivery date or a period of time when they can expect their order to be delivered.

Step 4

COLLECTION

Step 4: Harvest

Picking is scanning the warehouse and finding the product requested by the customer. In this case, quick and easy picking is only possible with an orderly warehouse. One of the best order picking methods is batch picking where multiple orders are grouped into smaller batches, which typically include 10-20 orders.

What is fulfillment?

Step 5

PACKAGING

Step 5: Packaging

Packaging is an essential part of the process as it is a tangible representation of your brand. You can choose different types of packaging: sturdy but simple or customized. In any case, it is essential that the package is properly packaged, labeled and corresponds to the standards established by the carriers.

Step 6

SHIPPING

Step 6: Shipping

At this stage, the customer becomes a real buyer. Therefore, it is the most important moment in the fulfillment process. A seamless customer experience, together with the offer of multiple payment options with cash on delivery and prepaid fees, are good prerequisites for customer conversion and retention.

Step 7

ORDER DELIVERY AND RETURNS MANAGEMENT

Step 7: Order Delivery and Returns Management

The fulfillment process mostly ends with the delivery of the product. Added to this is the return of orders and managing it effectively becomes very important.

Ecommerce order fulfillment can be done in-house by the ecommerce company itself or as an outsourced process to a third-party service provider (3PL for short) – that's what companies like FBY do.

“The FBY platform, thanks to its technology, manages all your logistics needs, from order collection, to inventory management, to shipping and returns.”

Why is fulfillment the key to e-commerce success?

More often than not, fulfillment and logistics remain overlooked by entrepreneurs and retailers. Since their focus is on increasing sales and optimizing marketing, they lose sight of this part of their business that could ultimately have a major impact and empower both. A poor fulfillment system leads to a poor customer delivery experience, which can undo all your hard work in marketing. On the other hand, an efficient order fulfillment system can be the key to e-commerce success.

Marketplaces like Amazon and Zalando, for example, make logistics one of their strengths.

► amazon

The innovative management of warehouses and the increase in sellers who directly entrust the company with the logistics of their products for sale on the online platform determine a turnover share of approximately 50% of the total. The guaranteed delivery within 24 hours and the possibility of delivering to collection points, such as shops, newsstands, Amazon lockers, maximize the convenience for the customer and make the difference with other sales platforms, which do not have these advantages.

Inside Amazon warehouses, all spaces are scientifically optimized and the equipment (shelves, forklifts, weighing and barcode reading stations) are designed to facilitate movement and contain the possibility of error, maximizing speed and minimizing management costs: the fulfillment capacity is greater than 500 thousand orders per day.

Why is fulfillment the key to e-commerce success?



Among Zalando's strengths, consisting of a website that offers an intuitive and immediate shopping experience and the development of innovative marketing strategies, the logistics network plays a fundamental role, together with the reduction of return shipping costs. Fast and punctual, Zalando's logistics offers a free shipping and return service, a feature that has managed to create an efficient e-commerce, in which customers feel assisted and reassured.

Year after year, Zalando's logistics network continues to develop in step with the overall growth of the company. Today, it consists of 15 logistics centers in 5 countries (Italy, Germany, Poland), 3 of which are currently under construction.

Despite the example of these large giants, many small retailers seem to neglect the strengthening of their logistics network or do not consider the possibility of using specialized operators to help them in the management of products, from picking to packing and shipping of orders.

E-commerce fulfillment has the potential to increase revenue and customer satisfaction depending on how it is handled. As e-commerce demand continues to increase, so do customer expectations for faster delivery and shipping.

Why is fulfillment the key to e-commerce success?

This guide has collected a list of the most interesting statistics on the world of e-commerce, trying to understand how fulfillment is influencing consumer behavior and impacting global retail.

And more specifically, how does fulfillment impact the performance of an e-commerce site?

4 Factors You Should Consider:

1 → Conversion rate

2 → Retention

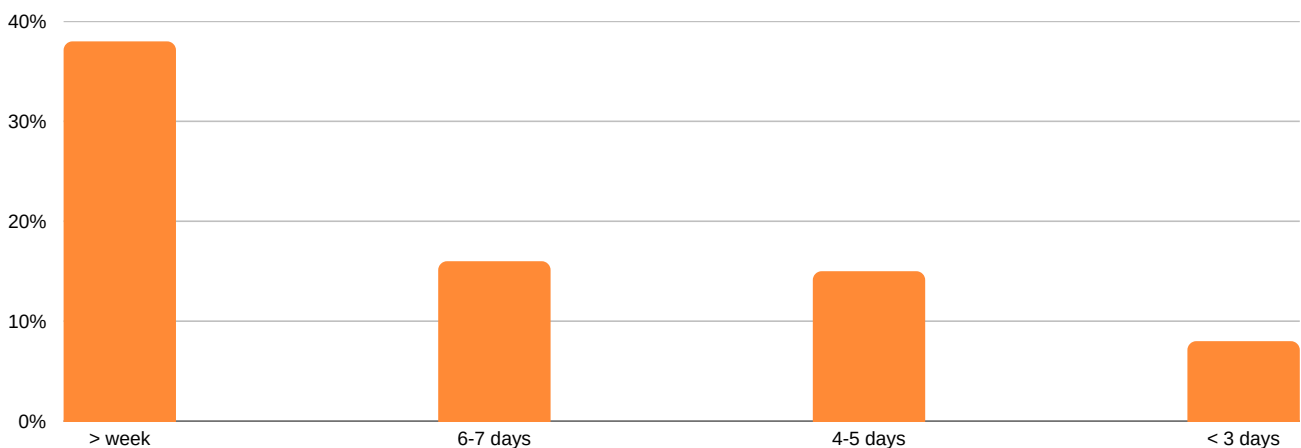
3 → Shipping costs

4 → Markets

How does fulfillment impact conversion rate?

Some data.

1.38% of online shoppers will abandon their order if delivery takes more than a week. 16% will abandon their order if delivery takes 6-7 days. 15% will abandon their order if delivery takes 4-5 days, and only 8% will abandon their order if delivery takes less than 3 days.



What is the reason behind this data?

Customers now have a variety of fast delivery options from e-commerce giants, with two-day, next-day, and same-day shipping. They want to buy and receive as quickly as possible. If a retailer can't accommodate that, the customer is quick to look elsewhere for someone who can.

How does fulfillment impact conversion rate?

Some data.

- 2. Nearly a quarter of online shoppers (24%) would abandon their order if no delivery date was provided. 37% of Italians are willing to pay for faster delivery and 59% consider it important to be able to change the delivery date or time.*

In e-commerce, as in virtually any industry, consumers love transparency. Companies that are transparent are rewarded with customer activity and loyalty. When a company is unable to provide information on delivery dates, it risks losing up to 24% of customers who may abandon their purchases in favor of another competitor with a more advanced and performing fulfillment system."

- 3. Nearly 8 in 10 Americans (82%) say they look at online ratings and reviews when they buy something for the first time. Additionally, nearly half of Americans believe that customer reviews help "a lot" in making consumers feel confident in their purchases (46%) and in holding companies accountable to their customers (45%).*

Users may consult online rating sites looking for information on the reliability of the company and therefore its ability to meet the fulfillment needs typical of e-commerce users.

- 4. Although the most used payment method in Italy for online purchases is the debit card (33% of consumers), cash on delivery has recorded a growth of +1% (exceeding, in some cases, 30% of shipments). The risk could be that of losing the majority of these users if the fulfillment does not also guarantee cash on delivery.*

How does fulfillment impact conversion rate?

Some data.

Choosing which payment gateway to use is important for an e-commerce. This allows you to offer your customers a safe and smooth shopping experience. The choice must take into account your target market, so you can choose payment methods that are known and familiar to your users.

La carta di debito è
il pagamento più popolare in Italia.
Viene utilizzato dal

33%

dei consumatori



5. *42% of Italian shoppers are willing to pay extra for zero-emission deliveries.*

An ever-increasing number of consumers are paying particular attention to good corporate practices to avoid polluting, minimize the impact of business activities on the environment, and adopt clean and green production systems. An e-commerce that can offer Green delivery methods is more likely to satisfy the demands of this type of user and increase the conversion rate.

How does fulfillment impact retention?

Some data.

1. *69% of consumers are less likely to purchase from the same retailer in the future if a product purchased is not delivered within 2 days of the indicated date.*

If a customer places an order and the company is unable to deliver it within 2 days of the expected delivery date, there is a good chance that customer will not return to purchase. (This can be especially true for new customers who have never purchased before.) Failure to meet the specified timeframes causes a distrust of the customer who will no longer be inclined to purchase from a particular company.

2. *It is estimated that existing customers who repeatedly buy the same product or different products from the same company account for up to 70% of sales.*

Acquiring new customers is essential for a company, as is taking care of existing loyal customers. A 5% increase in retention leads to an increase in profits for the company that varies between 25 and 95%.

3. *89% of companies say that excellent customer service plays a huge role in customer loyalty.*

Attentive, accurate and fast customer service, as well as high-performance shipping logistics that offer precise, reliable and punctual delivery service, play a crucial role in the customer loyalty process in e-commerce businesses. Even more, the presence of precise and complete monitoring tools capable of providing customers with timely and reliable information.

How does fulfillment impact retention?

Some data.

The FBY platform allows you to monitor all logistics and shipping activities through a single service.

Analysis and reporting tools that will allow you to monitor the performance of your e-commerce in 360 degrees (the impact of the average value of the cart, the cost of shipping and much more).

4. *76% of shoppers are likely to return to the same e-commerce site in the future if there is a transparent return policy.*

Establishing a clear and convenient return policy for customers increases the likelihood of people purchasing and staying with you, as knowing that they can return their shipments without inconvenience and additional costs will make them less hesitant about their purchases and more likely to make future purchases.

How does fulfillment impact shipping cost?

Some data.

1. *25% of online shoppers will abandon their order because unexpected shipping costs are added to their order just before checkout.*

This also comes down to transparency. Customers want to know in advance how much they will have to pay for their order; so they can plan their purchase. A delivery fee that suddenly appears at checkout may not be welcomed and could undermine the trust that the company wants to establish with the customer.



2. *63% of online shoppers cite excessive shipping costs as a reason for canceling a purchase.*

Customers are often accustomed to free or discounted shipping offered by many e-commerce companies. This presents retailers with a challenge: either charge customers for shipping and risk losing a product sale, or pay for shipping and earn less (or even lose money) on the sale.

By using a cost-effective fulfillment system, you can reduce both the logistics and shipping cost on an e-commerce order.

How does fulfillment impact shipping cost?

Some data.

- 3. 74% of online shoppers say free shipping is one of the most important factors at checkout, and 94% have taken some type of action to qualify for free shipping.*

This means that retailers who offer customers the opportunity to qualify for free shipping, whether by adding items to their cart, creating an account, or completing some other action, will likely be able to retain customers they would otherwise lose.

Since margins are typically higher for multi-unit orders than for single-unit orders, implementing some sort of free shipping threshold (for example, when customers receive free shipping on orders of \$50) can make each order more profitable for a retailer, despite the additional shipping costs.

- 4. For online retailers, the average cost to fulfill an order is 30% of the average order value.*

Between labor costs, overhead, inefficient order splits, returns, and other expenses that eat into profit margins, the average e-commerce order is far from as valuable as you might expect. For many retailers, minimizing these costs through the use of smarter technologies and processes can lead to substantial profitability gains.

How does fulfillment impact the market?

Some data.

1. *It is estimated that the world saw 10 years of e-commerce growth in just 90 days in the first quarter of 2020.*

This “acceleration” of the shift to online sales and order fulfillment has contributed significantly to the supply chain challenges we have faced globally over the past 2 years and are expected to continue at least through 2023.

2. *Online sales continue to increase: global e-commerce has grown by 58% compared to Italy which has recorded a growth of 21%. Global sales growth is estimated to exceed 5 thousand billion dollars.*

In the first quarter of 2021, global e-commerce grew 58% year-on-year versus 17% in the first quarter of 2020. Italy managed to record a 21% increase, thus bringing the overall value of sales to 30.5 billion euros.



L'e-commerce globale è cresciuto del

58%

How does fulfillment impact the market?

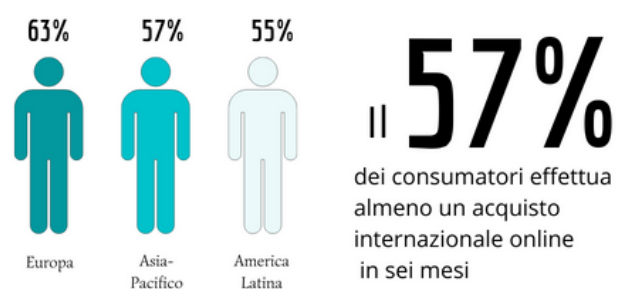
Some data.

This growth is driven by two main factors: customers in established markets are becoming more comfortable with online shipping, and customers in new markets are becoming accustomed to it very quickly. Total e-commerce spending is also expected to rise to \$7 trillion by 2025, driven by improved global technology infrastructure and online shopping conditions.

3. *Selling across borders? 92% prefer to buy from sites that offer their local currency, and 33% are likely to abandon a purchase if the price is only in US dollars.*

Additionally, it is recorded that 20% of buyers do not complete their purchases due to excessively high international shipping costs.

This data shows not only that localization matters when it comes to currency, but also that an e-commerce with a fulfillment system that allows for convenient international shipping can be an opportunity and a solution to cart abandonment.



How does fulfillment impact the market?

Some data.

4. In recent years, there has been a significant increase in the volume of parcel delivery services.

The growth is due to e-commerce parcels: in Italy, in the five-year period 2016-2020, deliveries grew in volumes at an average annual rate of approximately 34%, equal to approximately 420 million parcels, representing almost 70% of the total market.

This growth is mostly linked to the effects of the Covid-19 pandemic, a period in which online sales increased significantly.

5. In an e-commerce environment, products may be handled and manipulated 20 or more times. In a traditional retail environment, however, the product is checked on average about 5 times.

This increased management has led to a series of evolutions in packaging as both manufacturers and fulfillment operations look to reduce the chances of product being dropped or damaged, while also using appropriate and safe packaging.

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