



WHITEPAPER | AUGUST 2016

How to build a successful global fulfillment network

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01 Introduction

While many could conceivably conduct international business without a great fulfillment network, doing so could negatively impact a company's cost base, performance, competitive advantage and other facets. On the other hand, a broad-reaching fulfillment network brings e-tailers' products to consumers across the globe, leveraging regional distribution centers and local experience to provide customers with accuracy, transparency and peace of mind.

To create such a fulfillment network, e-businesses must examine where their customers are, determine how best to decentralize inventory, decide upon a powerful software platform to manage the different sites and build a team of qualified, quality logistics professionals. We are uniquely suited to help our e-commerce partners achieve each of these steps on their way to establishing a global footprint. This whitepaper will serve as a guide for e-tailers looking to expand beyond their local market to serve international demand, as well as those e-businesses that have already begun expansion and need a better way to meet fulfillment goals.



E-commerce businesses can grow exponentially if their fulfillment network allows it. This whitepaper will serve as a guide for **e-tailers looking to expand** beyond their local market.

02 Determine where consumer demand lies

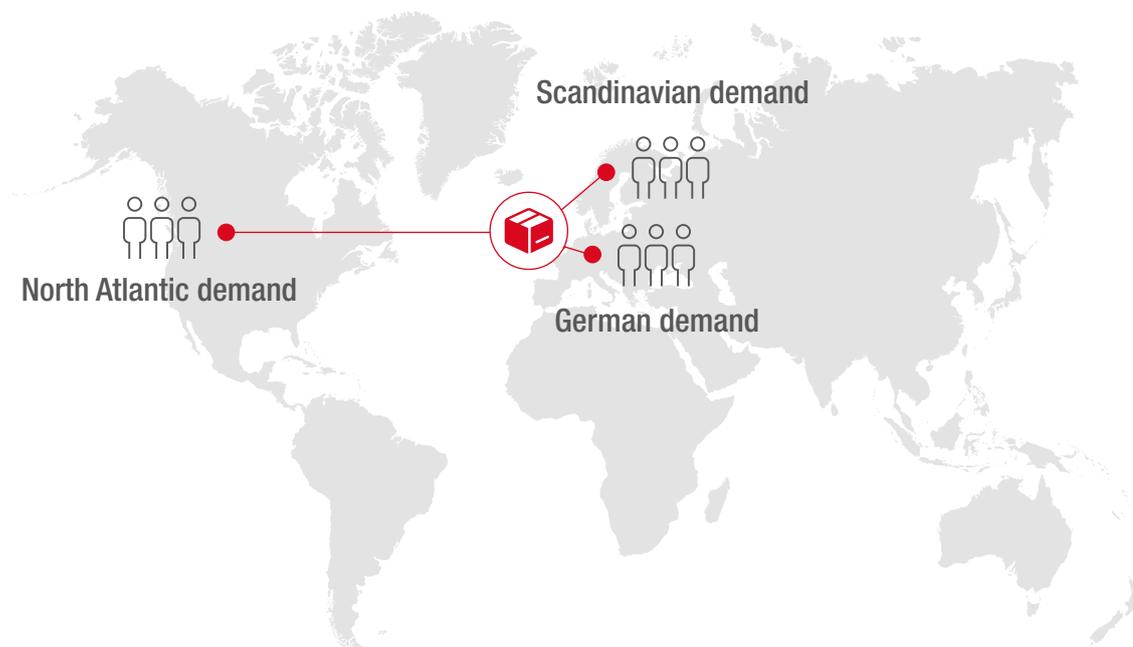
Global expansion is about planning for the right path to success. E-commerce businesses have to perform some careful calculations as they plot an international trajectory. As such, e-tailers should not pursue fulfillment centers where there is no customer demand – that would lead to sunk costs and missed opportunities. Instead, they should identify where there is healthy consumer demand for their products and services and seek to position fulfillment centers optimally.

To glean some insight on where their customers are concentrated, e-tailers can conduct amongst others surveys, analyze their current delivery patterns, and research similar brands in various regions. Through these means, e-businesses can generate a demand map by which they can quantify the financial ramifications of a potential expansion, thereby forecasting its success or failure. Importantly, creating a map in this way allows for the optimal placement of fulfillment centers.

“Creating a demand map allows for the optimal placement of fulfillment centers.”

Regional fulfillment allows one facility to serve several groups, rather than focusing only on an individual pocket of demand. In this way, e-tailers can strike a balance between an inefficient, centralized fulfillment strategy and an unrealistic, disconnected, individualistic strategy.

For example, a single fulfillment center located in the U.K. can handle all demand in the North Atlantic, but also reach potential high-demand areas in Germany or Scandinavia.



By meeting consumers where they are located, e-commerce businesses will show they value to those groups and want to serve them better. That breeds loyalty among the customer base, which translates into higher and more consistent sales, which feeds back into the brand's expansion, and so on. Simultaneously, optimal fulfillment center placement provides local shipping, payment and currency options through a strong online component. We can help our partners in e-commerce take advantage of a worldwide network of fulfillment centers that can deliver goods to consumers wherever they are without the additional strain of building the infrastructure.



Optimal fulfillment center placement **provides local shipping, payment and currency options** through a strong online component.

03 Set up distribution centers in these regions

Inventory management is crucial to a successful fulfillment network. Distribution warehouses, strategically placed to align with demand, provide faster, less expensive and more agile shipping options.

Global shipping can become difficult to set up when it is done through a single warehouse. Consider just a portion of the challenges involved in such a strategy:



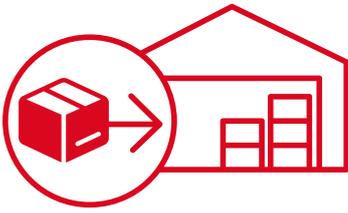
- Cross-border **costs** and delays
- Import and export **taxes and fees**



- **Varying regulations** on product registration and shipment from country to country
- **Burden** on the logistics team



- Higher potential for **human error** when so many routes and destinations are involved
- **Peak demand** can occur at different points in different parts of the world, which e-tailers must accommodate



When inventory is closer to the customer, some of these issues are mitigated altogether. Additionally, returns management becomes much simpler when an item can be restocked at a regional warehouse instead of having to be shipped halfway across the world.

However, the distribution centers themselves must also be on the cutting edge of e-commerce – optimized to reflect an e-tailer’s global inventory at any given time, synced with the company webpage and set up to be utterly transparent. This can be a tall order for an e-tailer just setting out to be an international player and even for established global e-commerce veterans. That is why we provide the infrastructure – from the fulfillment centers to the software and network to the staff. Our e-tail partners are up and running on a global scale with limited upfront costs and effort.



Distribution centers themselves must be on the cutting edge of e-commerce, **synced with the company webpage** and set up to be **utterly transparent**.

04 Create a Web-based software network to match your physical network

These days, it is impossible to separate physical infrastructure from its digital counterpart. This is especially true of global e-commerce – so many transactions happen in a purely digital space, from the order and exchange of money to the inventory management, up until the moment the customer receives the actual item or service. In short, no modern global fulfillment network will succeed unless it has an underlying software component to support it.

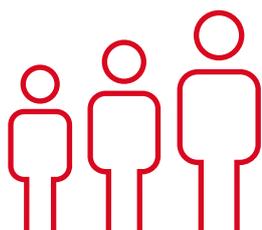
That means this software has to be a step beyond what many e-commerce businesses currently lean on to track orders and log account information. Ideally, global e-tail software will be capable of:

- Offering end to end visibility of the supply chain
- Managing inventory across locations
 - intake, cataloging, picking and packing
- Managing shipping through different delivery options
- Managing returns and providing an array of options, like restock, refurbish or replace
- Offering customer support in any language
- Growing in line with the e-tailer, as it establishes a larger fulfillment network

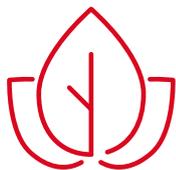
“Our online Mercury application provides world-class warehouse management functionalities.”

Our online Mercury application provides world-class warehouse management functionalities to support our clients’ unique fulfillment requirements. That includes everything from inventory management to pick-and-pack to order shipping.

05 Grow logically, forecast consumer trends, exceed consumer expectations



1,000,000,000
more consumers
over the next decade



more environmentally conscious



more people live in cities

Once a fulfillment network has taken foot, e-tailers still have to work to maintain it. That means keeping up with a growing, changing, global e-commerce landscape. If an e-commerce business has established its fulfillment network according to the best practices outlined here, it should be adaptable enough to accommodate any shift in the e-commerce sector.

Consumers' preferences invariably change – from the products they order to the way they expect to receive their shipments. More people are becoming environmentally conscious, more people live in cities and there are just more consumers overall – a billion over the next decade.¹

However, that change is not always organic: E-tailers themselves may have something to do with evolving preferences. The best global businesses manage to influence the way their consumers shop by providing more options than were previously available. For example, an e-tailer might provide a streamlined returns process that simplifies the process for customers. From there on, those customers will expect that level of returns management out of any other company they work with.

More than anything else, e-businesses need to partner with a company that can make global fulfillment less of a burden. Landmark Global fills that need by providing state-of-the-art fulfillment centers – everything an e-tailer needs to cover fulfillment services. Outsourcing fulfillment frees up business managers to focus on their brand, product and customers, rather than spending time, effort and money on warehousing and logistical needs.



With that said, not just any logistics partner will do. At Landmark Global, we have a proven track record of success working in the international fulfillment landscape, meaning we have the experience and infrastructure our partners need to maintain a successful e-business abroad. The last thing a German e-tailer wants to think about is whether or not their fulfillment center in the U.S. is operating optimally.

As e-businesses grow and take on a greater role in international commerce, they will need a partner that can allow them room to expand while removing the obstacles that stand in the way of global success.

With a focus on global fulfillment and the peripheral items that go with it, Landmark Global serves as the perfect complement in establishing a global fulfillment network.



More than anything else, e-businesses need to partner with a company that can make **global fulfillment less of a burden.**

06 Conclusion

E-commerce in the global market requires a fulfillment network capable of meeting consumer demand whenever and wherever it exists. To that end, a single warehouse will not suffice – but building out an effective distribution network from scratch requires massive cost, time and effort. Instead, e-tailers can use our fulfillment centers, warehouses and logistics facilities in well-placed areas throughout the world to gain a competitive global advantage without unnecessary sunk costs. In addition, our software platform and team of logistics experts provide e-commerce businesses with an opportunity for continued growth while their consumers benefit from better service.

1 McKinsey & Company – The Decade Ahead: Trends that will Shape the Consumer Goods Industry



Want to know more? Contact us

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ENABLING GLOBAL COMMERCE