Supply Chain Strategy: Get Ahead of Logistics Operational and Management Future Trends

How supply chain innovations are shaping your logistics strategy today and tomorrow.

Purolator
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As we've seen in the last few years, logistics is changing rapidly due to technological advances, increased customer expectations and the need for greater efficiency and resilience. From dark stores and advanced network modelling to inventory planning and supply chain visibility, emerging technologies are transforming supply chain strategy and logistics management.

With the rise of e-commerce, new challenges have emerged, such as the need to handle smaller, more frequent shipments and manage complex last-mile delivery networks. The gap between businesses that embrace supply chain innovation logistic trends and those that don't is widening, leaving the latter struggling to keep pace in a race that's quickly becoming a marathon. Leaders that fail to adapt their business strategy risk falling short of revenue goals, while forward-looking competitors have a sizable opportunity in front of them to claim greater market share.

In this whitepaper, we dive deeper into three high-level trends that are reshaping the world of supply chain management. Explore each trend and discover how you can effectively position your business to take advantage of these trends in 2023 and beyond.

Essential components
to improve supply
chain performance

To keep up with the rapidly changing logistics industry and meet customer demands, it's important to have a thorough understanding of the key components of logistics management. By focusing on these components, businesses can improve their logistics processes and get their products to consumers and distributors more quickly and efficiently.

There are seven major components of logistics management
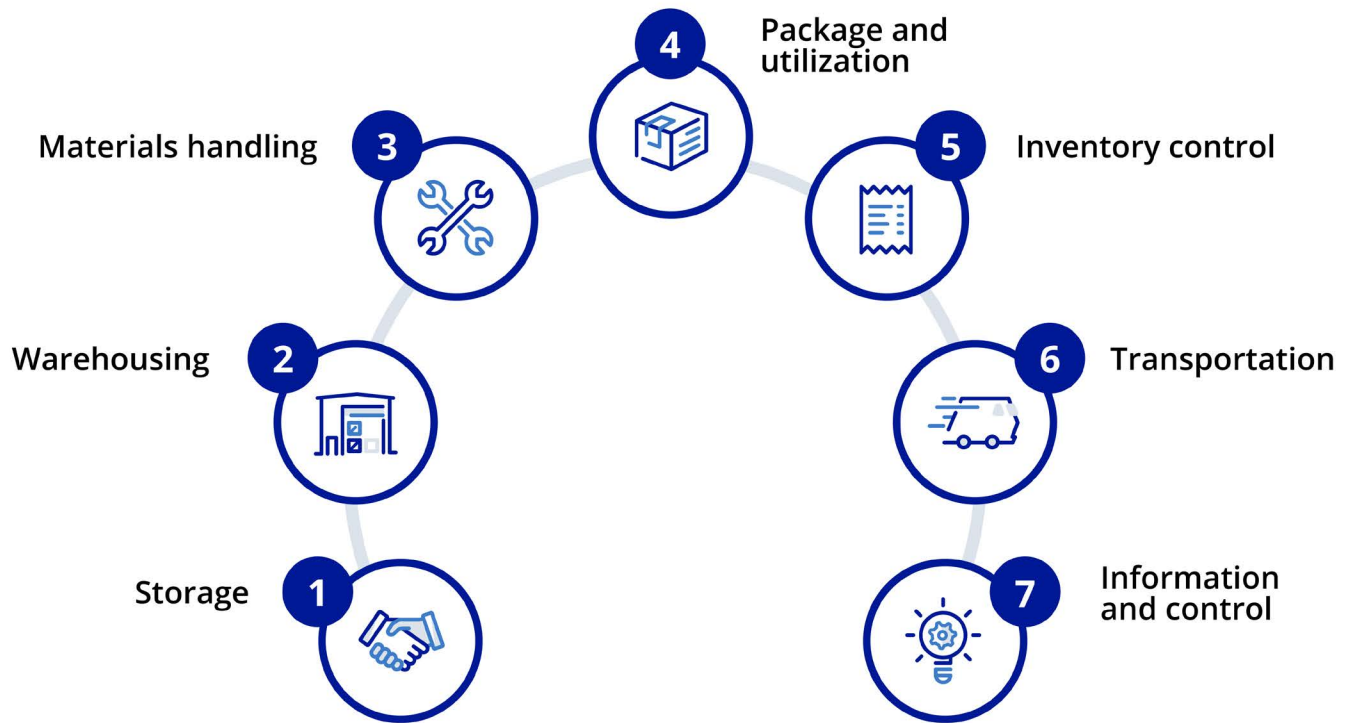
1. **Storage:** Ensure that items are organized, protected and easily accessible.

2. **Warehousing:** Properly store and manage inventory to optimize space and reduce costs.

3. **Materials handling**: Efficiently move goods through the supply chain and minimize damage.

4. **Packaging and utilization:** Reduce waste and optimize space through effective packaging.

5. **Inventory control:** Avoid overstocking or stockouts, which can lead to lost sales and increased costs.

6. **Transportation:** Opt for route optimizations, look for shipping consolidation opportunities and select the right mode of transportation to save time and money.

7. **Information and control:** Manage the movement of goods and communicate with all stakeholders involved in the supply chain.

When you understand the processes that make up your value chain—the various processes involved in making your product or service—you'll be better equipped to take advantage of market trends as they arise.

Trend 1: Rising expectations for speed and visibility

It was once normal for e-commerce retail orders to take about four to five days to arrive for shipment, and delivery speeds varied depending on the company and location. Traditional logistics focused on stability and lowering costs, without prioritizing the buyer experience. Future logistic solutions need to be much more dynamic. With the emergence of faster delivery times, largely driven by rideshare and food delivery service providers offering improved speed and tracking capabilities, customers have come to expect the same level of speed and transparency from their logistics providers. To meet this demand, businesses are investing in customer visibility and shipment tracking technologies.

When planning your e-commerce logistics strategy, you'll want to consider each stage of the buyer journey and best practices for incorporating tracking and customer visibility into your customer experience:

Order confirmation
Customers receive an order confirmation email or message that includes details about their purchase, such as the order number and estimated delivery date.

Fulfilment
Once the order is processed, customers can track the status of their shipment, including when it is picked up by the carrier and when it is out for delivery.

Delivery
Customers receive notifications about the delivery status, including when the package is delivered and who signed for it.

Post-delivery
After the package is delivered, customers can leave feedback or reviews about their experience, which can be used to improve the customer journey for future orders.

Return shipment tracking
Customers should be able to track the status of their return shipment, including when it is received by the retailer and when the refund or replacement is processed.

By providing clear and accurate information at each stage of the journey, businesses can improve customer satisfaction and build trust with their customers, which can also build brand loyalty.

In the next section, explore how machine automation, micro-fulfilment, urgent delivery options and tracking enhancements can transform your logistics management.

Looking to build customer loyalty at every stage of the supply chain?

Bookmark our handy checklist for building a smooth order fulfilment and shipping experience.

Automation and digitization in logistics operations

In a scramble to handle the massive influx of volume and demand in the past couple years, shipping and logistics companies leaned into digital innovation investments to increase their capacity and improve all aspects of the supply chain. As a result, businesses have more options to improve supply chain logistics and get ahead of industry trends. One of the most promising technologies for improving supply chain processing speeds and customer visibility tracking is artificial intelligence (AI). By implementing AI-powered solutions, businesses have the tools to react in real time, reduce processing times and increase efficiency. This can include route optimization, inventory management and demand forecasting.

According to our experts, we're in the age of supply chain efficiency and resilience, and many businesses are moving into the next stage: efficient automation. That means increased agility in specific warehousing, shipping and sorting facilities, increased capacity to handle higher volumes and improved tracking and visibility. For example, in the last couple of years, Purolator's focus has been on modernizing our network and incorporating AI and machine learning to optimize routes, automate sorting and improve workplace safety. With advanced logistics technology, businesses can expect improved delivery times and increased efficiency.

Additionally, by leveraging real-time data analytics and AI-powered solutions, businesses can optimize their logistic operations and provide real-time updates at different stages of the shipment journey, from delivery to return or exchange of packages. This level of clear visibility and control gives customers a sense of confidence and trust in their logistics provider, leading to improved customer satisfaction and loyalty.

Looking to compete in challenging times?

Learn how to simply and debottleneck your supply chain and outperform the competition.

View whitepaper

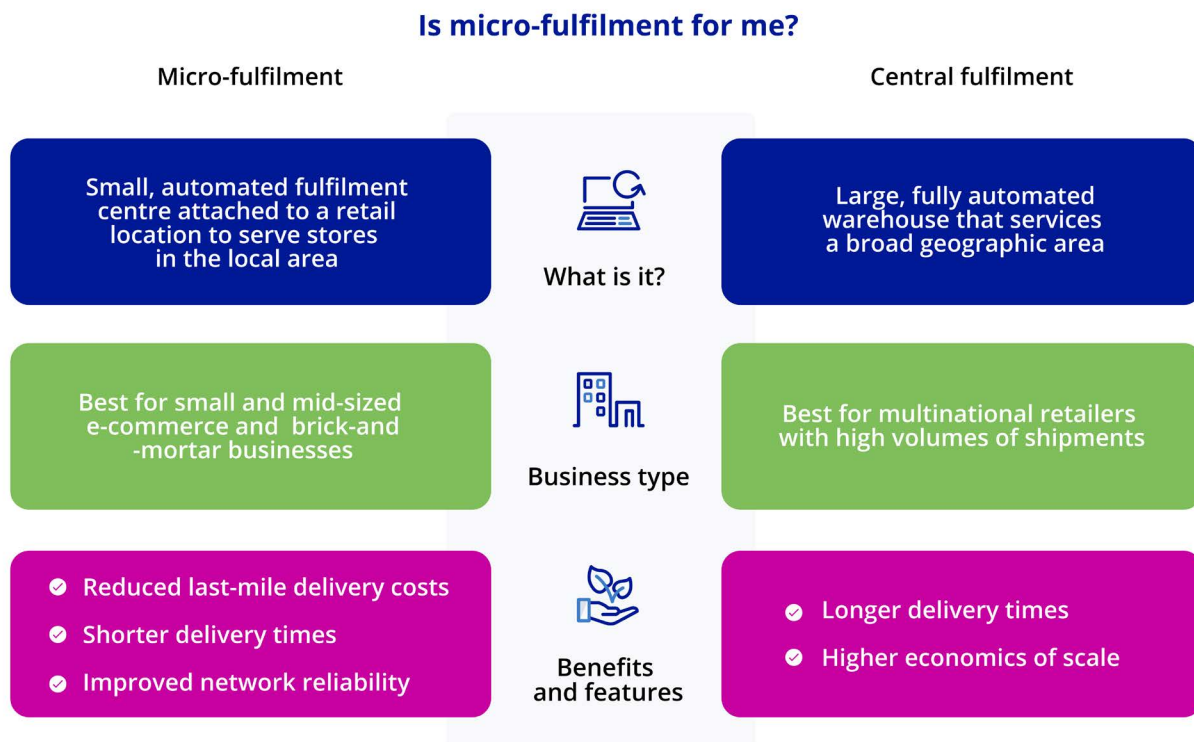Purolator's National Hub sorting facility, Toronto, Ontario

Micro-fulfilment

Micro-fulfilment is another popular trend in supply chain management that aims to reduce shipment delivery times by using smaller warehouses located closer to customers. Micro-fulfilment is more suitable for small e-commerce and brick-and-mortar businesses, due to higher investments associated with transportation and storage.

Micro-fulfilment centres provide several advantages:

- Allows for items to be closer to the final destination
- Reduces last-mile delivery costs for the business and, in turn, the customer
- Creates an opportunity to bypass retailers completely and sell direct-to-consumer (D2C) in a local environment
- Reduces harmful CO_2 emissions with reduced transport distance

Is micro-fulfilment for me?

Micro-fulfilment		Central fulfilment
Small, automated fulfilment centre attached to a retail location to serve stores in the local area	**What is it?**	Large, fully automated warehouse that services a broad geographic area
Best for small and mid-sized e-commerce and brick-and-mortar businesses	**Business type**	Best for multinational retailers with high volumes of shipments
⊘ Reduced last-mile delivery costs ⊘ Shorter delivery times ⊘ Improved network reliability	**Benefits and features**	⊘ Longer delivery times ⊘ Higher economics of scale

In the past year, a range of retailers and e-commerce giants invested heavily in micro-fulfilment strategies to gain a competitive edge. Some logistics companies are partnering with specific retailers and using their stores as small-scale storage facilities as a way to reduce transit time and cost, by keeping inventory closer to the end customer. This can be especially effective when delivering to manufacturers or hospitals, who often require urgent deliveries for critical parts and equipment.

Another trend in micro-fulfilment is the use of a dark store. In the past few years, many small business retail owners made the decision to convert their in-person stores into micro-fulfilment centres—otherwise known as dark stores.

They allow retailers to have small-scale storage facilities that are close in proximity to their consumers, enabling faster fulfilment and delivery options like buying online and picking up in-store, curbside pick-up and home delivery.

Both approaches not only cut down on delivery times, but they also reduce the number of vehicles on the road, improving the business's environmental footprint. By optimizing the last mile of delivery with micro-fulfilment strategies, businesses can dramatically reduce transportation and processing times, and get a leg up on the competition.

Urgent delivery options

Urgent delivery options are becoming increasingly popular among businesses seeking faster and more reliable expedited shipping solutions. The healthcare industry is one example where medical suppliers may need to ship surgical equipment or other medical supplies quickly to ensure that patients are not left waiting for the equipment they need. The oil and gas industry also requires expedited shipping in cases where vital machinery breaks down.

Some logistics companies have started including indicators on their packages that can help expedite them through the network. Purolator, for example, offers a Digital Healthcare Indicator for customers in the healthcare industry. This indicator helps move time-sensitive healthcare shipments through the network quickly by allowing first unload at terminals, and priority sequencing on driver handhelds. This is just one example of how logistics solution providers are using technology to improve efficiency and provide better shipping options for urgent deliveries.

By offering expedited shipping options, businesses that critically depend on shipments arriving on time can operate with peace of mind. If you operate a business where delays aren't an option, you should familiarize yourself with the ways logistics companies can assure trust in accurate and reliable deliveries. For example, Purolator offers a Mission Critical shipping option, designed with best-in-class route optimizations, tracking and around-the-clock support to ensure packages reach their end user on time, even if they're destined for remote regions or need to traverse international borders. Learn more about Mission Critical—our fastest and most reliable delivery service option.

Shipment tracking and visibility enhancements

Increasingly, logistics players in the industry are coming out with a range of visibility and tracking solutions to optimize the customer experience. These solutions can include real-time package tracking, delivery notifications and even SMS notifications. An example of this is Purolator's personalized, end-to-end shipment tracking service that gives customers enhanced visibility of their package status with SMS notifications. Notifications are just one way to give your customer more flexibility and control in their deliveries. This can be achieved in other ways, such as waiving the remote signature requirements and offering the ability to customize drop-off preferences.

Another logistics strategy you can employ to improve the customer experience is ensuring that you have clear instructions on your website about shipping visibility for end consumers. This includes information on tracking packages, shipment delivery times and how customers can process returns or exchanges. By providing this information upfront, businesses can reduce customer frustration and build trust with their customers.

Businesses should look for shipment tracking options that provide detailed updates on package status and location, as well as a range of delivery options to give customers more control over when and how their packages are delivered. By providing customers with a high level of transparency and control over their shipments, businesses can differentiate themselves from their competitors and provide a superior level of service that leads to increased customer satisfaction and loyalty.
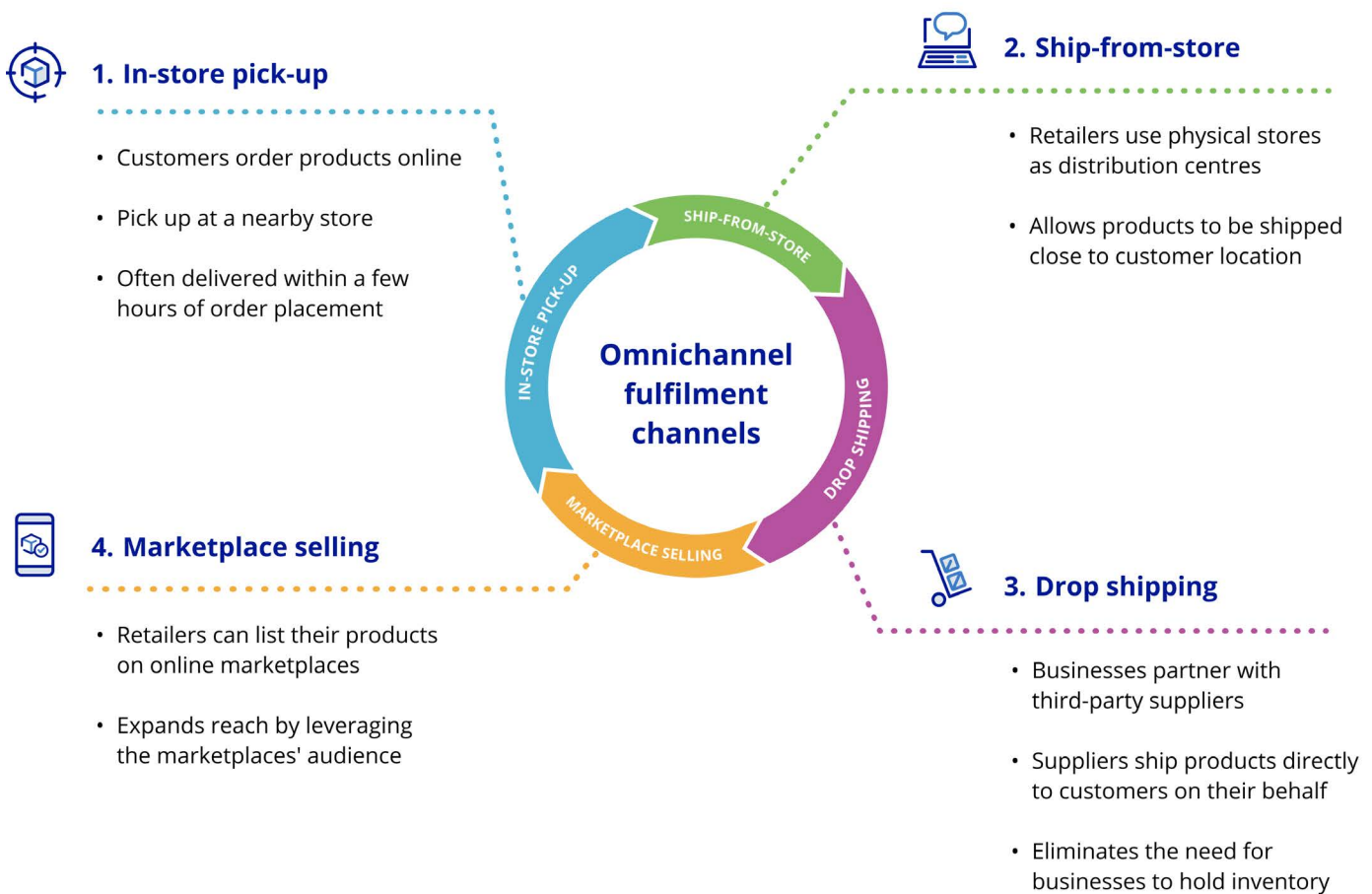
External innovations are pushing customers to want more and more visibility. That's why Purolator is focused on increasing visibility and giving customers as much control as possible.

Omnichannel fulfilment

Shipping trends point to the importance of a [holistic omnichannel strategy](#) as a must-have component to provide a seamless shopping experience for customers. This involves using multiple channels, such as brick-and-mortar stores, online marketplaces, mobile apps and social media platforms to sell products and fulfil customer orders. The goal is to maximize convenience and flexibility for customers while optimizing inventory management and reducing operational costs for businesses. Some examples of omnichannel fulfilment channels that businesses use include:

- **In-store pick-up:** Customers can order products online and pick them up at a nearby store, often within a few hours of placing the order.

- **Ship-from-store:** Retailers use their physical stores as distribution centres, allowing them to ship products directly to customers from the store closest to them.

- **Drop shipping:** Businesses partner with third-party suppliers who ship products directly to customers on their behalf, eliminating the need for businesses to hold inventory.

- **Marketplace selling:** Retailers can list their products on online marketplaces, expanding their reach and leveraging the marketplaces' fulfilment capabilities.

1. In-store pick-up

- Customers order products online
- Pick up at a nearby store
- Often delivered within a few hours of order placement

2. Ship-from-store

- Retailers use physical stores as distribution centres
- Allows products to be shipped close to customer location

Omnichannel fulfilment channels

IN-STORE PICK-UP
SHIP-FROM-STORE
DROP SHIPPING
MARKETPLACE SELLING

4. Marketplace selling

- Retailers can list their products on online marketplaces
- Expands reach by leveraging the marketplaces' audience

3. Drop shipping

- Businesses partner with third-party suppliers
- Suppliers ship products directly to customers on their behalf
- Eliminates the need for businesses to hold inventory

Are you considering an omnichannel marketing strategy for your business?

Check out our guide to learn about its importance and benefits.

View ebook

Data security and privacy

Concerns around safety and security of customer's personal information is another rising trend. E-commerce companies must ensure that they are protecting customer data from potential threats and breaches. In logistics, data security is crucial for ensuring that valuable data, such as shipment and tracking information, is protected and not compromised. Companies must take proactive measures to secure their data by implementing security protocols, training employees on security best practices and regularly monitoring their systems for potential threats.

Trend 2: Supply chain sustainability

Planet-friendly supply chain innovations have grown exponentially. As consumers become more environmentally conscious across North America and around the world, businesses are under pressure to reduce their carbon footprint. Take a look at these stats from our recent sustainability research.

Did you know 80% of Canadians and 70% of Americans say sustainability is important to consider over the next three to five years?

CANADA

8 out of 10 Canadians say sustainability is important or very important

32% Very important   **48%** Important

USA

7 out of 10 Americans say sustainability is important or very important

**35%** Very important   **38%** Important

And while fast shipping options are desirable, you may be surprised to learn that many customers surveyed value sustainability over speed.

55% of customers would pick sustainability over speed when told to choose one or the other. But nearly as many say the opposite.

With that in mind, you may think about how your supply chain is contributing to a sustainable future and what green measures consumers expect to see as part of a sustainable supply chain.
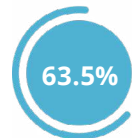
To start, many companies are implementing a range of initiatives, from electric delivery vehicles (EVs) to reduced plastic in packaging and improved reverse logistics capabilities.
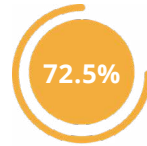
72.5% would support a company who strives to reduce packaging in their shipping efforts

67% would support a company actively pursuing energy reduction and renewable energy

63.5% wish they had more control over the amount of packaging

58% would reduce travel to shipping locations

50% want more electric delivery options

In the next section, learn how supply chain partners, Scope 3 emissions and smart packaging solutions can have a significant impact on reducing your environmental impact.

Looking to reduce your carbon footprint?

Get tips about how your delivery partner can help from our sustainability expert, Cindy Bailey.

Learn more

Hold your partners to a high standard

Consider this: Your largest source of emissions might not be within your own operations, but rather in upstream and downstream emissions from working with your partners and vendors. Make it a priority to work with companies that champion environmental responsibility and ethical practices.

This might include ensuring that they:

☼	Source materials sustainably
👥	Implement eco-friendly production methods
♻	Reduce waste throughout their supply chain
🚲	Use EV vehicles
🌱	Have made a public commitment to sustainability with real strategies to back their claims and ommitments

In our sustainability webinar, IKEA's fulfilment Sourcing Manager, Crystal Rasa, shared a small but impactful philosophy behind achieving 100% net-zero emissions by 2025. Her team takes a firm position when liaising with existing or new service providers. By clearly communicating their sustainability targets of zero-emission home deliveries, Crystal found vendors were not only happy to work with IKEA to meet their standards, but they were also motivated to accelerate their own sustainability plans for a greener supply chain.

Reduce Scope 3 emissions

To achieve carbon neutrality, shipping providers are adopting a range of strategies to reduce their carbon footprint. This includes transitioning to fully electric delivery fleets to eliminate carbon emissions entirely, as well as implementing energy-efficient equipment to reduce building emissions. We're proud to say that Purolator was the first Canadian courier company to launch all-electric curbside delivery trucks at our Richmond, BC, terminal. To reduce emissions, many logistics companies are retiring older fleets and investing in alternative package delivery options such as electric cargo bikes and automated self-serve lockers to help their customers meet their sustainability goals and contribute to a more sustainable future.

Every year, we're making new innovations in sustainability. Purolator has ambitious plans to electrify its Canadian fleet by 2030.

Eliminate plastic packaging and waste

An effective way for businesses to make their supply chains more sustainable is to reduce plastic in packaging and shipping materials. This can be achieved by exploring alternative materials such as biodegradable plastics, paper-based packaging and reusable containers.

Another way to minimize your environmental impact is by simply reducing the total amount of packaging you use. Here are a few ways to do this:

- ✅ **Use the "right-sized packaging".** Using an array of box sizes allows you to fit your products in smaller packages. Some companies like IKEA have gone a step further and designed their packaging with the goal to minimize the amount of air around their products, use fewer materials and fit boxes optimally on shipping pallets.

- ✅ **Ensure package integrity.** Opt for quality materials like sturdy corrugated cardboard that keep your shipment packages intact, rather than using flimsy cardboard, masking or scotch tape and elastic bands that can easily rip. This will help you reduce item damage and the frequency of returns.

- ✅ **Consolidate your shipments.** If you're shipping individual products to the same address, look for opportunities to consolidate and combine all items into one package.

Additionally, businesses can work with their logistics partners to reduce excess packaging and implement recycling programs for any remaining waste. Purolator offers custom reverse logistics solutions ranging from repackaging and refurbishing returns, to recycling or donating salvageable goods to help companies avoid waste. By taking steps to reduce plastic and waste in their supply chains, businesses can not only improve their environmental impact but also appeal to consumers who are increasingly conscious of sustainability efforts.

Another way to reduce your environmental impact is work with a provider who is focused on green initiatives. Transportation is the second largest pollutant on earth. This is one of the reasons Purolator was the first Canadian courier company to launch all-electric vehicles. Working with a sustainability-focused shipping provider can help reduce your company's carbon footprint.

Be a champion for the planet.

From delivery and return options, to workplace initiatives and company-wide investments, learn about all the ways your business can lead the charge towards a sustainable future.

View our sustainability checklist

Draw on <u>circular supply chain</u> management tactics

More and more businesses are in a unique position to influence environmental sustainability through the choices they make in their supply chain strategy. There are different circular business models you can consider when determining how to adapt your supply chain for green logistics adaptations, including the Product-as-a-service (PaaS) model and the resource recovery model. While each model has its differences, they all involve a form of sharing, reusing, repairing, refurbishing and recycling existing materials to improve the lifespan of your products.

Trend 3: Supply chain efficiency and consolidation

In recent years, companies have been planning significant changes to their operation and inventory management strategies. In this section, explore effective ways to streamline your shipping logistics through freight consolidation and less-than-truckload (LTL) shipping, just-in-time (JIT) delivery, cross-border expertise and reverse logistics solutions.

Freight shipping strategies with TL and LTL

Freight consolidation is one effective way companies are streamlining operations and reducing costs. Purolator Freight offers both TL (truckload) and LTL freight services in Canada. Depending on the size and time-sensitive levels of your shipment, you might want to consider an LTL shipping strategy, which means combining multiple smaller shipments into a single, larger shipment. This not only reduces transportation costs but also decreases the carbon footprint of the supply chain by reducing the number of trucks on the road.

Just-in-time delivery

How do you balance having the right inventory levels without incurring necessary costs? JIT delivery is a strategy where products are produced and shipped only when needed. This approach helps to reduce the cost of inventory and storage, as businesses don't need to hold a large amount of stock.

While this can be an effective cost-containment solution, logistics managers need to beware. During the pandemic, companies that leveraged JIT delivery became very vulnerable in times of crisis, and we saw many supply chain shortages as sources got cut off.

So how can you prepare for unforeseen supply chain disruptions?

An agile logistics provider can help reduce the strain on your business. An experienced partner can offer flexible shipping options to meet your unique business needs, including expedited shipping and customized delivery schedules. Additionally, an agile logistics provider can help businesses navigate unforeseen disruptions, such as weather events or transportation delays, which can impact JIT delivery.

Cross-border shipping expertise

Shipping across the border is an effective way to exponentially grow your customer base. However, navigating cross-border customs regulations and tariffs can be a costly process, with fees and delays adding to the overall cost of transportation.

Partnering with an experienced logistics provider with cross-border expertise can ensure that shipments are processed quickly and efficiently. Import and expert specialists can provide businesses peace of mind by offering guidance on documentation and identifying the appropriate customs fees, which in turn helps businesses avoid unexpected costs.

Reverse logistics

Often, returns can be quite a headache. Effective returns management is about simplifying the process. When done right, it can be an effective driver of brand loyalty and a key way to save costs. There are a few tactics to consider when streamlining your reverse logistics processes:

- ✅ Develop a process for inspecting and repairing returned products

- ✅ Recycle or resell products and materials that are still in good condition

- ✅ Offer package free returns

Optimizing the returns process can be a complex and costly task for businesses. Luckily, many logistics companies offer customizable returns services. By sorting, repackaging or refurbishing as needed, they take the burden off businesses that would otherwise be managing the complexity themselves. Additionally, they can recycle, donate or dispose of unsalvageable returned goods, ensuring that the returns process is as efficient and sustainable as possible.

Another effective way to simplify the customer returns process is by leveraging QR-code, package free returns. This is a popular trend that can help you streamline supply chain costs. By eliminating the need for traditional packaging materials, businesses can reduce the cost of shipping and storage, improve their environmental impact and speed up return processing times. Purolator helps businesses improve their customer experience by giving customers the option to print return labels using a QR code at retail locations.

Agile demand forecasting

Today's business leader needs to have a finger on the pulse at all times, as consumer demands and supply chain disruptions shake up the market. Businesses must be able to quickly adapt to changes in consumer behaviour and market trends. This can involve leveraging real-time data to make informed decisions, implementing flexible supply chain management strategies and collaborating closely with suppliers and partners to ensure that they are aligned on demand projections. Additionally, businesses can use predictive analytics and machine learning algorithms to anticipate changes in demand and adjust their strategies accordingly.

Working with an experienced
logistics solution partner

An experienced partner can help you prepare for future trends in supply chain management. They can also provide detailed tracking and reporting data, enabling your business to monitor the progress of your shipments and quickly identify any issues that may arise.

Purolator offers a range of services designed to help businesses pivot and optimize supply chain practices to prepare for 2023 and beyond.

[Purolator Mission Critical](#)

[Reverse logistics](#)

[Label free returns](#)

[Digital Healthcare Indicator](#)

[Special Handling and Dangerous Goods](#)

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Prepare for the future today

The logistics industry is facing unprecedented challenges, but by staying ahead of the curve and adapting to new trends and technologies, businesses can succeed in this rapidly changing landscape. By embracing emerging trends in supply chain management such as efficiency and automation, committing to sustainability and implementing supply chain efficiency strategies, companies can improve operations, reduce waste and better handle disruptions. By adopting these trends and strategies, businesses can stay ahead of the competition and succeed in the world of supply chain management.

Purolator is well-positioned to help you manage these changes with a range of supply chain management services designed to meet the evolving needs of the industry. By partnering with an experienced and trusted logistics solution provider in both courier and freight, you can take immediate steps to streamline transport times, lower costs and enhance your overall customer experience.

Prepare your business for the future. Take the first step to create a tailor-made supply chain strategy for your business.

Get in touch

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