

SUPPLY CHAIN INSIGHTS

WHEN AND WHY TO OUTSOURCE YOUR E-COMMERCE SUPPLY CHAIN

The supply chain has become a critical source of competitive advantage in e-commerce, as well as a key enabler of sales conversions and online consumer satisfaction. But how does an organization decide whether to manage its supply chain itself – or outsource to a logistics company?

Globally, the top ten largest e-commerce players all outsource their fulfillment operations to some extent, even if many of them manage a large part of their supply chain in-house.

In fact, based on recent research by DHL Supply Chain, nearly half (48%) of companies are using a combination of in-house and outsourced logistics solutions to serve their business. Looking to the future, the same survey found that 18% of companies who responded are planning to completely outsource their supply chain to a logistics company in the next five years.

So why do companies choose to outsource? There are three main advantages:

- **Expertise** – it enables them to benefit from the capabilities of a partner with vast experience of implementing and running best-in-class e-commerce operations, often across multiple sectors and geographies

- **Technology** – they can access multiple technologies such as robotics, automation and software solutions. These allow them to quickly optimize their entire supply chain without needing to go through the validation and assessment that implementing such technologies themselves would require
- **Network** – they can leverage the large number of existing facilities that a logistics partner can offer

Despite these advantages, outsourcing e-commerce fulfillment is never an easy decision. If you're wondering whether the time is right, there are a number of key considerations to bear in mind.



There are several scenarios in which an organization should consider outsourcing:

- When entering a **new geography** – starting in a new market and understanding its e-commerce landscape can be a challenge
- When **specific expertise** is required – for example, when a company launches a new business line or product category
- Where consumer expectations require a **large number of facilities and locations** – leveraging the physical network of a logistics partner is a great way to effectively and quickly scale up
- When **speed to market** is critical – companies can save months, or even years, by choosing the right partner in a particular market. In the race for e-commerce dominance, businesses only have a small window of time to get it right
- When there is **limited investment** – if a business is not in a position to invest in infrastructure, it can access existing facilities and technologies

With the supply chain proven to be critical to e-commerce success, organizations need to give it the attention required and consider outsourcing with a best-in-class logistics partner.

For further e-commerce insight please read our **research report** > and let us know if you would like any further information.