

A man and a woman are looking at a laptop in a retail store. The man is on the left, wearing a light-colored t-shirt, and the woman is on the right, wearing a dark t-shirt. They are both looking intently at the laptop screen. In the background, there are clothing racks and a counter with several perfume bottles.

# Fillogic

## Building the Future: How a Channel-Free Partner Network is Revolutionizing Retail Logistics

Experts expect to see a boost in retail sales in 2024, **up 6.7% in dollar value and 2% in volume**. This comes on the heels of a solid 2023, when retail sales reached \$5.13 trillion, 72.6% of which was spent in stores and 27.4% online, according to the National Retail Federation.

While those numbers reflect where consumers made their final purchase, it doesn't showcase their true shopping habits. The Harvard Business Review found that nearly **73% of consumers prefer shopping through multiple channels**, with only 7% shopping exclusively online and another 20% choosing to shop only in-store.

"Customers don't think in channels," says Bill Thayer, Founder and CEO of Fillogic. "They shop across channels - from browsing online and apps to aisles in stores or social media. It doesn't matter, as long as they find what they want when they want it. And retailers need to look at their inventory and fulfillment in the same channel-free way."

### **What is Channel-Free Retail?**

A **channel-free logistics** mindset changes how retailers look at and manage their

inventory. It means focusing on the entire retail strategy, not on compartmentalized inventory. It looks at its orders, fulfillment needs, and SKUs as a unit, which is a transition away from the typical, outdated omnichannel viewpoint.

By implementing a channel-free ecosystem, retailers will be able to integrate technology and break down silos across their supply chain and use inventory across all channels, meeting consumers where they live, work, and shop, and having a choice in how they want their package delivered or returned – shipped direct, store pickup, curbside delivery, locker/parcel pickup, etc.

Through this strategy, it doesn't matter where the product is shelved, bought, or returned. It helps create efficiency and results in the best experience for the consumer.

## Integrated, Channel-Free Retail Logistics Ensures:

- **Scalability** – Retailers and brands can quickly provide fulfillment and delivery of products where and when they are needed
- **Streamlined operations** – Connected technology and infrastructure integrates the supply chain and delivers customer orders through one inventory
- **Faster inventory turns** – Returned/consolidated/liquidated/out of stock/end-of-season products are able to make it back to store shelves quicker
  - The Fillogic ecosystem gets product back on the shelf in 7 days or less - which is 200% faster and 50% less expensive than traditional methods
  - Retailers improve full-price sales days by 180% because of the quick turns (that's an additional 25 days of full-price sales!)
- **Increased circularity and sustainability** – By using existing infrastructure, inventory is housed closer to the end consumer, lessening transit time and miles traveled. It also keeps more product on the shelf and out of landfills.
  - **50% reduction** in distance to end consumer: **20% reduction** in transport emissions
  - **<1%** of returned product landfilled, compared to **58% business-as-usual**
- **Maximized profits and opportunities** – With Fillogic's solution, retailers can more efficiently adapt to rapid change and increase opportunities and profits.

## Working Together to Create a Channel-Free Ecosystem

The linchpin of a successful channel-free solution is having the right partnerships across the entire supply chain and order, inventory, fulfillment, and delivery processes. Providers, like logistics companies, final-mile delivery services, inventory management technology, fulfillment services, etc., need to work together to create this channel-free partner network so retailers can improve their ecosystem.

"Channel-free logistics requires collaboration," Thayer said. "That's why we strive to work with the most innovative and forward-thinking partners across the entire supply chain. It enables us to provide retailers with the best end-to-end solution, which not only benefits them but their end customers as well. We are working to create a circular, sustainable, and efficient retail logistics partner network that can benefit everyone – retailers, brands, technology companies, delivery companies, reverse logistics providers, and so many more."

These provider partnerships are crucial for successful implementations of channel-free logistics models. They help save costs and maintain transparency throughout the supply chain. It breaks down the silos of an omnichannel solution and ensures that every cog across the supply chain is working cohesively through integrated technology.

## The areas of partnership needed to complete a successful channel-free network include:

**Existing Infrastructure:** A great example of utilizing existing infrastructure is Fillogic's partnership with numerous real estate partners and mall owners. They work together to transform excess mall or retail shopping center space with full-service logistics centers to provide retailers more logistics and fulfillment capabilities near where customers live, shop, and work.

"Right now, companies have too much capacity. They overbuilt during the pandemic when demand was extremely high, but now they're operating warehouse buildings at 60% capacity," Thayer said. "However, we can utilize this existing infrastructure and optimize it for their benefit and the benefit of others. We're building an infrastructure that everybody can use as long as they're using best-in-class partners throughout the retail logistics ecosystem."

Real estate partners benefit from the partnership because they are able to monetize excess space and create value through logistics while also improving occupancy, driving an increase in rent dollars, and decreasing emissions per tenant. And their retail tenants benefit by having access to more fulfillment/delivery, inbound optimization, supply chain visibility, and reverse logistics options to help them meet or exceed end-consumer demands.

### Real estate network partners include:

- Simon
- Brookfield
- Macerich

**Consolidation/Deconsolidation:** The channel-free partner network provides innovative solutions and full-service retail logistics, including inventory management, ecommerce and store-based fulfillment, and sort/seg/pack. In Fillogic's case, this is all possible because of consolidation/deconsolidation partnerships that the company has at the front end of the supply chain.

By working with partners at ports to consolidate or deconsolidate inventory, Fillogic can ensure quick shipment of the right product to and from its existing micrologistics hubs.

### Services provided at the hubs include:

- Inbound optimization, which enables Fillogic to receive shipments and process them within the retail center/mall location for fast turnaround and sort/seg/packing.
- Fulfillment, which enables Fillogic to provide curbside, ship from store, ecommerce, drop ship, locker, in-store, BOPIS, and final-mile delivery quickly and efficiently.
- Forward-staged inventory, which enables retailers to keep fast-moving products stocked and stored where they're needed most to increase product turn and profitability.

### Consolidation/deconsolidation in-network partners include:

- Triangle (3PL)

**Reverse logistics:** With returned products adding up to **\$743 billion in 2023**

(\$101 billion of which was found to be fraudulent), reverse logistics is a huge area in need of improvement. An efficient reverse logistics solution includes returns management, resale, recommerce, return to vendor, refurbishment, and recycling. Reverse logistics providers are an incredibly important piece to the channel-free logistics ecosystem. For example, retailers who use the Fillogic network can process returns more efficiently and profitably in the middle mile, ensuring product is made available for sale faster. **They are able to work together so effectively that products get back on the shelves 200% faster and with a 50% reduction in cost compared to traditional solutions.**

The integrated technology and services provide retailers, carriers, and mall owners a convenient location to consolidate reverse logistics activities and offer full visibility into returned products, from receipt to storage and re-fulfillment. In Fillogic Hubs, staff members conduct quality assurance (QA) to route products for resale, recommerce, return to vendor (RTV), refurbishment, or disposal.

**Post-purchase network partners include:**

- Narvar
- Loop Returns
- AfterShip

“We don’t look at reverse logistics as just the process. We look at the partners that we work with and can work with because reverse logistics is a bunch of different things,” Thayer said. “It’s more than just a returned product that comes in and gets put back on a shelf. It’s grading it for resale, recycling, or refurbishment. We can add a new grade for a damaged product that can be repaired and then send that product to our network partner to repair the product and resell it. And it’s all done through the channel-free network and infrastructure because of the integrated technology and innovative partners willing to work together.”

**Last-Mile Delivery:** By joining a channel-free network, middle- and final-mile carriers







gain access to more demand while retailers add transportation capacity to their supply chains.

The creation of an alternative transportation network connects shippers with the right carrier at the right time, resulting in faster, more reliable deliveries and improved customer satisfaction.

For example, Fillogic's delivery network, [Delivery Marketplace](#), provides:

- Effortless access to a full spectrum of services - middle-mile, regional last-mile, local delivery teams - all through one point of contact
- Accurate, consistent, and guaranteed upfront pricing for the length of the contract
- Enhanced flexibility - choose the provider and delivery speed to meet consumer shipping needs
- Improved transit times and cost-savings through the utilization of existing infrastructure and capacity
- Expedited shipping at ground rates, reaching 95% of the US in 3 days or less (with coverage growing every day!)

Delivery partners include:

- Veho
- Better Trucks
- DHL E-Commerce
- ClearJet

## **The Channel-Free Network's Future is Success**

Strategic partnerships are the key to providing innovative channel-free retail logistics solutions that meet the demands of today's highly engaged consumers – fast delivery, easy returns, providing a full stock of the products people want when they want them, and more.

"Channel-free logistics is local, it is sustainable, but only if you have the right partnerships – that's what it's all about," Thayer said. "We are creating that seamless channel-free logistics ecosystem, which includes a connected suite of retail solutions and strategic partnerships to help retailers be more efficient, sustainable, and profitable."

## The Channel-Free Partner Network Helps Retailers:

- Easily incorporate additional data sources for better tracking and decision-making across all areas of operation
- Better manage store fulfillment, inbound optimization, inventory, cross dock, sort-seg, re-commerce, and reverse logistics
- Accelerate speed-to-market and enable continued growth with quick implementations built on scalable infrastructure
- Gain total inventory visibility and track it in real-time – from where inventory is stored, throughout transit, to end delivery, and recommerce
- Improve sustainability by using existing retail space and positioning inventory closer to consumers, reducing the need for warehouse builds and total shipping miles
- Reduce logistics costs and inventory's time in transit
- Maximize inventory use by ensuring the product is where it needs to be – closer to the end consumer

## Benefits to Network Partners Include:

- Seamless integrations with other providers
- Creates opportunities to work with customers of the other providers in the network
- Cost savings – access to more capacity, opportunities with less overhead
- Ability to provide better service to existing customers
- Brand awareness and exposure to the retail industry
- Creates a circular and sustainable supply chain, reducing carbon emissions, waste, costs, and time

## About Fillogic

Fillogic is an experienced team of retail and logistics professionals, technologists, serial entrepreneurs and creative problem solvers with more than 160 years of combined experience. We are driven by a mission to help our partners decipher the writing on the wall as technology continues to rapidly transform the retail landscape.

**Fillogic**

[fillogic.com](https://fillogic.com)