

Warehousing & Fulfillment

Logistics Problems that Online Stores Face in 2022-2023

There are 3 main types of logistics and there are currently many logistical issues being faced. In this article, we'll discuss what they are and how best to avoid them.



By Lauren Green, October 28, 2022

Key points:

- There are 3 main types of logistics - inbound, outbound, and reverse
- The Coronavirus pandemic has severely affected the global supply chain
- Global eCommerce sales are expected to hit \$5 trillion by the end of 2022 so it's important to keep customers happy

There are many logistical issues that are currently being faced. In this article, we'll discuss what logistics are, the main types of logistics, and the logistical issues that online stores have been facing in 2022.

Logistics is the process of managing resources, and how they are acquired, stored, and then transported to the end destination. Those in manufacturing sectors often use logistics in order to refer to how resources progress along the supply chain. Logisticians are people who manage logistics and identify prospective distributors and suppliers as well as take their effectiveness into account.

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What Are the 3 Types of Logistics?

Now we've mentioned what logistics management involves, let's break down the different types of logistical operations that you would expect to see in the logistics industry.

In short, logistics has three types which include inbound, outbound, and reverse logistics. Let's take a closer look at each type.

1. Inbound logistics

Inbound logistics refers to the incoming flow of resources that are used to make a service or product. The process of inbound logistics can include transportation, costs, inventory, and managing suppliers in order to ensure the right components get to the factory as and when expected. This process can involve hundreds of parts arriving to manufacture one product so it can be quite a complicated stage. The most important factor in inbound logistics is procurement, which involves sourcing and transporting raw materials from a supplier to the buyer's factory.

2. Outbound logistics

Outbound logistics involve delivering the right product at the expected time to customers for a minimum cost. The main objective of outbound logistics is customer satisfaction, which is why many eCommerce companies compete for same-day delivery to their customers. Distribution plays an important role in outbound logistics as it supports the value that the company wishes to provide to customers such as customer satisfaction and fast response times.

3. Reverse logistics

And finally, reverse logistics is the process of moving products from the end-user (customer) to the supplier. Reverse logistics come into play when a product is returned, refurbished, or recycled. Simply put, reverse logistics is rewinding the process of outbound logistics and returning an item back to where it originally came from.

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What Are the Current Global Logistics Issues?

There are currently disruptions with inbound logistics due to the coronavirus pandemic which started in China and has severely affected the global supply chain. With lockdowns being put into place in many countries to try and contain the outbreak this has caused manufacturing and travel activities to shut down. Here are some other logistical issues that are currently being faced.

Labor Shortages

One of the biggest logistical issues that are faced right now is labor shortages. Again, thanks to the Coronavirus pandemic putting workers' health and safety at risk, this has caused companies to be understaffed and those who are working to be overworked. With individuals having to isolate for a period of time, companies have not been able to keep up with shipments creating a huge backlog of work. With everyday living costs rising and people fearing for their health, this has led to people either retiring early, trying to find a remote working job, or re-considering their careers. According to [CNN](#), there were 11.3 million jobs available in the US back in January 2022. Even though Coronavirus is now something that we have to live with, it is still making people ill and causing them to quarantine.

Unfortunately, there is not yet an end in sight to the labor shortage issue and due to the lack of skilled workers for logistics roles, it takes a lot longer to get the job done.

Rising Freight Costs

Between January 2019 and September 2022 there was a dramatic increase in container freight rates. In September 2022 the [global freight rate](#) index stood at USD \$4000. Container shipping was hugely affected by the Coronavirus pandemic as the shipping process is very complex. The shipping industry has seen port closures and labor shortages on top of a lack of new shipping containers. All of these factors combined have led to rising freight costs. Another huge issue that has caused freight costs to rise in 2022 is the spike in fuel costs.

Dealing With Customer Expectations

Since the pandemic, consumers have shifted over to online shopping instead of purchasing in-store. With more and more people having to spend time at home, the internet was the only thing keeping people going. From ordering food shopping online to purchasing the majority of things they need from the comfort of their own home, [eCommerce sales](#) are estimated to reach \$5 trillion worldwide by the end of 2022. With this huge increase in online sales, comes customer expectations. Customers will want to know when their item is being shipped, when it's arriving, and be able to communicate with sellers quickly. Even though buying and selling online can be much more convenient than doing things in person, it is important that buyers are kept up to date at all times and that their needs are satisfied. The last thing companies need right now is bad reviews because they haven't dealt with things in the best way possible, so sellers need to be at the top of their game.

The best way to reduce risks when it comes to the current logistical issues that are being faced is to find alternative sources of supply, look into each supplier and any risks they may face, identify constraints, find a distribution center that's close to shipping ports, consolidate shipments and consider working with 3PL providers.

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Will There Be Shortages in 2022?

It is highly likely that there will still be shortages in 2022. With the huge shift that's happened due to the pandemic and dramatic price increases, it won't stabilize overnight. Currently, there are still container shortages, increasing freight costs and port congestion and these issues will not be solved with time alone. The logistics industry needs more ships, warehouses, and workers as well as technological investments in order to resolve the product shortage issue.

Even though there will still be some logistical issues to face, it is important to plan ahead as best you can to keep your business running and your customers happy. Easyship has warehouse partners on four continents to reach customers worldwide. Plus, Easyship helps scale up fulfillment capabilities without increasing overhead costs. This will help you with [global fulfillment](#).

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Logistics Problems that Online Stores Face in 2022-2023 FAQ

What does logistical mean?

The meaning of logistical refers to things relating to logistics.

How do you overcome logistic challenges?

The best way to overcome logistics challenges is to plan ahead, consider your suppliers, and find distribution centers that are close to shipping ports.

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