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How JD.com leveraged new technologies to overcome COVID-19

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While COVID-19 has been the undoing of many companies worldwide, JD.com's smart supply chain capabilities has made it foolproof during the pandemic. Image credit: Shutterstock

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Over the past few years, China's ecommerce juggernaut, JD.com, has become the quintessence of the smart supply chain.

From its multimillion-dollar Global Supply Chain Innovation Center and fully automated warehouse in [Shanghai](#), through to its 5G-powered smart logistics park the first in China the ecommerce platform has ensured that its 360 million active users have direct access to hundreds of millions of items.

According to Supply Chain Digital, JD.com actually has the largest fulfillment infrastructure of any ecommerce company in the world, operating an extensive warehouse-network of around 600 warehouses, with a total of 15 million square meters.

Equally important, because of JD.com's smart [supply chain](#) capabilities, the group has achieved a number of reductions.

A recent company press release outlined a trimming 37 day-off inventory turnover days, cuts of 23 percent to invalid runs in picking areas and a 10 percent depletion in long- and short-haul transportation costs, which has been combined with a 25 percent improvement in delivery performance.

Furthermore, the press release stated that brands that partnered with JD.com have also seen a jump in operational efficiencies.

Swiss multinational food and drink company Nestl is a case in point, improving the demand forecast accuracy from 45 percent to 85 percent for products sold on the Chinese [ecommerce](#) platform, increased in-stock service level from 73 percent to 95 percent, shortened order lead time by 50 percent and shrank delivery lead time from 5-8 days to 2-3 days.

While these figures are impressive, the [COVID-19](#) outbreak triggered a new reality.

According to the *Harvard Business Review*, "The pandemic has exposed one of the major weaknesses of many supply chains: the inability to react to sudden, large-scale disruptions."

And the resulting turmoil has generated "calls for companies that had offshored production to Asia (and China, in particular) to bring it back home."

Indeed, the COVID-19 pandemic has wreaked havoc on global supply chains.

In times of crisis, optimizing operations to ensure that workers respond in real-time is the ultimate prerogative.

The World Economic Forum said, "Digitizing records will make supply chains more resilient to future shocks."

Based on this premise of a major disease outbreak ravaging the global supply chain, JD.com's performance is a strong benchmark to scrutinize.

During the pandemic it pushed the limits of its business optimization solutions by delivering 120 million products including 160,000 tons of rice, grains, meat and vegetables to its consumers.

In addition, by March, the ecommerce company had transported more than 6,000 tons of medical supplies and daily necessities to Hubei.

In fact, thanks to its digital capabilities and advanced technologies, JD.com quickly moved critical medical supplies from their production facilities to distribution centers: it developed a supply chain management platform which made emergency supplies such as masks, goggles and protective clothing easier to manage, distribute and trace.

JD.com has always been a talent factory.

According to its corporate blog, as of Dec. 31, 2018, the company employed 16,380 research and development professionals to "design, develop and operate its technology platform, develop and post content, and improve the AI, big data and cloud technologies."

During the pandemic, the company turned to autonomous delivery robots and drones to address the last-mile delivery needs of consumers in Wuhan meaning it shipped crucial medical supplies without risking the health of delivery staff. This also lessened the blow of the pandemic on the company's operations.

The automated warehouse that integrates AI, deep learning and image recognition, with more than 70 varying degrees of automation, allows for an uninterrupted flow of goods even in challenging times, and given the lack of physical content required, the entire process also reduces the risk of infection.

But JD.com also ensured that thousands of offline stores in hundreds of cities could deliver during the pandemic.

Marketing powerhouse WARC reported that its omnichannel fulfillment supply chain innovation program proved a lifeline for small to mid-sized businesses.

WARC explained it as follows: "A consumer places an order online, the platform matches the order with offline supply closest to the customer in real-time, and then arranges for a courier to deliver to the consumer along the most efficient route."

To sum up, there has been a notable difference between the group's capacity during the SARS outbreak and now.

"When SARS occurred 17 years ago, JD.com was a very small company and we personally experienced then just how devastating an epidemic situation can be to both businesses and the people's lives," company chief financial officer Sydney Huang told media outlet Supply Chain Dive. "That's why today, JD will do everything we can within our power to serve our customers and as well as society."

What China's second largest ecommerce giant has shown at this time is its ability to continuously innovate.

Dramatic events such as these [COVID-19 pandemic] can bankrupt even the most successful businesses and bring entire economies to a standstill.

While several multinational corporations have seen their profits and sales cut during the pandemic, JD.com has transformed this challenge into a business opportunity safeguarding the health and safety of its employees and customers in the process.

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