

A white delivery car is driving on a city street. The street is flanked by tall buildings, including a brick building on the left and a modern glass building on the right. A large crane is visible in the background. The sky is overcast. The car is driving on a road with a herringbone pattern. The text "go/for" is in the top right corner.

go/for

a guide to designing last mile delivery around your customer

deliver  better

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executive summary

E-commerce giants like Amazon and Walmart are driving expectations around last mile delivery that other retailers are finding it hard to meet. The vast majority of consumers now expect same day or faster delivery, but barely over half of retailers offer it — and when they do it's sometimes only in select markets.

To better meet the expectations of modern omnichannel shoppers, retail fulfillment and delivery must be reimagined. But how to do that? It starts with putting your customer at the center of your strategy. By looking at key components of your delivery experience — fulfillment centers, technology platforms, delivery fleets, and drivers — and optimizing them with your customers in mind, you can go toe-to-toe with your top competitors and retain the loyalty of your customers.

This guide explores recent trends in last mile delivery and provides tips on how to redesign the experience with your customers in mind.



introduction

the last mile experience gap

No matter how you look at it, there is a gap today between customers' expectations about their shopping experiences and retailers' ability to meet or exceed those expectations. This is especially true when it comes to getting customers' purchases into their hands and into their homes.

Consumers are embracing the concept of an omnichannel shopping experience that allows them to browse, research, get offers, try, buy, and receive products where and when they want them. In the receiving stage of the buyer's journey, there are more options than ever; online shoppers can pick up purchases in their local store or at its curb, and they can have them delivered to their door. For many shoppers, the deciding factor is speed – often they will choose the item and/or shipping option that gets that item into their hands the fastest way possible.

It's safe to say that both the desire and the expectation for fast delivery are strong.

Numerous surveys and statistics demonstrate this. In one study, 62% of customers defined delivery speed as the most important factor in defining a positive shopping experience (higher than friendly sales reps and easy return policies).¹

Another research report finds that 80% of customers want same-day delivery, and 63% want it even faster (one to three hours); however, only 53% of retailers offer same-day delivery, and just 20% offer delivery in a few hours. This data exposes a gap that is consistent across much of retail fulfillment and delivery.²

// 80% of customers want same-day delivery, and 63% want it even faster... //

e-commerce giants are setting the pace

Many retailers haven't yet caught up to consumer "delivery speed" demand that has been fueled by e-commerce titans such as Amazon and Walmart, with their enormous investments in fulfillment and delivery.

CNN Business reported that Amazon spent an extra \$1.5 billion to transition to one-day shipping in the fourth quarter of 2019 and another \$1 billion in the first quarter of 2020. And they're investing heavily in technology that will allow them to deliver parcels in 30 minutes.³

Walmart is also investing billions in technology and infrastructure to digitally transform its vast logistics system, including

its fulfillment and last mile delivery capabilities.⁴ While Amazon is frequently cited as the major threat for businesses trying to compete with fast delivery, Walmart locations today are located within one hour of 99% of the U.S. population (vs. 77% for Amazon fulfillment centers) giving them a competitive advantage.



the struggle to deliver last mile at **scale**

While the number of retailers offering same-day delivery is expected to rise to as much as 68% by the end of 2021,⁶ the reality is a little different; a close examination of the shipping and delivery options of many national retailers shows that many still limit these services to a few metropolitan areas. Often these companies partner with traditional third-party logistics (3PL) partners such as UPS or the USPS that are themselves only beginning to pilot same-day delivery services.⁷ These 3PL partners handle the retailers' standard delivery options, which may include an accelerated next-day option as well as standard two to five-day delivery. The retailers also partner in select markets with last mile delivery companies that have the technology and capabilities to fill in the same-day gap for their customers.

Many other retailers still only offer two to five-day (or slower) shipping, despite the shift in consumer expectations. These companies will struggle to compete in an increasingly digital world, especially if they belong to segments driven by speed, including grocery, retail, and general merchandise.

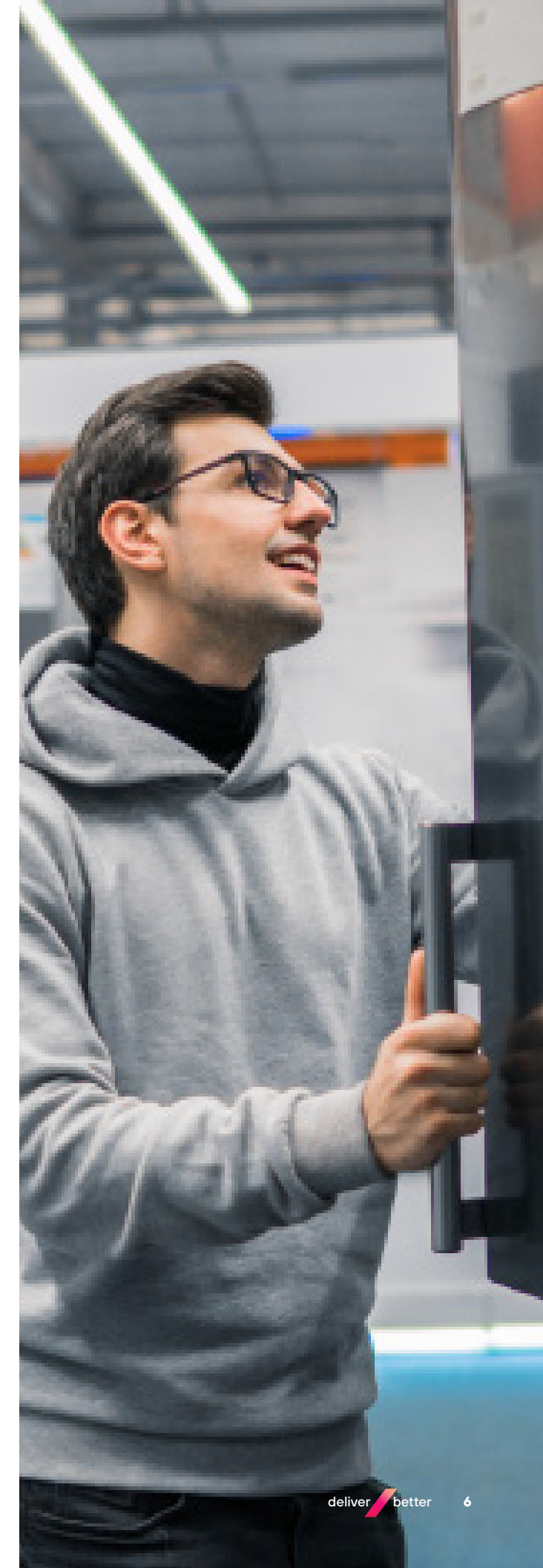


consider all your **fulfillment** channels

It's not only the e-commerce experience that matters when it comes to getting purchases to customers as quickly and with as little friction as possible. For omnichannel retailers, the in-store/brick-and-mortar experience remains an important part of the mix.

Click-and-collect purchases, including buy online pickup in store (BOPIS) and curbside pickup, have become increasingly popular with shoppers. In the US, click-and collect sales more than doubled in 2020, and this isn't just an anomaly caused by the COVID-19 pandemic; rather, BOPIS and curbside pickup are expected to sustain double-digit growth rates through 2024.⁸

Omnichannel retailers must also obsess about the fulfillment experience for in-store purchases. If you sell big and bulky items such as furniture, appliances, sporting equipment, or camping gear, you need to be able to get them quickly into the hands and the homes of your customers or they will choose another supplier. Directing in-store customers that need delivery back to your website so they can get their purchase delivered from the nearest distribution center in a week isn't going to cut it anymore; instead, you should be able to get that order to their door (or even their room of choice) within a few hours.



redesign fulfillment and delivery around your customers

Retail fulfillment and delivery need to be redesigned to meet consumers' needs and expectations. But how do you do this? It all comes down to putting your customer at the center of your strategy. And this process starts with your fulfillment operations.



A micro-fulfillment workstation operated by one employee can process 800 products per hour...



micro-fulfillment takes hold

Fulfillment is key to the post-sale experience. Leaders in last mile delivery are reimagining the old hub-and-spoke model, where large regional distribution centers feed retail locations and also fulfill e-commerce transactions for a service area that can stretch for hundreds of miles.

Instead, leading retailers are moving to a micro-fulfillment center (MFC) model that shifts inventory from large regional distribution centers to relatively small facilities located close to the urban markets they serve.

These MFCs may operate in retail locations partly reconfigured to accommodate inventory warehousing and fulfillment technology. They may also operate in “dark stores” and purpose-built locations used exclusively for online order fulfillment.

In some cases, MFCs are owned and operated by the brands whose stores they are located in. In others, they are run by companies in facilities that support multiple retail and D2C clients.

MFCs allow retailers to deliver more quickly to both online and in-store customers by storing inventory closer to their homes and businesses, shortening the actual distance of the figurative “last mile”. And they help control logistics costs by reducing the requirement for long-haul transportation network.



automated fulfillment drives productivity

MFCs also reduce fulfillment time through automation; while some still rely primarily on manual picking and packing by employees who may also stock retail shelves, other MFCs are highly automated and create substantial efficiencies. Everything from picking to packing to applying shipping labels can be automated with the help of robotics, high-bandwidth/low-latency networks, cloud and edge computing, artificial intelligence (AI), and machine learning.

According to one report, a micro-fulfillment workstation operated by one employee can process 800 products per hour, compared with about 80 products collected from store shelves in an hour by a grocery picker.⁹ Investment in automation is costly, but retailers can expect a hefty return on investment, including a marked increase in productivity.

MFCs are important pillars in many businesses' same-day delivery strategy. You can have the most efficient order-to-fulfillment process in the world, but if your customer isn't located within a close radius of your fulfillment center, you still won't compete against the e-commerce giants that are setting the pace for fast last mile delivery. Nor will you keep up with retailers that are successfully meeting their customers' needs through a combination of online and in-person interactions.

think holistically about customer delivery

An optimized distribution network that lets you fulfill orders locally is important to a customer-centric delivery experience; however, it's not the only thing to consider. Rather, you must think through your customer delivery experience end-to-end and ensure every element is optimized with the customer in mind.

Things to consider include:

The logistics platform
powering your delivery

The fleets that
deliver products to
your customers

The drivers who
represent your brand

last mile **logistics** platform

To lead in last mile delivery, you need to make smart investments in the technologies that power ordering, dispatching, routing, tracking, and reporting. All these processes can be automated to improve their accuracy, efficiency, and speed. Businesses have a lot of options to consider; however, the most forward-looking and customer-centric organizations rely on powerful logistics platforms rather than aging physical infrastructure and assets connected by legacy technology.

These platforms leverage the latest technologies, including AI and machine learning, to determine the fastest and most cost-effective delivery routes. They also enable your employees, suppliers, and customers to schedule on-demand deliveries from wherever they are — in a store, at a fulfillment center or from your physical or digital storefront. A last mile logistics platform dispatches and routes deliveries based on location and time constraints and optimizes the number of deliveries each vehicle can make. It also provides a dashboard with delivery status and detailed metrics around costs per delivery, so you can easily manage your business.

Transparency and good communications around fulfillment and delivery are very important to e-commerce shoppers,¹⁰ so they're a key concern for retailers too. Once a package leaves your fulfillment center, you need line of sight to its status and location to ensure you're meeting your commitment to your customer. The right logistics platform provides real-time visibility to the location and status of your orders and when they will be delivered. You can see exactly where and when a package was dropped off and its condition thanks to features such as photo proof of delivery built into driver apps.

To drive productivity and profitability, retailers rely in part on seamless systems integration. Manual data entry and batch processing won't work for retailers that require scalability. API integrations into ecommerce, ERP and POS systems ensure seamless data integration and visibility. A last mile logistics platform should include pre-configured integrations for seamless data sharing. It should also come with the support of customer success experts who will work hand-in-hand with you to ensure fast, successful integrations.

The future of last mile logistics lies in advanced technologies that are in their infancy today. To support a tech-driven future, your logistics platform must be massively scalable and capable of integrating with augmented reality solutions, autonomous vehicles, advanced robotics, electric vehicles, smart IOT devices, drones, and other sustainable technologies. Using advanced technologies and autonomous machines to handle important elements of last mile delivery will drive down the cost of your logistics and enable you to offer customers a faster, more efficient, less costly and more sustainable delivery experience.

scalable, sustainable fleets

When redesigning your delivery experience around your customer, consider carefully the fleet at your disposal. Today, approaches to fleet management vary, with some national and regional businesses opting to centralize operations and work with one or more preferred delivery partners while others devolve decisions to the store level and let local teams manage deliveries through some combination of owned vehicles and local couriers. There is no right or wrong approach here.

Whether your approach is centralized or distributed, you must ensure you have the assets you need to complete both scheduled and on-demand deliveries. You need the right mix of small, medium, large, and even specialty vehicles to optimize the efficiency of every trip. And going forward you'll also need access to fleets of electric vehicles to meet your sustainability and profitability targets as well as consumer expectations. All these things are a lot easier with a delivery partner that can scale up and down with your needs than a less flexible delivery fleet you own and maintain outright.

Retailers that outsource last mile delivery to a delivery partner have several options, including the traditional 3PL companies, local couriers, and tech-led last mile companies that offer virtual marketplaces of drivers and vehicles.

Many retailers rely on familiar 3PL companies such as UPS and FedEx, which manage vast multimodal operations and operate huge delivery fleets. While these companies certainly offer coverage and scalability, arguably their focus is not on

same-day and express delivery, and they frequently outsource some same-day services to smaller, more agile, tech-led logistics providers. Local couriers, on the other hand, often specialize in express local deliveries; however, their small fleets and limited geographies mean they can't offer national retailers the coverage and scalability they need.



Tech-led last mile logistics companies that offer a virtual marketplace of owner operators and fleet companies help ensure you'll have the right vehicle for every delivery. Whether you're relying wholly or in part on a last mile delivery partner, you'll be limited only in terms of the size and makeup of their virtual marketplace – so carefully consider how they have built up their available pool of vehicles and drivers in your markets.

With the right partner, a marketplace approach to fleet management will help ensure you're neither paying for excess vehicle capacity nor scrambling for a last-minute, costly solution during peak demand periods.

friendly, professional drivers

To this point, much of the discussion has focused on the speed and transparency of your last mile delivery service, regardless of the sales channel. However, consumers don't only expect fast, reliable service. They also expect deliveries that match their perception of your brand. That can include the way an item is packaged, and it can also include the way it's delivered to their door or room of choice.

So, when you're designing your delivery experience around your customer, take into account the last person who interacts with them: the driver. They are an extension of your brand, so it's critical to ensure they're properly trained, presentable, knowledgeable, and equipped with the tools they need to deliver on time and with a smile. Regardless of the delivery model you choose, consider entrusting this last touchpoint only to drivers who are measured directly on the customer experience they deliver.

 **When you're designing your delivery experience around your customer, take into account the last person who interacts with them: the driver...** 

the bottom line

When it comes to your last mile delivery experience, bridging the gap between expectations and reality starts with redesigning the experience around your customer. This can include your distribution and fulfillment networks, and it also includes your technology, assets, and delivery personnel. Keeping customer needs top of mind when you're rethinking delivery doesn't have to displace other objectives, such as efficiency, sustainability, and digital transformation; rather, it can be the catalyst that helps you find creative new ways to achieve all these goals.



endnotes

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ABOUT US

deliver better

—that’s the gofor promise. gofor delivers any package, small to big and bulky, locally within three hours. The Ottawa, Ontario, Canada-based company helps North American businesses of all sizes get their products into the hands of customers faster and works with some of the biggest names in the retail, construction, and supply chain industries. Small companies can use gofor’s outsourced truck fleets and web-based scheduling solutions. Large businesses can supplement and scale their existing fleets, and link to gofor’s logistics system. The result is efficient, cost-effective delivery servicing today’s “I want it now” online customer.

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