

go/for



# the future of last mile delivery

what construction materials delivery  
looks like in 2020 and beyond

deliver  better



# contents

introduction	<b>1</b>
key findings	<b>3</b>
the amazon asteroid	<b>4</b>
construction industry realities	<b>5</b>
preparing for two hour delivery	<b>6</b>
the bottom line	<b>8</b>
gofor delivers construction	<b>9</b>

# introduction

Thanks to eCommerce giants like Amazon, we're all familiar with same-day shipping. In fact, it's quickly becoming an expected part of the shopping experience.

While this shift has primarily affected B2C retailers, it's having ripple effects across every industry — even construction.

Contractors are already realizing the benefits of on-demand materials delivery, including reduced carrying costs and increased productivity.

Building suppliers like Home Depot, Emco, PPG and Sherwin Williams have taken note. Many have rolled out same-day and two hour delivery options in the past few years.

To stay competitive, suppliers need to reevaluate their delivery offerings.

In this ebook we'll look at the trends influencing last mile construction materials delivery and what suppliers can do to stay competitive in 2020 and beyond.



# key findings



One third of truck miles are driven empty.<sup>2</sup>

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Amazon became the #4 industrial and construction supplier in North America in 2019. They weren't even in the top 40 in 2018.<sup>1</sup>

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Last mile costs account for 53 percent of total transportation costs.<sup>3</sup>

**/// When we have a full drone fleet you'll be able to order anything and get it in 30 minutes if you live near a hub that's serviced by drones. ///**

– Jeff Wilke  
Amazon CEO of Worldwide Consumer



# the **Amazon** asteroid

Consumer expectations are shifting.

10 years ago it would have been hard to imagine ordering something online and having it delivered within a few hours. But that's exactly where last mile delivery is headed – and leading the way is Amazon.

CNN Business reported that Amazon is spending an extra \$1.5 billion to transition to one-day shipping this year.<sup>4</sup> And they're investing heavily in technology that will allow them to deliver parcels in 30 minutes.

Drone delivery fleets may seem like some distant sci-fi version of the future. But it's not just Amazon investing in the technology. Alphabet, FedEx and UPS are all heavily researching drone delivery. And while drones may be contained to the consumer market future for now, the rising expectations for same day delivery are having ripple effects in construction.

Contractors expect materials to be delivered quickly – and building materials suppliers are taking note. Major merchants like Home Depot, Emco, PPG and Sherwin-Williams have all rolled out 2 hour delivery in the past few years.

As if this wasn't enough competition for suppliers – Amazon is also moving into construction. They currently hold the #4 spot on MDM's list of top industrial and construction products distributors in North America. For context, they didn't even make the Top 40 last year.<sup>5</sup>

To compete against Amazon and other major merchants, suppliers need to offer the delivery options that customers want. And that means on-demand, within a few hours.

# construction industry realities

Why on-demand wins for materials delivery.

As we've discussed already, expectations for delivery are rising. But too often merchants view 2 hour delivery as a cost centre – or even unnecessary. They assume getting supplies out the next day is good enough.

But unlike the consumer market, where waiting an extra day isn't usually table stakes – delays of even a few hours can have costly implications for contractors.

When materials are delayed, tradespeople need to wait to complete work, leading to lower productivity and expensive delays.

In fact, one study found that building costs were 9% higher when contractors didn't use just-in-time materials delivery.<sup>6</sup>

This is why next day delivery doesn't cut it.

If a contractor needs materials at their site in the next few hours, they're not going to wait for you. They're going to hang up and call the next supplier who can meet their needs.

## case study

**how faster delivery helped yarmand  
increase sales during peak season**







# preparing for two hour delivery

By now you should hopefully see that on-demand delivery can help you stay competitive and earn back revenue from competitors.

The question now is... how are you going to fulfill those deliveries?

Many merchants have a fleet of delivery trucks already, but these fleets aren't prepared for 2 hour delivery. As a result, store employees often have to complete last minute deliveries — and this is expensive for suppliers. Not only are you paying hourly wages and mileage charges for employees to complete deliveries, you're also paying for productivity losses.

A better solution is to outsource some (or all) of your last minute deliveries to a on-demand partner. Let's look at two common situations where outsourcing can help.

## merchants **with** existing fleets

To handle 2 hour delivery with your fleet, you need to have capacity on hand at all times in case an order comes through. You'll have to pay for trucks and drivers to sit on your lot "just in case." This often means your fleet utilization goes down – and your OPEX costs skyrocket.

A better option is to augment your existing fleet with an on-demand delivery partner. Your delivery partner can handle last minute deliveries on-demand – so you just pay for the service when it's needed.

You can also use your on-demand partner for emergencies or peaks in service. For example if your regular driver is sick and you need to complete a delivery, you could schedule it with an on-demand partner. This can also help reduce your CAPEX and OPEX costs by eliminating the need for additional trucks and drivers.

## merchants **without** existing fleets

If you currently rely on couriers to fulfill your deliveries, you can run into cost issues when ramping up for 2 hour delivery services.

Typically couriers charge by size, weight, or item quantity – which can add up fast when you're delivering construction material supplies. Delivery can turn into an uncontrolled cost centre that's hard to forecast.

Instead of using couriers (or trying to build out a fleet) a better option is to use a on-demand logistics partner. These services typically charge a set price per vehicle size making it easier to forecast delivery costs. Plus specialty services (like GoFor) are meant for the construction industry – so drivers are familiar with job sites, wear proper PPE, and are trained on delivering dangerous goods.

# the bottom line

The future of last mile delivery is on-demand. And it's already here.

With giants like Amazon entering the construction space and large merchants offering 2 hour delivery you need to start looking at your delivery offering now to stay competitive.

Regardless of if you have a fleet, outsourcing last minute deliveries can make it cost-effective to offer 2 hour deliveries. Look for services that are specialized for the construction industry, require drivers to wear PPE, and have the right vehicles for your needs.

With the right delivery partner you can easily offer 2 hour delivery – and start winning business back from your competition.conclusion.



# gofor delivers construction

GoFor is a last-mile logistics service, providing on-demand delivery of building materials or equipment for the home improvement and construction industries. GoFor's flexible delivery platform allows businesses to supplement their busy fleets or act as a complete out-sourced logistics partner for fast, affordable and reliable construction deliveries.

## **sources**

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ABOUT US

# deliver better

gofor delivers small to big and bulky, locally within three hours. Our Express, Same-Day or Scheduled on-demand service helps North American businesses of all sizes get their products into the hands of customers fast. Get it Delivered Now.

Speak with a logistics expert:

**Call us at 855-291-4487**

Helping Brands Deliver From Store to Door.



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