eBook

Making In-Home Delivery Operations **More Consumer-Driven**

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Why You Must Empower Buyers to Manage Their Own Delivery Experience

The power has shifted when it comes to in-home delivery of furniture, appliances and other large items. The consumer that used to ask, *"When can you deliver my couch?"* is now asking *"Can you deliver my couch next Tuesday at 4 pm?"*

Today, busy people want the freedom to choose delivery methods and the times that work best for them, as well as be able to change appointments on their own as their schedules dictate. The ability to give them that freedom now influences the buying decision in a big way.

A recent **Accenture study** found that two- thirds of consumers have based purchase decisions on delivery options, often abandoning shopping carts if options weren't sufficient.

Businesses are paying attention to this trend, and initiatives to transform the pre- and post-sale experience have become boardroom-driven priorities.

And guess what? Your delivery operation sits squarely in the cross-hairs of this growing corporate focus on customer experience. That's not a very familiar place for trucking operations that have historically been viewed strictly as a cost center. For businesses with internal or outsourced last-mile delivery fleets, it's no longer just about getting the most efficient use of trucks and drivers; it's about creating a ***consumer-driven*** delivery operation. One where buyers choose their delivery slots and manage their own delivery experience.

Using the right technology can get you there. In this guide, we'll examine how.

Ushering in the Era of Consumer-Driven Home Delivery

More consumers are buying large items like furniture and appliances online. Despite the fact that delivering these items is much more complex than fulfilling an order of coffee pods, consumers have been conditioned to expect home delivery of any kind to be fast and easy.

In its **Opening New Doors for Home Delivery research report**, Alix Partners presents a home delivery maturity model that breaks down home delivery trends into three waves, as shown in the accompanying chart.

To prepare for the coming third wave, your business must re-shape delivery operations to provide consumers with more choice and convenience—while at the same time minimizing fleet operations costs.

These dual objectives are impossible to achieve without a home delivery system that lets you offer transport-efficient delivery times and cost options to consumers while they're buying.

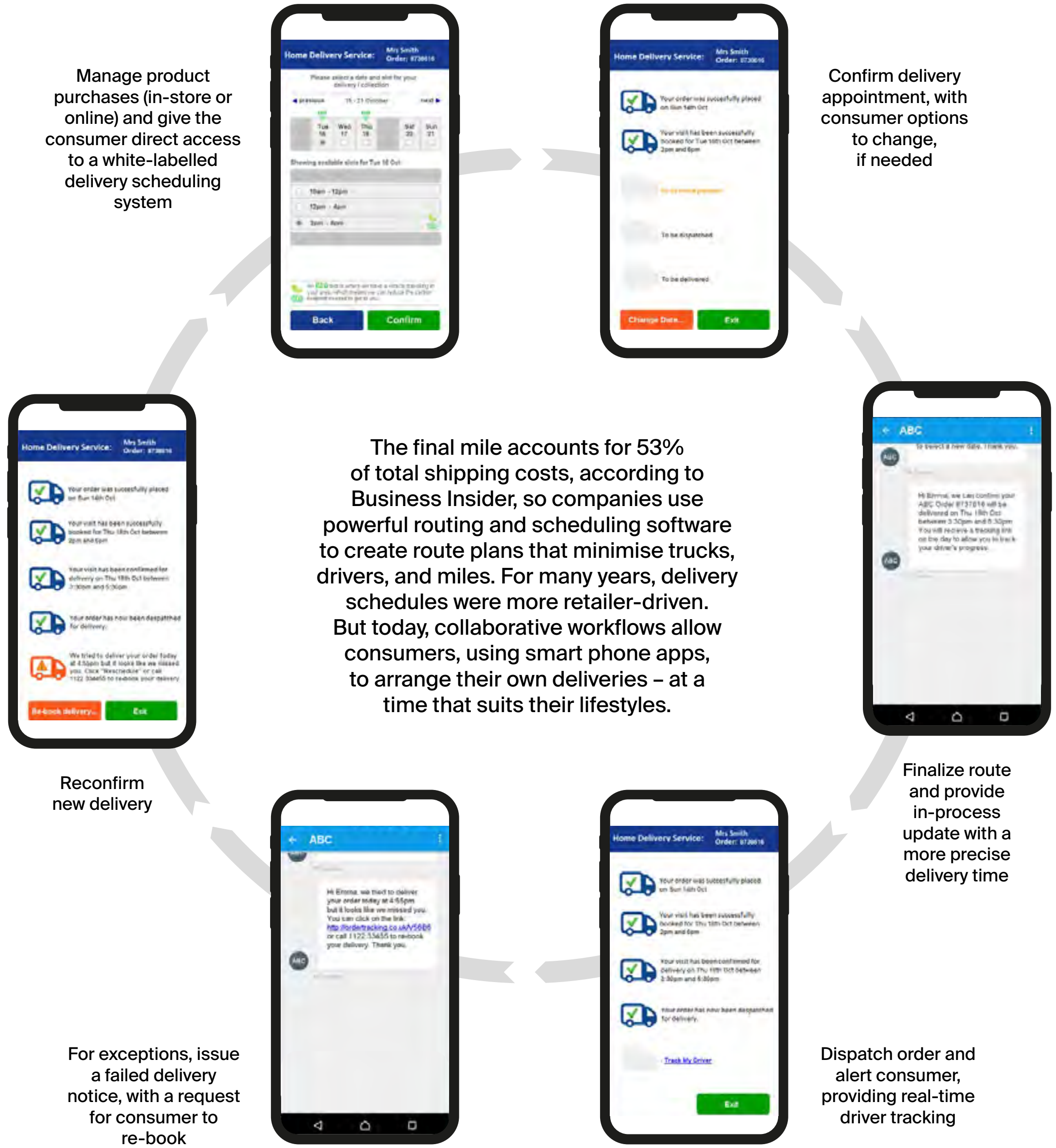
Such systems enable a more consumer-driven home delivery solution. They give retailers and home delivery carriers the best of both worlds: front-end systems that allow consumers to choose delivery times and manage the delivery process throughout, plus back-end routing engines that minimize the use of trucks and drivers.

You're letting consumers choose, without losing operational control.

	WAVE 1 1990s through late 2000s	WAVE 2 Late 2000s to present	WAVE 3 Future
Consumer desire	"Give me variety and make my transactions secure."	"Send my items fast and free."	"Give me convenience, control and service in my home."
Product categories	Discretionary, small, low-value	Everyday-use items, consumer staples	Large, bulky, high-value, perishable items
Consumer concern	Transaction integrity	Delivery speed	Delivery convenience
Consumer driver	Need for variety	Low cost	Value-added services

Source: Alix Partners

What Does Consumer-Driven Home Delivery Look Like?



The final mile accounts for 53% of total shipping costs, according to Business Insider, so companies use powerful routing and scheduling software to create route plans that minimise trucks, drivers, and miles. For many years, delivery schedules were more retailer-driven. But today, collaborative workflows allow consumers, using smart phone apps, to arrange their own deliveries – at a time that suits their lifestyles.

The 7 Cs

The best home delivery solutions strike a balance between a superior customer experience and cost-efficient delivery.

When thinking about the processes and systems you need, it’s useful to consider how they will allow you to deliver the essential ***“7 Cs”*** of consumer-driven home delivery.

The remainder of this guide will examine each of the 7 Cs from the perspective of both the consumer and the fleet operator.

1 Choice

Enabling customers to choose how, where and when they receive their delivery.

2 Certainty

Making sure that the customer's choice and your promise to the customer is achievable.

3 Control

Putting the customer in control and enabling the customer to make changes to delivery requirements throughout the order lifecycle.

4 Communication

Keeping the customer informed of progress throughout the order lifecycle and managing the customer's expectation (from order to delivery).

5 Convenience

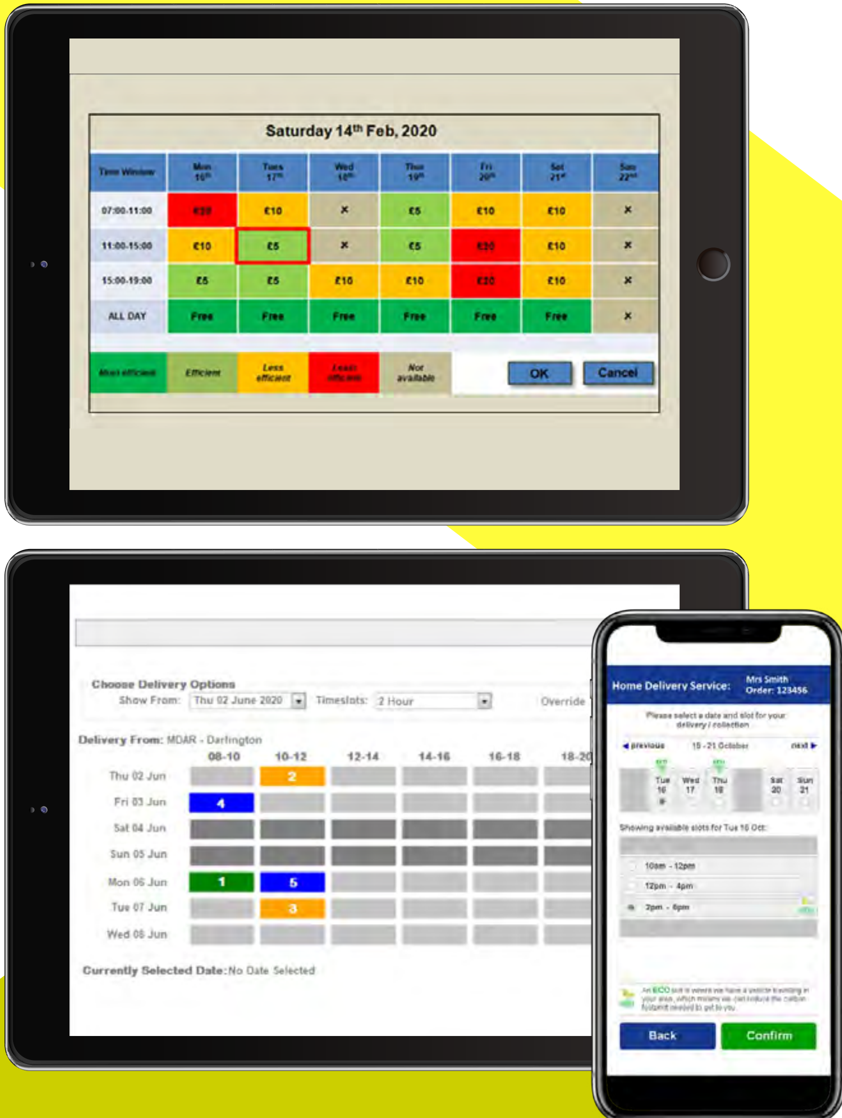
Customers appreciate delivery options that match their lifestyles, as well as 24/7 self-service that eliminates reliance on call centres.

6 Confidence

Better reliability and first-time delivery success builds confidence in your service and your brand.

7 Cost

Provide all these customer advantages at a cost that makes sense for your business.



Choice

A consumer-driven home delivery system begins with choice.

First, consumers should see the same delivery options, whether shopping in-store or online. They can choose their preferred delivery method—home delivery or click-and-collect—and then pick the date and time of delivery.

Digital-savvy consumers are increasingly basing purchase decisions on delivery options, so flexibility here equates to more revenue.

But your brand can't afford to overspend on delivery to gain market share. More revenue must equate to more profit.

For fleet operators (brands or their carrier partners), this is accomplished through controlled choice.

A robust route optimization engine should continually update with each and every new order, offering consumers only delivery slots that are feasible. From there, the system can score these slots based on how cost-effective or CO2-friendly they are.

Delivery windows can be priced differently in order to guide buyers toward the most cost-efficient slots, such as a time when a delivery is already planned for the same zip code.

The process promotes choice, which shoppers love. But it's controlled choice because, as an operator, you're directing consumers to the delivery slots that work best for you.

The other benefit of allowing shoppers to choose delivery times is fewer failed deliveries.

For a large seller of outdoor furniture, first-time delivery success went from 95.9% to 98.4% after the company enabled customer management of deliveries. For an operation making 100,000 deliveries per year, this same increase would prevent nearly 50 failed deliveries per week.

Certainty

People book appointments all the time — with hair salons, dentists, auto repair shops — and these service providers check their calendars and confirm appointments immediately.

Scheduling home delivery appointments is a lot more complicated, yet today's consumer wants the same immediate response—and the same level of certainty that the delivery promise will be kept.

That certainty creates freedom for the consumer, who can now schedule errands around an agreed delivery window.

For fleet operators, providing that certainty is only possible with sophisticated route optimization systems.

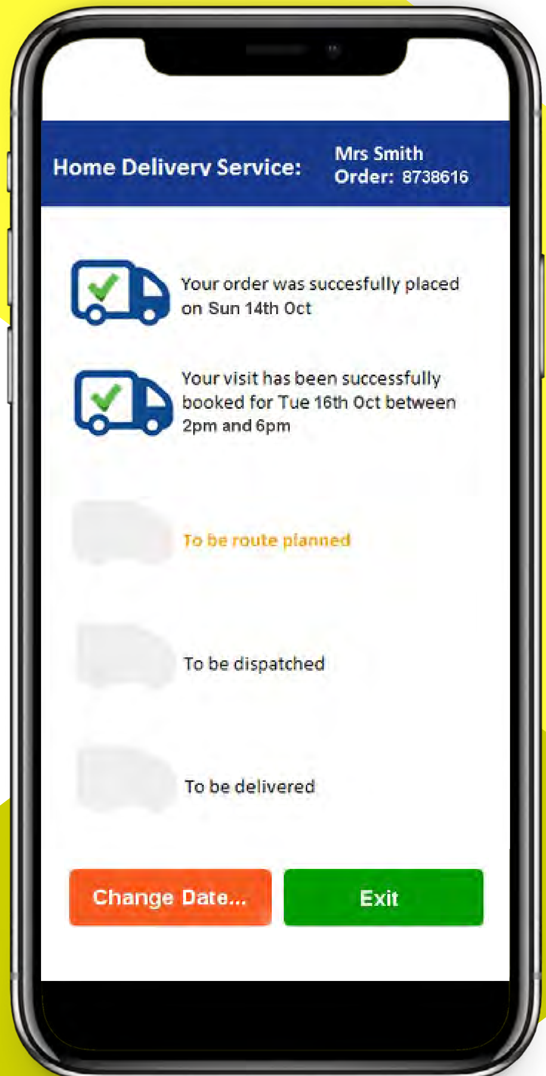
These systems are powered by algorithms that parse through reams of data in under a second to identify only accurate, achievable delivery slots. They don't batch orders and then create a plan. They continuously optimize routes as orders are taken, looking at already-scheduled routes and a range of factors that determine feasible time windows.

The degree of certainty can narrow as the delivery date nears. You can start out with an afternoon delivery and then update it to a two-hour window a day before, with even more precise day-of-delivery tracking and communication. Without a robust routing engine processing orders in real time, such precision is impossible.

The chart below highlights sample factors that route planning software must consider to create accurate plans.

Sample Factors Analyzed to
Develop Accurate ETAs

- Customer ETA requirements
- Average road speeds
- Road restrictions
- Product weight and dimensions
- Truck size and capacity
- Truck availability
- Drops on route
- Unloading time per drop
- Driver availability and skill set



Control

Consumers would like more control over the delivery process. They prefer to buy from brands nimble enough to respond quickly to changes in their schedules. If your systems currently enable this level of control, that's a differentiating advantage—for now. But soon it will be a standard feature for two-man, in-home deliveries.

Once you enable your software's self- service module, it becomes your 24/7 virtual customer service center, giving consumers what they want—more control—whenever they want it.

Fleet operators that empower consumers to manage their own delivery experiences still maintain ultimate control of the schedule.

Consumers can make changes, yes, but only from a select set of delivery time windows that maintain route efficiency. By enabling consumer self-service—making changes online, tracking status on a web portal—you increase first-time delivery success. You also reduce the cost of inbound and outbound call center operations.

Operational control extends to the home's doorstep and even through returns management. A specialized app installed on driver phones let you, and the consumer, track driver progress on the day of delivery. You can use the app to create different workflows that spell out step-by-step driver requirements, differentiated by product.

These can include things like taking a photo of the installed item, removing packaging from the home, or executing a no-contact delivery with an electronic signature.

Consumers are buying more large-ticket items online. They want more control over the delivery process for these items. Advanced home delivery software allows fleet operators to offer consumers convenient self-service, while maintaining tight control themselves over operational costs.

Communication

In-home deliveries can be, at the same time, convenient for consumers (they avoid hauling the item themselves) and inconvenient (they are tied to the home until the delivery is complete). But brands can largely eliminate the inconvenience by providing a single, end-to-end view of the delivery process.

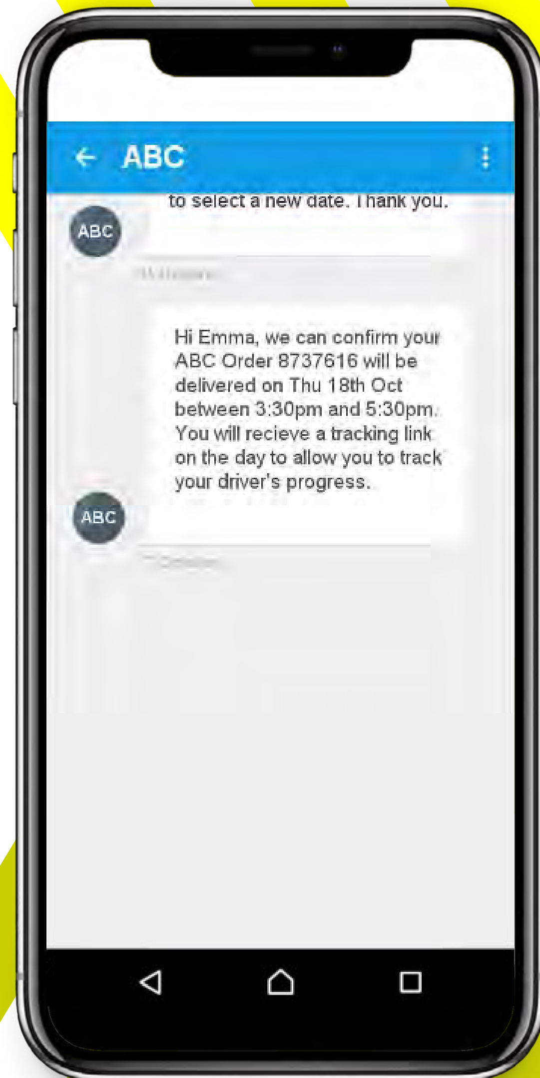
FedEx shaped our expectations for delivery tracking back in the late 1970s when it introduced the tracking number. Today's tech-savvy consumer expects much more, including proactive alerts on shipment progress via text or email. This keeps

them informed and ensures there are no unpleasant surprises, right up to the time of delivery. In fact, day-of-delivery updates from the driver can alert consumers to the exact delivery window—***"On our way. See you in 30 minutes."*** Consumers can also track the driver's en-route location on an interactive map using an Uber-like smartphone app.

For fleet operators, providing end-to-end visibility is only possible if your home delivery system is integrated with your other supply chain systems.

For instance, a delay at the distribution center can trigger an early notice to the consumer of a schedule change, thereby increasing the chance of first-time delivery success. Interestingly, **Digital Commerce 360** learned retailers that proactively identified and communicated with customers to solve a problem actually got higher Net Promoter Scores than retailers that had no delivery issues.

Occasionally, changes may be needed after a route is planned, requiring interaction with customer service. Your home delivery system should track every customer interaction that occurs during an order's lifecycle so all this information is accessible via a single interface. This lets customer service quickly resolve inquiries and issues. A better customer experience means more repeat buyers.



Convenience

When it comes to in-home delivery, don't underestimate the value of convenience to the consumer's purchase decision.

A MetaPack survey of global consumers on ecommerce delivery found that 66% had bought goods from one retailer over another because of more appealing delivery options, and 49% said they'd pay extra for a more convenient delivery option. The National Retail Federation, in its **2020 survey on the role of convenience in shopping decisions**, found that over 90% of consumers are more likely to choose a retailer based on convenience.

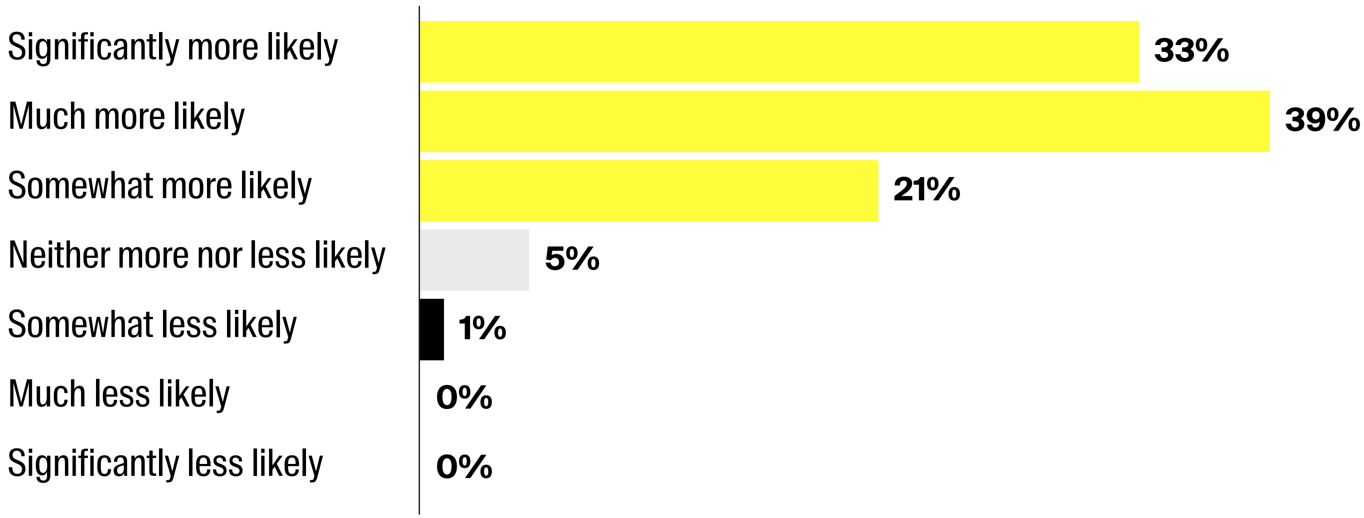
Most consumers regard themselves as time poor. As their lives become busier and more pressured, they've become more protective of that time. An in-home delivery that is difficult to manage and creates an unknown time commitment is unacceptable to today's buyers. They prefer brands that adapt to their schedules, not the other way around.

Fleet operators can meet this challenge with convenient features like:

- Choice of delivery times
- 24/7 self-service, with an ability to change delivery times
- Real-time tracking of delivery progress, from DC to doorstep
- Fast, hassle-free returns processing
- An interactive web portal
- Easy-to-use mobile apps to manage the delivery process

For in-home delivery, consumer convenience has historically taken a back seat to the delivery fleet's schedule. Going forward, consumer convenience will shape these delivery schedules. Systems now exist to help you do this profitably.

Over 9 in 10 consumers are more likely to choose a retailer based on convenience. A third are significantly more likey.



Source: National Retail Federation

Confidence

Confidence in the delivery process is the end result of many of the factors already reviewed.

It comes when the consumer is empowered to choose delivery times and manage the process themselves.

It is enhanced when items arrive on-time, as promised.

It is cemented when the whole delivery experience is easy and frictionless.

A positive delivery experience leads <u>61% of consumers to buy again from the same retailer</u>.

Fleet operators also gain confidence from advanced home delivery systems.

The delivery team itself, with access to a robust routing engine, can plan routes with a level of precision and confidence not possible in a more manual route planning environment. And brands can begin to confidently and aggressively promote delivery options to differentiate the brand and improve conversion at checkout.

End-to-end management of the booking and delivery experience requires integration of processes and systems across different business functions. This integration enables a synchronized approach across all departments and outside partners—and, ultimately, enhanced confidence in the process.

Cost

Consumers have been conditioned to expect more from a delivery service, as noted in each of the essential 7 Cs we have reviewed. But margin-challenged retailers can't afford to add costs in order to offer more delivery precision, more choice, and more convenience.

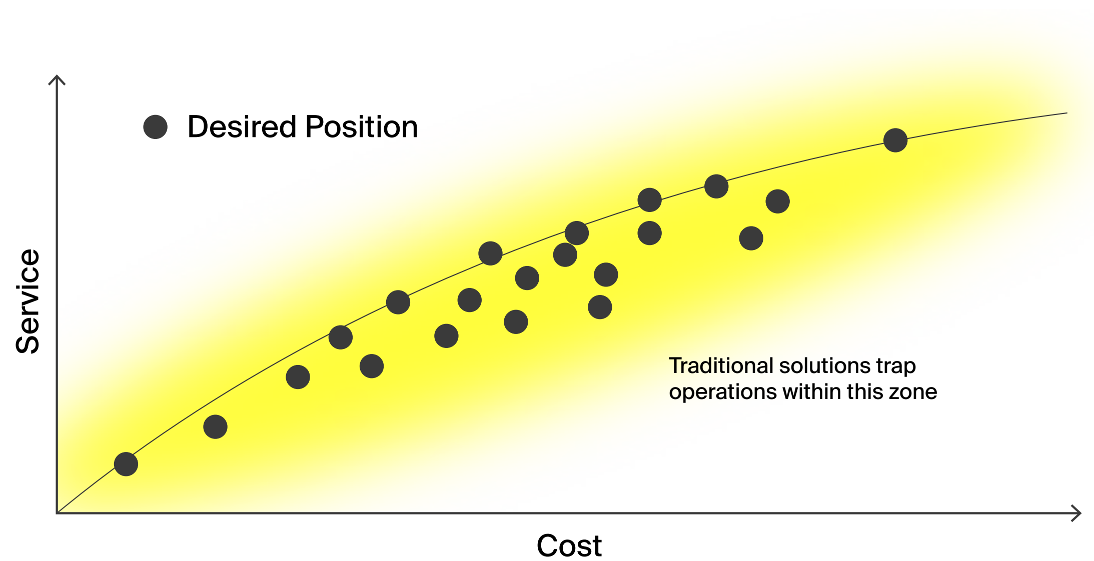
And so we reach our 7th and final C, cost (or more specifically cost control), which is essential to making consumer-driven home delivery a practical business strategy.

For in-home deliveries, the challenge for retail brands is how to offer platinum-level customer service and convenience while actually decreasing delivery costs. You simply can't get there without leaning heavily on advanced route optimization software.

Those that try inevitably get caught in the low-margin red zone, as shown in the diagram below.

But breaking from this historic cost-to-service ratio is the only way to win in the new era of consumer-driven home delivery. You've got to improve service, while lowering your costs.

Check out the cost-cutting checklist on the next page to see how advanced home delivery systems can turn your delivery operation from a cost center to a profit driver.



Cost Savings Linked to Home Delivery Management Software

- By continuously optimizing routes and offering up only the most efficient delivery options, you can make more deliveries with fewer trucks. One major furniture retailer saw a 20% increase in drops per vehicle, significantly reducing its miles, fuel costs and required trucks and drivers.
- By allowing customers to choose delivery slots, you decrease the onerous cost of failed deliveries. One garden supply company reduced failed deliveries by 33%.
- By allowing consumers to manage their own deliveries, you decrease customer service resources and improve the customer experience in the process.
- By automating the route planning process, you reduce planning time. One service company eliminated a full-time planning resource after implementing routing software, creating an immediate ROI.
- By enabling premium-priced delivery options, you enhance profit margins on buyers willing to pay for expedited service.
- By providing multiple delivery options at checkout, you increase your sales conversion percentage.
- By integrating home delivery systems with your web store, under your branding, you avoid six-figure investments in systems and support.

Implementation Options

Comprehensive software packages for home delivery can include multiple modules with different functionality sets. And to be effective, the software may need to integrate with a retailer's web storefront, ERP, CRM, warehouse management, proof-of-delivery and other bolt-on systems.

In other words, implementation can be complex and time-consuming. But it doesn't have to be. The path can be evolutionary.

As the diagram shows, accessing the functionality needed for consumer-driven home delivery is typically not an all-or- nothing bet. Software providers can offer a modular approach that allows you to build the capability gradually. In doing so, you can address critical gaps in your current solution, such as route optimization, consumer self-service or management of the on-site delivery process. This avoids major disruptions, but allows you to instantly make your business more competitive.

If you decide on the building-block approach, it's wise to choose software that can scale, starting small and building toward a single, end-to-end solution. And remember, you're not just buying software; you're buying expertise. Clever algorithms aside, you want a software provider that can sit down with you and map out current and future processes to create a blueprint for change.

It's the business that drives the software, not the other way around.

End to End Order Fulfillment
Integration with: Web Storefront, ERP, CRM & WMS

- Fulfillment Channel Selection
- Scheduling & Route Optimization
- Capacity Management
- Order Management
- Workflow Management
- Customer Contact Management
- Consignment Tracking
- Job Execution
- Returns Management

Home Delivery Operations Are the New Battleground for Competitive Advantage

Consumer purchase criteria now extend beyond product and price. For large-ticket items especially, shoppers look for great after-sale support, a liberal returns policy and, most important of all, an ability to choose delivery slots and manage the delivery process themselves.

If you are not ready for this new era of consumer-driven, in-home delivery, your business will either:

- Lose customers to competitors that offer a superior after-sale experience
- Cannibalize margins as you try to meet enhanced service demands using systems ill-equipped for the job

Advanced home delivery software allows you to flip the script on the historical service-to- cost ratio by driving up service levels and customer confidence, while at the same time reducing the cost of delivery operations and customer service.

It's time to stop thinking of your delivery operations as that invisible, back-end function that completes a sales process, and start thinking of it as the very thing that triggers the sale.

The tail is now wagging the dog and home delivery operations have become the new battleground for competitive advantage.

Is your business ready?

Are you Ready to **Learn More?**

Interested to see how Aptean Home Delivery can help improve your transportation operation?

Contact us at **info@aptean.com** or visit **www.aptean.com**.

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