

# Delivery



# Fast versus free: a familiar conundrum

If you can't be fast and you don't want to be free, now's the time you need to start being flexible, argues **Sean Fleming**

LAST MILE CONSIDERATIONS may have been treated a little like the Cinderella of retail over the last decade or so but change is now in the air. No longer regarded as the grimy, unglamorous-but-necessary job, delivery has become the belle of the ball, with retailers, customers and investors all increasingly paying it close attention.

Giving something away for nothing to attract attention, or acquire customers, is a tried-and-tested retail tactic. It's the loss-leader, the two-for-one, the BOGOF – the list goes on and on. So it was with delivery in the earliest days of ecommerce 15 or 20 years ago, when free delivery was common even among online businesses serving the B2B sector.

But free delivery isn't a sustainable model. As a market matures, it tends to become saturated and commoditised, making it harder to recoup margin sacrificed to things like free delivery offers. That scenario became further complicated when shoppers' delivery demands started to become considerably more... well... more demanding.

The first major improvements were all about speed. From delivery within 30 days to delivery within a week, then three-to-five days, then next-day. The next wave of improvement was all about convenience – nominated-day, or diversion to a click-and-collect point, or even a locker, to avoid failed deliveries. The future, we were told, was shoppers paying a premium for convenience, which would lead to the death of free delivery.

## Quickly or cheaply? By post or by air?

But it never pays to generalise. There's more than the obvious difference between a grocery order and one for a pair of jeans. It's rare that a £40 pair of jeans from somewhere like Gap, for example, will be required urgently. Whereas food, or flowers, or any other perishable or delicate item for that matter,

are far more likely to attract a paid-for, allocated delivery slot. That mix of delivery demands is more likely to show us the future of the last mile. It's a world where the shopper will demand, or put up with, different levels of delivery service, along with differing associated costs, depending on what they've bought and why they've bought it.

That will feed directly into a number of key investment decisions, including the ones that drag us into the blind alley that is the role of AI, automation, and (say it in hushed tones) drones.

Investing in AI-led delivery is going to be an expensive and long-term undertaking. It is one that is unlikely to figure highly in developing countries, where labour costs are still relatively low. In more mature markets, like the US and Europe, labour makes up a significant proportion of the total cost of the last mile, so it would make more sense. However, against a backdrop of customer attitudes that say "I'm happy to wait three-to-five days for the jeans I bought, as long as the delivery is free", the economic consensus weakens where investing in AI and automation is concerned. It's not a straightforward automate-to-save scenario that you might find in other industries.

According to a report from McKinsey & Co published in 2016 (*The Future of the Last Mile*), around 70% of consumers will still pick the cheapest delivery option they are presented with, whereas almost 25% will pay a premium for same-day or immediate delivery.

You could conclude from those numbers that investing anything in your fulfilment operations is a fool's errand. But the sector of the population willing to pay more for the fastest delivery options is driven by younger shoppers, around one-in-three of whom make up those happy to pay extra. Maybe that will be the future – a dwindling number of ageing



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## Ten issues to consider

### 1 AUTONOMOUS VEHICLES:

Expect to see semi- rather than fully autonomous vehicles become increasingly common. Just don't expect the public to be thrilled by driverless vans.

### 2 REGULATION, REGULATION, REGULATION:

Whether it's a quadcopter or a wheeled-droid, don't expect to see either soon unless local authorities change their attitudes and by-laws.

### 3 AI PICKING:

The increased use of robots in the warehouse is already a realistic prospect, where they are cheaper and more resilient than their human counterparts.

### 4 MONETISING EMPTY SPACE:

Collaboration between those with spare space and those needing storage will become increasingly common.

### 5 UBERIFICATION OF DELIVERY:

Increased legal interest in the employment status of delivery drivers and taxi drivers will make the so-called 'uberfication' of delivery far less likely.

### 6 COLLECTION POINTS:

There have been mixed fortunes in the collection point sector but for shoppers who are never at home, these will remain an important ecommerce lifeline.

### 7 SAME-DAY, DIFFERENT PROBLEM:

Since it's a luxury for both retailer and shopper, not everyone will have the stomach or the infrastructure to start offering same-day across the board.

### 8 RETURN OF THE BIKE:

Bicycle couriers are fast and relatively cheap, so unless the cost of delivery drones drops significantly, pedal power is likely to make a resurgence.

### 9 NO LOVE FOR LOCKERS:

Despite the 24/7 nature of collection from a locker, and several providers' attempts to make a go of them, lockers are still not favoured by shoppers.

### 10 BREXIT, WHAT BREXIT?

Cross-border ecommerce is more popular than ever. Shoppers are unlikely to lose their appetite for it, no matter how Brexit is finally resolved.

cheapskates being supplanted by impatient youths happy to throw money at problems. Maybe.

Published earlier this year, the InternetRetailing Top500 looked at the most common delivery options currently on offer. Next-day came top of the pile, offered by 65% of retailers. The next most common were Saturday delivery, offered by 35%, nominated-day delivery (19%) and Sunday delivery (13%). The average time taken to deliver was 4.6 days and the average number of delivery options as 2.5, across the Top500.

InternetRetailing found that same-day delivery (6%) and nominated-time delivery (8%) were far less widely available. The step-up to same-day is about more than simply working faster. Beginning each day with an empty fleet, waiting for orders to come in will be an uncomfortable prospect for many in the fulfilment sector. It calls for substantial investments and a whole new business model.

Knowing which bets will pay off is never easy and investing in the future is hard when the past is a story of rapid change. But standing still is not an option. Customers are becoming increasingly demanding. Those retailers who can't keep up will fall further and further behind.

## In summary

Being able to cope with different customer demands and expectations, dictated by the nature of the purchased item and remaining flexible enough to flit from slower-and-cheaper to fast-and-premium, will become increasingly important. Couple that with collaboration and partnerships, whereby retailer-agnostic delivery helps everyone from across the delivery value chain, and there is real potential for sustainable growth across the last mile.



The delivery experience company. Find out more at [sorted.com](https://sorted.com)





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## Hello. We are Sorted.

We harness the power of tech to transform the world of deliveries from a complex battle of logistics into a simple, seamless - and even uplifting - experience. **Ready?**



### Powering checkout personalisation

The clever plugin that lets retailers offer customers targeted delivery options – helping to increase conversion and reduce basket abandonment.



### The delivery management platform

The software that supports global ecommerce businesses, allowing management of everything from labelling, global dispatching and advanced analytics.



### Smart APIs for the smartphone

Simple, intuitive, innovative; the game-changing app will allow consumers to aggregate deliveries and returns from multiple retailers into one place.

Want to hear more? Contact us at [Sorted.com](https://www.sorted.com) to book a demo.

# The purchase, the picking and the parcel

How does a retailer manage, own and innovate the delivery experience?

DELIVERY IS SOMETIMES the forgotten part of the purchase journey, yet it's often the customer's only crossover between the digital and physical brand experience.

Our research found that failed online deliveries which don't arrive on time cost retailers an average of £2.29m every month in returned goods. Loyal customers drain away too, although why wouldn't frustrated shoppers ditch those offering a poor delivery experience?

In order to provide the simple, seamless delivery experience that connected customers have come to expect and demand, there are three main touchpoints you need to get right.

## The purchase

Checkout is the moment when an individual decides whether or not to become a customer. It's the retailer's final opportunity to convince the consumer that they can meet and exceed expectation, particularly when it comes to the delivery proposition.

As a business, you want to keep conversion rate and customer loyalty up, with acquisition costs and basket abandonment down. For their part, customers want convenience, flexibility and the ability to control how and when they want their delivery, rather than having it prescribed to them.

## The picking

When your ecommerce team is flying, with peak season strains on business operations too, your warehouse is busier than ever. This is great – but only so long as picking, packing and shipping can effortlessly keep up. Overall Warehouse Rate doesn't have to suffer under demand.

Often, customer proposition is constrained by operational functionality, which in turn is set by software capability. Flip that around. Your customer proposition should be

governing how your operations work, which should be supported by flexible systems. Fewer touches, automated dispatching and low-maintenance label printing will all help improve efficiency.

## The parcel

From real-time updates to inflight changes, customers want to control every element of the final mile. If a customer can reschedule, re-route, delay or accelerate a delivery even after it has been dispatched, it's more likely to succeed first time. When that happens, the customer is more likely to love you.

## The solution

For the purchase, SortedHERO is the clever checkout plug-in that offers the most convenient and efficient delivery choices to personalise delivery for the customer. Integration with SortedHERO

means your customers can choose from the perfect local delivery location or the perfect day and time slot for their delivery.

When it comes to the shipping, nothing is simpler than SortedPRO. It's the delivery management platform that is the single touchpoint for all carrier and warehouse operations.

In terms of the all-important parcel, SortedApp aggregates delivery and returns management for the customer, powered by smart APIs that can be embedded into retailer platforms.

Integration with Sorted gives you access to top carriers and services, instantly allowing you to pick the best choice of delivery service. All the Sorted solutions are infinitely scalable and peak proven. Head over to our website to find out more about how we're closing the delivery experience gap.



## About Sorted

Sorted creates game-changing software that sits in online checkouts, warehouses, retailer supply chains and on the smartphone. The company is based in Manchester with a headcount that has doubled in 2017, and has an impressive and growing client list, including Missguided and Lush.

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We help you get your products to your customers on time and in perfect condition, creating an excellent customer experience with packaging solutions that also deliver the 'wow' factor. Our experts work with you to understand your requirements and develop a solution that is right for your business. Solutions cover a wide range of lead brands and the latest innovations in corrugate boxes, tape, cushioning and void-fill, mailing bags, papers, strapping, stretch films and packaging machinery. Whatever your packaging requirement, Antalis will find the best solution to your current and future needs.

**Customers:**

Amazon  
ARCO  
ASDA  
The Book People  
Schuh  
TTS

**Partners:**

Sealed Air  
FP International  
Ranpak  
Lantech  
Brother  
3M  
Emba Protec

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CML has more than 25 years of experience with global fashion retailers, providing exceptional fulfilment capabilities for ecommerce, value added services (VAS), store pick, pack and despatch. We offer a genuine end-to-end logistics service that is supported by 500,000 sq ft of flexible retail warehousing and a complete returns process management solution.

**Customers:**

Bjorn Borg  
Head  
Marcus Lupfer  
M&S  
Meller Group  
Mih Jeans  
Office Depot  
Theory

**Partners:**

Highjump WMS

**CRAFTY CLICKS LTD**

**clicktoaddress**

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Crafty Clicks is a specialist provider of address capture and validation solutions. Our ClickToAddress technology helps streamline checkouts and registration pages and ensures accuracy of captured customer data.

- Reduced checkout friction – auto-complete function on the address forms makes checkout and registration forms user friendly and quick to fill out.
- Better address data quality – addresses are validated at the point of capture, improving delivery success rates and ensuring complete customer satisfaction.

**Customers:**

B&Q  
Clintons  
Deichmann  
Moonpig  
PrettyLittleThing  
Ryman Stationery  
Robert Dyas  
Virgin Trains

**Partners:**

Amazon AWS  
Dyn Inc  
HERE  
Royal Mail

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100% owned by PostNord, the merged Swedish and Danish post offices, Direct Link are experts in creating borderless B2C ecommerce solutions for direct mail, packets and parcels. Our comprehensive offering includes tracked services, returns and unique services for market entry. We customise solutions that expand our clients' markets worldwide. As part of PostNord, the leading supplier of communication and logistics solutions in the Nordics, we combine entrepreneurial flexibility with corporate stability. As specialists, we recognise that international delivery is a complex arena. We welcome the opportunity to hear your thoughts and discuss your delivery requirements.



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Duo UK has been manufacturing, engineering, procuring and distributing packaging for clients the world over since 1988. Whether it's saving money or the planet, creating stronger products or partnerships or delivering expert advice, excellent results are a guarantee.

## Customers:

**Ellis Brigham**  
**JD Sports**  
**JD Williams**  
**Mountain Sports**  
**Oasis**  
**Simply Be**  
**Tesco**

## Partners:

**Davies Turner**  
**Walkers Transport**

**GRANBY**

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Granby are a private limited 3PL, fulfilment and customer experience company in Lancashire. We operate a fully integrated services portfolio including 3PL logistics and distribution, ecommerce fulfilment, contract packing, response handling, order processing, customer care, digital and data services. We operate from a 108,500 sq. ft. premises across four warehouses and a multichannel 40-seat on-site communications centre, which allows us to provide fully rounded fulfilment and customer experience solutions. Granby are proud to have long-standing relationships with some of the UK's leading brands. We are the ideal partner to help you deliver all your ecommerce objectives.

## Customers:

**L'Oréal**  
**Maxxium UK**  
**Nespresso**  
**Selfridges**  
**Shop Direct**  
**Virgin Trains**

**LOGISTEX**

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Logistex provide automated materials handling and software (WMS) solutions for warehousing operations. We are specialists in storage and retrieval, order forwarding, picking and sortation systems. As an independent company with no manufacturing ties, we integrate products from across the industry without compromise. Logistex's LWS Reflex Warehouse Management System is a flexible, scalable solution for all warehouse operations from simple manual to complex automation. It is licensed by site with unlimited users, so there's no financial penalty for growth.

## Customers:

**Arco**  
**B&Q**  
**Dr Martens**  
**Littlewoods**  
**Quiz Clothing**  
**RS Components**  
**Superdrug**  
**WHSmith**

## Partners:

**Automha**  
**Van Riet**

**PEOPLEVOX**

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Software-as-a-Service (SaaS) provider Peoplevox knows warehousing inside and out. With over 100 clients in 24 countries, its class-leading warehouse management system (WMS) is one of the ecommerce industry's most trusted and reliable tools. Peoplevox gives pureplay and multichannel retailers full control over their warehousing processes, decreasing costs, increasing profitability and improving customer satisfaction. Its software is purpose-designed to meet the unique demands of each business. Working on any Android-enabled device, the solution is flexible, fast and affordable. It's also truly scalable and easily integrated.

## Customers:

**Barbour**  
**Intersport**  
**JD Sports**  
**Mothercare**  
**Oliver Bonas**  
**The Range**  
**Surfdome**  
**TJ Hughes**

## Partners:

**ChannelAdvisor**  
**Magento**  
**MetaPack**  
**NetSuite**  
**Shopify Plus**  
**Volo Commerce**



The delivery experience company. Find out more at [sorted.com](https://sorted.com)





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PFS is a global commerce service provider of solutions including digital strategy consulting, digital agency and marketing services, technology development services, business process outsourcing services and a complete omnichannel technology ecosystem. The company seeks to optimise every customer experience and enhance the traditional and online business channels of clients across numerous industries. PFS is solution agnostic, with strong and longstanding partnerships with the major enterprise commerce platform providers, which results in the best technologies being utilised for each implementation. PFS has offices across three continents in North America, Europe and Asia.

## Customers:

**ASICS**  
**Anastasia Beverly Hills**  
**Barbour**  
**Gore**  
**The Entertainer**  
**L'Oréal**  
**Pandora**

## Partners:

**SalesForce Commerce Cloud**  
**SAP Hybris**  
**IBM**  
**Magento**  
**Oracle Commerce**

**SNAPFULFIL**

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Snapfulfil is a best-of-breed, real-time warehouse management system which drives highly efficient warehouse operations, allowing customers to do more with the same or less resources. Thanks to its unique blend of Tier 1 functionality, proven delivery methodology and enterprise-class IT infrastructure, more and more retailers are turning to Snapfulfil to optimise inventory, space and labour within their warehouses – from ecommerce start-ups to multinational corporations. Offering a range of deployment methods and payment options, including its unique, No Capex model, whatever your warehousing challenge, Snapfulfil offers a solution.

## Customers:

**Bensons for Beds**  
**Edinburgh Bicycle Co-op**  
**Freestyle Xtreme**  
**Harveys**  
**Oak Furniture Land**  
**Shop Direct Group**  
**simplehuman**  
**Vision Direct**

## Partners:

**Cisco**  
**Honeywell**  
**iland**  
**Metapack**  
**NetDespatch**  
**NetSuite**  
**VMware**  
**Zebra Technologies**

**SORTED**

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Sorted creates game-changing software that sits in online checkouts, warehouses, retailer supply chains and on your smartphone. This changes the delivery experience for everyone who touches it – the customer, the carrier, the channel partner and the retailer. Sorted products include a scalable delivery management system, an ecommerce checkout personalisation plugin, a consumer delivery and returns app and a parcel price comparison website. Sorted is transforming the world of deliveries from a complex battle of logistics into a simple, seamless – and even uplifting – experience.

## Customers:

**3P Logistics**  
**Graham and Brown**  
**Lush**  
**Matalan Direct**  
**Missguided**

## Partners:

**A library of global carrier partners in addition to most of the global ecommerce and WMS players**



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**Andy Hill**  
Sales Director, Sorted



### Please introduce your company, what is its USP?

Sorted is a delivery technology company based in Manchester. There's a growing space between what customers expect and what retailers can offer when it comes to delivery. We call this the 'delivery experience gap' and we're on a mission to fix it.

### What is your strategic vision?

We're joining the dots between the key delivery players: the customer, the retailer and the carrier. All too often, this is a fragmented relationship. But with the right technology in place, it needn't be a blocker for growth.

Retailers aren't currently able to innovate at a speed that meets, or exceeds, customer expectation. Customers don't want to have their delivery options prescribed to them anymore. They want to be able to specify when, where and how their stuff gets delivered. It's that simple.

We've got the software solutions and tech wizardry to fix that for them, ultimately driving their conversion, customer experience and brand loyalty.

There are three main areas to service in an online shopping journey – the purchase, the pick pack and the parcel. Each of those stages (from checkout, to warehouse, to doorstep) are absolutely crucial touchpoints for ensuring that that consumer becomes, and remains, a customer.

### What is your business doing in ecommerce at the moment?

The Sorted product family includes a scalable delivery management system, an ecommerce checkout personalisation plugin, a ground-breaking consumer delivery and returns app and a clever parcel price comparison website. We look at all stages of the ecommerce customer

## SORTED IN BRIEF

**Date founded:** Set up by David Grimes in 2009

**Global reach:** Sorted is on track to be live in 19 countries, 12 languages and nine currencies

**Customers:** Sorted Group have a growing client base of some of the biggest names in retail, including Missguided, Lush and Matalan

**Number of employees:** In May 2017, Sorted's revenues had increased by 500% YOY. The Manchester-based business is underpinning this growth by doubling its headcount since the start of the year, focusing on its software and development teams in order to enhance its platform further

For more information about Sorted, please visit: [sorted.com](http://sorted.com), telephone: 03300 555 284 or email: [info@sorted.com](mailto:info@sorted.com)

// The key to all this is embracing new technology. Underpinning all this, the customer needs to be at the heart of everything

Andy Hill, Sorted //

purchase journey and build our solutions to ensure delivery isn't the forgotten element at each touchpoint.

Think about a 22-year-old millennial. It's Thursday night and they want to order a new pair of shoes for their Friday night out. If the initial retailer they are looking to buy from only offers them a delivery option for the Monday, then the customer will go elsewhere to find a retailer that can deliver them on the Friday, at the specified time and location they want.

It's now about convenience, speed and personalisation. Delivery is fast becoming the battleground for sales and customer loyalty. We arm retailers with the carrier access, tech capability and knowledge they need in order to successfully fight that fight and come out on top.

### How does this compare to what your competitors are doing?

There's a real case of market inertia in the delivery space. Retailers accept the status quo and see it as an operational role sitting within a distribution centre that isn't economically sound or resource-friendly to upgrade. This couldn't be more wrong. Retailers can now be in complete control of their own delivery operations.

We seamlessly connect our customers to a world of carrier choice and personalisation, surfacing information that allows them to re-write the rules on delivery. Using technology from Sorted, retailers can now design their applications around their own business expectations and needs.

This isn't prescribed and it isn't a 'one size fits all'. We give retailers a toolkit and allow them to build their own flexible solution, with the support of our expert dev team, obviously.

We've got a roadmap that doesn't just follow the trend of the market, it sets it. That's the difference we offer.

### How do you see ecommerce developing in the longer term?

For us, it's essential that the delivery experience gap is filled. This means retailers need to up their game and get

their hands on the tech that will let them take control of their customer offering.

On-demand delivery is something we see as an increasingly disruptive power in the retail space. We're looking at the move from next day to same day delivery and next hour delivery, from inflight changes to kerb side and – dare I say it? – drone delivery. This means ecommerce teams, warehouses and operations need to have the pace to adapt to these changes.

The key to all of this is embracing new technology. Underpinning all this, the customer needs to be at the heart of everything.

*This Company Spotlight was produced by InternetRetailing and paid for by Sorted. Funding articles in this way allows us to explore topics and present relevant services and information that we believe our readers will find interesting as well as informative.*

## CUSTOMER CASE STUDY

Missguided is an international online fast fashion brand, established in 2009 by Nitin Passi and based in Manchester. As well as the UK, it serves eight global websites covering Ireland, France, Spain, Germany, Poland, a 'Europe' site, plus America and Australia.

The company asked Sorted to help it to come up with a solution to improve its international returns process. Previously, once international customers had handed their parcels over at a post office counter, the stock was untrackable during its journey back to the company.

Sorted software provides the retailer with access to a number of return carrier partners, whilst also providing a wealth of data in the advanced analytics suite. As a result, the retailer's operations teams can manage returns demand easily at their distribution centre, as well as being able to quickly amend carriers and services as the business expands and launches in new territories. The technology has simplified the management and tracking of returns and enabled measurement of the process, all of which is greatly enhancing the customer experience.

