

FLEXIBLE LOGISTICS THAT MOVE AT THE SPEED OF THE CUSTOMER

Towards a flexible, service-oriented infrastructure
that can support the promise of multichannel retail



EDITOR'S INTRODUCTION



LIZ MORRELL
Research Editor

Customer expectations around retail and, in particular, the delivery experience have never been so high. With an appetite fuelled by the experiences offered by service-based companies from Airbnb to Deliveroo – as well as directly competing retailers such as Amazon – the expectations around delivery have been reinvented. Customers want their products fast, at their convenience and on their terms. How much that costs the retailer – both financially and practically – is of little concern to the customer.

Digital-first services, such as Airbnb and Amazon, have proved that traditional concepts can be challenged and reinvented. As a result, in pretty much everything they do, customers now expect flexibility, agility and experience – three features that used to be sadly lacking in the retail delivery journey.

Yet they are now aspects that retailers can no longer ignore. Whether it's increased service demands for faster delivery services (such as nominated, same- or next-day delivery), greater flexibility to change orders while on the move, or simply improved trackability so that customers know where their goods are, retailers have to react quickly to increasingly complex customer expectations and put delivery top of their agenda. If they don't, customers will simply go elsewhere.

Retailers must also take heed of the service disruptors and offer their customers a comparable level of communication, service and flexibility by optimising their warehouse and retail delivery infrastructures.

The models of the past simply don't work anymore. The logistics systems that support the new generation of delivery promises are ones that have moved from a hidden away, back-office supporting role to a forward-facing, intrinsic heart of the operation. These new, flexible and service-orientated infrastructures enable retailers to provide the sorts of services customers are after by supporting everything from increased options on delivery to clearer stock visibility and delivery to alternative locations.

In this whitepaper, alongside our partner Sorted, we look at the increased expectations from customers and what that means for the modern logistics infrastructures that are required to support them. We look at what the architecture might look like, as well as the business case for investing in it to show retailers that in order to thrive, they really do need to become more service-focused. ■

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WHY YOU AREN'T ALONE IN WANTING TO IMPROVE YOUR CUSTOMER DELIVERY EXPERIENCE

There's a constant need for rapid and drastic reinvention in the retail industry – which is both very exciting, and quite overwhelming. The customers are there for the taking – that's the really appealing thing. For the retailers willing to embrace digital transformation, they're often finding that biting the bullet and making even relatively small investments can yield the biggest results. The theme throughout this whitepaper clearly highlights just how many retailers are putting in the time and resource to transform their delivery and logistics offerings. In this report, there are many examples of the innovative new services and offerings that we've seen come to market over the last couple of years – from a wide range of retailers; Lush to John Lewis, Bloom & Wild to H&M.

Of course, there's lots of talk of Amazon too – because we're discussing delivery expectations, so how can you not?

The truth is, convenience and personalisation are simply hygiene factors these days (if you're struggling with those, you need to keep reading this report). It goes a lot further than just that – your model and your infrastructure need to be as modern as your customer.

With any 'opening word from the sponsor' page like this, you expect some level of sell or plug for our products. But I'm not going to bore you with that. I'll just finish with this:

At Sorted, we spend a lot of time speaking to retailers. And carriers. And consumers.

I can promise you, everyone is having the same problems and facing the same challenges. Customer expectations are changing so rapidly, there just simply isn't the time, the resource or the money for brands to easily keep up. You want to improve your customer delivery experience, cost-effectively; and you're not alone. Your checkout needs to be dynamic, your warehouse needs to be 'amazonised' and your call centres need to be proactive: that's the only way you'll win.

Customer delivery experience is everyone's job, every team within the business and every carrier you work with. Everyone should be working together for the common goal. It's about connecting each stage of the parcel journey and making it please your customer - from purchase at checkout, to fulfilment in the warehouse, to doorstep delivery. ■



ANDREW HILL

Sales Director
Sorted



Sorted is refreshingly agile and data-driven delivery software – powering dynamic checkouts, delivery management and delivery tracking around the world.

Through partnerships with some of the biggest global carriers and customer-obsessed retailers, Sorted transforms the delivery experience into a delight, for everyone who touches it.

They have invested over £20m over the last ten years, with software now live in 9 countries with brands such as ASOS, Misguided and Lush. The Sorted team pride themselves on helping to close the gap between what customers expect and what retailers offer, when it comes to delivery.

CUSTOMER EXPECTATION: HOW SERVICE INNOVATORS ARE REDEFINING WHAT CUSTOMERS DEMAND WHEN IT COMES TO DELIVERY

Customers are no longer quiet about their desire for the perfect delivery experience. Expectations around service in all areas of their lives are being raised and none more so than in the area of delivery. Service disruptors such as Airbnb and Amazon have set new standards of customer service and in retail shoppers are now realising that they also have the right to expect a similar experience when it comes to product delivery.

CUSTOMER EXPECTATIONS AROUND DELIVERY

1) A fast, fantastic fit-for-purpose delivery experience

Conditioned by what's possible – with Amazon Prime being the obvious example – customers have grown to expect speed and ease of delivery as a given, often regardless of whether they actually need their product urgently or not.

Retailers can now also offer their customers a more personalised checkout experience, with dynamic delivery options based on what the retailer can provide operationally depending on the customer's location and requirements.

As such, the delivery offering can increasingly make or break a sale. "A great delivery offering can be the difference between a customer purchasing from your website or not," says Claire Laidlaw, European courier services manager at fresh handmade cosmetics retailer Lush. "With the ever-increasing availability of the same or similar products across websites, how quickly and at what cost your product can reach customers can be the differentiator."

It also helps in retaining customers too. "A great delivery experience that customers can trust can be the key to loyal returning customers," she notes. Offering just a vague three- to five-day delivery window is no longer acceptable to customers, especially when next-day and even same-day options are becoming ever more popular.

However, delivery infrastructures have to be flexible enough to not only offer such options but also to offer them cost-effectively, especially since the customer doesn't think about the cost. Lush's Laidlaw says cost is a challenge for retailers to manage. "Same-day delivery, one-hour delivery slots and afternoon/evening delivery services are available, but they come at a premium and it's difficult to determine who covers the additional cost. While customers are prepared to pay extra for the convenience, are they prepared to cover the true cost? Location of fulfilment is a key factor to these offerings and to which customers they can be offered to."

Customers also want their products to come when they are supposed to. Research by Sorted in 2017 found that nearly half of consumers had received packages late, despite 38% of them having paid for premium delivery. The same research suggested nearly half (48%) of UK consumers said they were less likely to shop with a retailer again if this happened.

"Retailers need to manage customer expectations about speed of delivery," says Andrew Hill, sales director at Sorted. "By letting a customer choose from a wider range of the best available delivery options, at different pricing bandings, the consumer becomes in control of crafting and defining what perfect delivery looks like to them on each buying occasion," he says.

This also means having the flex to be able to offer a range of different services, by linking up with a range of delivery partners. "Practically, retailers should consider opting for delivery partners who are experts at delivering to certain postcode areas and for different types of products," says Hill.

2) The ability to know EXACTLY where a delivery is

Delivering a parcel quickly is the key expectation of customers but they also want retailers to keep them updated on their parcels while they are en route. This makes offering live tracking options a must-do for retailers, especially since latest figures suggest that 80% of customers want live tracking at every stage of the delivery process.

Where retailers offer multi-carrier options for delivery, they must ensure that tracking options are consistent, since the diversity of capabilities of different carriers can make tracking sporadic to say the least. Some retailers will simply rely on a shipping email notification plus a link to the carrier's website, although the messaging could be something as basic as, 'the item is out for delivery'. Yet such an uninformed experience grates with customers, especially now that other retailers can offer the ability to pinpoint driver locations exactly.

As well as risking customer loyalty, this can also impact cost-wise in other ways, such as shoppers being more likely to contact the retailer's customer service team in order to track the whereabouts of their delivery. But by getting advanced warning of potential delivery issues retailers can also get proactive about notifications too, rather than waiting for their customers to find out there is a problem and ring in.

In 2018, John Lewis & Partners reported that by offering customers the option of live online tracking of deliveries, it saw an additional 1.5 million visits to its website. This didn't just divert those customers away from calling customer services but also potentially meant that each one might have browsed and bought more as a result.

3) Customers want to be able to change things – until the last minute

Frustratingly, most customers used to have to wait in all day for a delivery and there are still plenty that have to. But these days, it's these customers who retailers risk losing. "The worrying reality is that shoppers are simply not satisfied with current levels of service, or flexibility in delivery, and this should be a great concern to retailers," says Hill. "Shoppers won't remain loyal to brands if they aren't offered convenient, cheap and enjoyable experiences right the way through their purchasing journey."

Today, shoppers have been conditioned to expect delivery timeslots narrowed down to an hour or two. They also expect to be able to change their minds with little warning to the retailer and carrier, and even to re-route their deliveries if so required.

Although the primary role of this communication is to improve the experience and avoid failed deliveries, it does mean greater uncertainty for the retailer and their carrier partners, as well as the requirement for both to flexibly allow such re-routing by customers.

In-flight communications are improving all the time, with more customer-friendly interfaces allowing shoppers to know exactly where their parcels are. Geo-location data already pinpoints driver locations, which helps in better informing customers. Yet the concept also works the other way around, with many retailers beginning to consider, and in some cases, introduce the concept of delivery on the move. This will see retailers able to deliver to wherever the customer may be – even if that's in the park or at a coffee shop rather than at a traditional, registered delivery address.

In January this year, for example, Starbucks announced the expansion of its Starbucks Delivers service with Uber Eats. The expansion of this service from the US will also see London become the first European city to trial it. Jason Droege, vice president and head of UberEverything, said at its launch, "Be it breakfast delivered straight to the soccer field, or afternoon lattes to the office, we know this partnership will delight our customers."

4) Customers want to know where delivered items have been left

Since both carriers and customers are keen to avoid the horror of the 'while you were out' failed delivery card, more options for when the customer isn't home are being put in place. Yet many options such as leaving in a safe place or delivering to a neighbour can also bring risks which can negatively impact the customer experience if they're not handled correctly.

Sorted research suggests that customers want increasingly sophisticated acceptance options to prove delivery acceptance, such as biometrics rather than a signature, which often is neither traceable nor provable.

Knowing that parcels are to be left somewhere safe – or at very least that carrier partners will stick to a preferred, customer-specified location – is key for customers who factor in delivery security when they make their purchasing decisions.

In Sorted's research, more than a third of shoppers had encountered the problem of items left with a neighbour without a note informing them of this delivery. This is despite carriers now offering options such as photographic evidence of delivery to improve the experience.

Another new option to solve the 'while you were out' problem is a more widespread use of in-home or in-car delivery using smart lock access. A number of retailers, carriers, lock and car manufacturers are already involved in trials of this worldwide.

In October 2018, Waitrose & Partners became the first UK supermarket to offer in-home delivery when customers are out. Waitrose's While You're Away service was tested by 100 customers in the south London area in the autumn before a potential wider rollout to 1,000 customers in the spring.

In these delivery scenarios, access codes are shared with the drivers to allow access to a home, with the whole process either shown live or videoed for the customer. In the Waitrose & Partners trial, the service also offered the option of drivers putting items into fridges or freezers, which is convenient but also requires the delivery driver to have an even greater access to a customer's house. For the sake of transparency, the drivers also wear chest-cams to record the delivery, with the video available for the customer to view the next working day. ■

HOW RETAILERS AND BRANDS ARE TURNING THEIR LOGISTICS FROM AN OVERHEAD INTO A VALUED CUSTOMER-FACING SERVICE IN RESPONSE TO CUSTOMER EXPECTATIONS

With delivery being such a make-or-break decision factor in the sale process, it's no surprise that many retailers are pushing hard to reimagine the delivery experience for their customers. Innovators are introducing new services that raise customer expectations by improving both convenience and the general experience. Meanwhile it's also easier than ever to add in new carriers. A process that could previously take weeks of integration to onboard just one carrier can now be accessed at the flick of a switch by integrating to delivery management platforms.

In the backend, improved automation of warehouse picking and processing, as well as greater visibility throughout the supply and delivery value chain, are increasing speed and accuracy, allowing retailers to better meet the new customer expectation norm.

As a result, shoppers are becoming increasingly loyal to retailers that can provide what they are after. Below are just a few of the ways in which retailers are following the lead of service disruptors such as Airbnb and Amazon in order to become a customer-facing service.

1) Offering subscription-based delivery packages

As we have already mentioned, the bar has been set by Amazon and its subscription-based service Amazon Prime, which offers speed, value and convenience for shoppers – albeit at a monthly cost of £7.99 or an annual cost of £79.

A plethora of retailers from Next and New Look to Boohoo have followed suit, introducing their own subscription-based services to try and lock in customers. A 2018 survey from Whistl suggested that British consumers were spending around £2bn a year on delivery subscription services, ranging from discounted delivery services such as Amazon Prime to subscription box delivery services such as Graze.

Such subscription delivery services encourage shoppers to shop more often since they usually offer unlimited next-day delivery for a year – with an annual charge of around £10 for many. The model can therefore increase spend and loyalty, so is particularly useful for fashion retailers, where shoppers prefer to over-order to find their perfect item or fit but might be put off from doing so by the cost of delivery or returns.

ASOS recently confirmed that following the closure of its loyalty programme, it would instead focus efforts on its Premier Delivery service, which offers unlimited next-day delivery for a year for less than £10. ASOS subsequently increased its number of Premier customers by 53%, to 1.3 million in the year to September 2018.

Many other retailers have also introduced such services. Indeed, a recent report published by GlobalData warned retailers to consider offering delivery subscription to counter the threat of Amazon Prime or risk losing market share. The report suggested that 22% of online shoppers were already subscribed to a non-food delivery scheme (such as Amazon Prime) and 29% to a food-based scheme (such as Tesco Delivery saver). The report also polled shoppers on which retailers they would like to see introduce a delivery saver scheme. Argos, Marks and Spencer, John Lewis, Boots and Debenhams were the most requested.

2) Offering 'buy now, pay later' schemes to encourage higher spend

Although technically a payment option rather than a delivery option, the rapid adoption of 'buy now, pay later' schemes has huge implications on customer expectations around delivery and returns that are likely to force the bar even higher for every retailer trying to compete. Without the necessity to pay upfront, shoppers tend to place bigger orders in one go, when previously they may have placed a series of orders (and undergone a series of deliveries and returns) before deciding on what to keep.

In the buy now, pay later schemes, shoppers are able to order and receive goods without payment, with a time limit set on when they need to pay for kept items and return unwanted ones.

A number of retailers are partnering with finance partners such as Klarna to operate schemes, with H&M announcing theirs in October 2018 and Moss Bros the month before. In November 2018, Amazon announced it was launching Amazon Prime Wardrobe, its own version of the try before you buy service in the UK following its rollout in the US in June.

In January 2019, Net-a-Porter announced Style Trial, an invitation-only service that allows selected premium customers to order up to 30 pieces to either buy or return within seven days. The retailer said this service encourages, "customers to experiment without commitment".

Once again, the proof is in the pudding. In a sales update in January 2018, ASOS said that its own try before you buy service, coupled with its new same-day delivery option, had helped to drive up sales by 30%. The retailer launched the try before you buy service in November 2017, allowing customers to order a selection of clothes then be billed within a month for the items they wanted to keep.

3) Introducing the potential of 'try and return' in the same delivery experience

Subscription delivery and try before you buy services overcome two of the main challenges faced by shoppers online – the expense of delivery and the initial outlay (in fashion in particular) of ordering enough items to ensure that at least one fits or suits. But both still involve the hassle of returning goods that either don't suit or because the customer over-ordered different sizes or colours.

An ideal scenario would be one where customers could receive and return deliveries in the same transaction. In the area of click and collect this is increasingly becoming the norm, with shops often offering dedicated fitting rooms to allow customers to try on and return products in the same transaction if needed.

For delivery to door, however, the option is not quite so easy, since drivers have to meet their delivery quotas. Despite this time pressure, in September 2017 Net-a-Porter and Mr Porter took the try before you buy concept on a step further with the launch of its 'You try, we wait' service as an enhancement to its personal shopping services for top customers.

The service first launched in London, followed by New York and Hong Kong at the end of 2017, with customers in the retailer's bracket of EIPs (extremely important people) able to try on their orders at home while the courier waits to collect any returned items. "We are committed to harnessing innovation to elevate the shopping experience," said Alison Loehnis, president, Net-A-Porter and Mr Porter. ■

RETAILER FOCUS

Retailers are realising the need to put delivery at the heart of their operations – offering flexible delivery infrastructures that allow them to react quickly and efficiently to ever more demanding customer expectations. Whether that means options for same-day or subscription deliveries, retailers are realising the value of investing in delivery. Below, we highlight some of those leading the way:

LUSH: DELIVERING A TREAT FOR CUSTOMERS

Fresh handmade cosmetics retailer Lush knows the importance of a great range of delivery offerings, both for new and existing customers and is also a customer of Sorted. “We strive to provide a flexible delivery service to our customers, offering a standard delivery for those that don’t need speed,” says Claire Laidlaw, European courier services manager at Lush.

“For those customers who do need fast delivery, we offer next-day. More recently, Saturday and Sunday delivery services have been made available to our UK customers,” she adds. The company uses couriers for its next-day and weekend delivery options as well as larger standard delivery items. Royal Mail is used for smaller standard delivery options.

Laidlaw says that customers are getting more demanding around delivery and that it’s important to meet their expectations. “Customers expect speedy deliveries, with more increasingly the need for precise delivery information or specific delivery slots. Time-poor customers want to be able to choose their delivery slot at a time and place convenient to them,” she says.

Laidlaw notes that working together with delivery partners is crucial to success in today’s market, particularly with the heightened service expectations set by the likes of Amazon. “Building great relationships and partnerships with couriers is crucial,” she says. “You need to know where different types of courier fit within your delivery experience and be able to rely on the service offering they advertise.”



RETAILER FOCUS

AMAZON: SETTING NEW STANDARDS AND EXPECTATIONS

Naturally, we can't look at retailers pushing the boundaries on delivery without focusing in on Amazon – a company that has completely rewritten the customer rulebook around what to expect in terms of delivery.

Amazon Prime first launched in 2007 and by 2015, the company had also launched Prime Now, offering a one-hour delivery service on more than 10,000 items from local shops in cities that include London, Birmingham, Leeds and Manchester. More than 15,000 products are now available via the service including household items, groceries, electronics and gifts.

These can be delivered from early morning to late evening, seven days a week, within one hour (for a fee) or two hours (for free) and subject to a minimum order threshold of £40.

And of course, it's also Amazon that has been pushing the innovation concept of drones, delivering its first package via Prime Air in Cambridge in December 2016.

Key for Home launched in October 2017, allowing delivery drivers to enter a customer's home via a smart door lock and the Amazon Key app. In April 2018, Amazon also launched in-car delivery and, in January 2019, launched Key for Garage, a new service that allows delivery drivers to drop off packages inside a user's garage within select US regions.

Amazon launched its try before you buy service Prime Wardrobe in the UK in November 2018, which lets customers select between three and eight items to receive without any initial upfront charge and to return the unwanted goods. It followed the service's rollout across the US in June, a year after the service was first launched as an invite-only trial.

And in January 2019, the company announced Amazon Scout, a new trial using autonomous vehicles to deliver around Washington.



MISSGUIDED: GUIDING ITS DELIVERIES

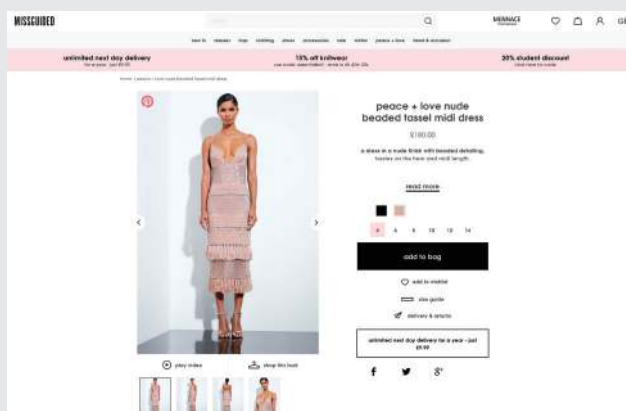
Fashion retailer Missguided puts delivery at the very heart of its operations and it's no surprise why. The company was a pure play retailer serving the young fashion market until it opened its first physical store in 2016. Its fashion-conscious customers want products as fast as they can, so the retailer offers a diverse range of delivery options ranging from click and collect to next-day, evening, morning and weekend deliveries.

Customers in urgent need of items can place orders up to 10pm for weekday morning delivery, or up to midnight for next-day evening delivery. They can also order up to 10pm on Saturday and receive their goods on Sunday, as well as pay £9.99 for unlimited next day delivery for a year.

The retailer also offers a same-day service, although this is currently restricted to Manchester. In January 2019, it also launched a pay later service, designed to help boost customer spend.

The retailer is renowned for partnering with a number of delivery specialists in the market, particularly those who offer innovative technology solutions. For its click and collect service, Missguided has been using Doodle's Powered by Doodle technology solution since 2017.

The retailer also partnered with Sorted in 2017, integrating the SortedPRO platform into its warehouse operations in order to improve the returns process in a number of European countries by better managing returns demand and carrier choice.



JOHN LEWIS PARTNERSHIP: A COMPREHENSIVE OFFER

At John Lewis Partnership, the department store giant offers a comprehensive offer when it comes to delivery across both John Lewis & Partners and Waitrose & Partners.

John Lewis offers a suite of delivery options – from weekend to named and evening delivery as well as click and collect and timeslot deliveries. In September 2018, it announced the completion of the rollout of two-hour delivery windows which improved customer communications and contributed to record levels of customer satisfaction. The option of live online delivery tracking has also proved popular, with 1.5 million additional visits to the retailer's website as a result.

In its 2018 Christmas trading statement, chairman Sir Charlie Mayfield revealed that the company extended click and collect cut off times to all its John Lewis & Partners stores and into 100 Waitrose & Partners stores, with 26,000 click and collect orders fulfilled on Christmas Eve alone. That's up 52% compared to last year.

Waitrose & Partners announced in October 2018 that it was the first supermarket to deliver groceries to customers inside of the home with its While You Are Away delivery service, in conjunction with Yale UK. Archie Mason, head of business development at Waitrose & Partners, said, "There is certainly an increasing demand among our customers to make shopping with us even more convenient to fit around their busy lifestyles. Rather than waiting for a delivery or trying to put everything away, it gives customers more flexibility to use that time differently, including more time enjoying cooking and eating the food they've bought. The concept of 'in-home delivery' has started to prove popular in other countries so we are keen to establish if there is an appetite for it in the UK."

In September 2018, Waitrose announced the launch of Waitrose & Partners Rapid Delivery, where customers in eight London postcodes are able to choose up to 20 items from a curated range of 1,500 items, for delivery within two hours and for a £5 charge. "Rapid Delivery ensures we give our partners even greater flexibility and convenience," says a spokeswoman for John Lewis Partnership. ■



BUILDING THE ARCHITECTURE TO SUPPORT A MORE FLEXIBLE LOGISTICS INFRASTRUCTURE

More sophisticated customer expectations around delivery and the new standards set by service-focused companies are evidence enough that things have to change. Delivery has to be more flexible and reactive than it has ever been to ensure that retailers can change fast and react accordingly to both customer need and desire.

Many are adopting 'ship from store' models to facilitate better delivery experiences – a move first spearheaded by the likes of Argos. In January 2019, L'Occitane launched a same-day delivery service called Ship from Store in London, with plans to expand to the rest of the store estate later this year. Speaking at its launch, Paco Ribagnac, supply chain director at the business said, "Delivery is key in providing an effective 360 customer experience."

Online flower delivery company Bloom & Wild also introduced same-day delivery last November. "Online shoppers expect their orders to be delivered quickly and with exceptional service," said Josh Roberts, head of expansion at Bloom & Wild. "If you fail to get this right, consumers, with a wealth of choice at their fingertips, will simply go elsewhere."

Both of these retailers have put technology integration at the heart of the delivery experience to allow them to deliver exactly what the customers want or expect.

Hill says those retailers that are doing delivery well are excelling at breaking new boundaries. "When it comes to retail – an industry that has always led with change and innovation – there are a few big names that are really disrupting what it means to provide a delightful delivery experience," he says.

On the flipside however, he believes there are many that are too slow, too reactive and too nervous to really put thought and investment into their customer supply chain. "That needs to change if omnichannel retailers are to reimagine themselves to better meet the needs of connected shoppers," says Hill.

Keeping up with the pure play innovators

Retailers have to ensure they can keep up with the pure play stores whose structures allow them to innovate regularly and at speed. At the same time, they also need to ensure they can meet timescale promises and SLAs and ensure first-time delivery success in order to meet those more demanding customer expectations we mentioned earlier.

That relies on having the right architecture in place to allow for such agility and flexibility. Stores and warehouses need to be intrinsically linked to make the most of such assets and allow for delivery innovations such as ship from store, as well as the faster completion of click and collect services.

None of this is an easy task, though. Retailers face a number of technology challenges, from legacy systems to closed APIs and poor platform integration. Retailers also often face internal politics too, with differing requirements from different teams meaning that introducing innovation can be a tough process. And even if retailers are willing to invest in change, there can be worries around downtime, project resource requirements and even the cost of implementing new software or processes.

Outdated approaches to working practices simply aren't effective in the new era. Instead, retailers need to change to a structure that allows for faster, more dynamic process adjustments in response to the specific market opportunities we have outlined here.

They need to look at the role of automation – something many retailers invested in last year. They also need to look at workflow tools and solutions that allow them to create the flexibility and responsiveness that they require.

Retailers need logistical infrastructures that can support incremental, evolutionary change. Having a solid base on which to run is key, according to Hill, who says that, "It can reduce the cost of development in the long run, ensuring the system won't crack at the seams when the next set of the requirements is added." ■

HOW TO MAKE THE BUSINESS CASE FOR INVESTMENT IN A MORE FLEXIBLE INFRASTRUCTURE

As we have seen, there is a compelling business case for introducing a modern logistics infrastructure. Meeting higher customer experience expectations and delighting rather than disappointing around delivery leads to improved customer satisfaction. Increased customer loyalty potentially leads to a greater lifetime value as happy customers are more likely to be retained rather than lost and will hopefully spend more – especially when tied in with compelling new offers such as subscription delivery and try before you buy services.

There is a huge amount of statistical research which shows that even after a single poor or failed delivery experience, many shoppers will turn to rival retailers. Cost is also a huge issue. Retailers are beginning to move away from absorbing all the cost of delivery, as they have traditionally done, while consumers are starting to realise the true cost of delivery. The days of retailers subsidising delivery could be drawing to a close as consumers themselves begin to better value delivery and know that they need to pay for it.

In the meantime, anything that retailers can do to ensure a more cost-effective logistics infrastructure is vital in allowing the retailer to deliver an enhanced customer experience while also making their operations more efficient and effective.

Giving customers the choice they crave

A modern, flexible logistics infrastructure also allows retailers to better understand their carrier networks to ensure customers are given the choice they crave. But Andrew Hill of Sorted notes that picking the carrier that best meets delivery of a certain type or in a certain area is vital. “Choosing a partner geared to perform at speed in a specific geographic area will make the process quicker, while carriers who specialise at delivering specific types of items, generally depending on their size and weight, are more likely to be meet deadlines and operate more efficiently,” he says.

There are other benefits too. New capabilities of a flexible, service-based logistics infrastructure include enhanced data and insights, better integration and the ability to scale internationally. Having an integrated platform across the business allows retailers to plug other systems in, such as marketing and CRM, overcoming the traditional stumbling block of retailers’ different departments not speaking to each other around delivery.

We have also seen evidence of many retailers – large and small – who are really disrupting when it comes to providing a delightful delivery experience. Retailers that fail to provide a similar experience will lose out. ■

SOME OF THE CHALLENGES RETAILERS FACE IN GETTING A MORE CUSTOMER-FOCUSED STRUCTURE

- Having the ability to design and manage increasingly open, virtualised and dynamic environments
- Governance: establishing policies, rules and controls can cause friction
- The risk that new technology could make or break a business (challenge when spending money on solutions)
- Getting buy-in from operations and the c-suite
- Innovating to keep up with the speed of change in retail
- Peak scalability when it comes to resource and technology
- Having the resource for ongoing integrations and maintenance (such as carriers or tech partners)

THE MAIN KPIs FOR SUCCESS IN ORDER TO MAKE AN INVESTMENT CASE TO THE BOARD

- Cost reduction
- Competitive advantage
- Reduce risk and dependencies
- Drive operational efficiencies
- Increase sales and revenue - improve customer retention rates
- Increase repeat business
- Improve NPS

THE BUSINESS BENEFITS OF A MORE CUSTOMER CENTRIC ARCHITECTURE

- Offer something competitors can’t
- Add strategic advantage to the business
- Drive operational efficiencies
- Deliver customer requirements
- Improve service proposition
- Minimise operational disruption
- Technology efficiencies for improving systems - freeing up resource
- Being able to react to change (from internal and external demands) more quickly
- Improved customer experience, service and communications

CONCLUSION

As we have seen in this white paper, the delivery experience is changing fast. Retailers and others are innovating in this space to show new possibilities, while the customer is quickly catching on to the potential.

Delivery is becoming a selling point – a way to retain and boost customer loyalty and spend, as well as a chance to delight rather than disappoint. It simply can't be bottom of a retailer's to-do list anymore because those that fail to invest and innovate – or at least to keep up with those that are investing and innovating – will, quite literally, fail to deliver. Key to enabling this is a flexible, logistics infrastructure that will allow you to deliver at the speed of the customer. ■

KEY LEARNINGS

- Deliver what and when customers expect
- Shape the delivery experience around the consumer
- Manage customer expectations around delivery and speed
- Allow the customer to craft their own delivery experience by providing them with options that best suit them
- Provide the option of a range of couriers suited to both region, product and customer demand
- Communicate with your customer and provide detailed proactive tracking information
- Ensure your delivery infrastructure offers the ability to flex, allowing you to better meet customer needs
- Stay informed about what your customers and service innovators in the market are doing



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With thanks to



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