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EBOOK

10 Brand-Enhancing Moves Retailers Can Make to Optimize Customers' Delivery Experience

BY BOB MALLEY, CEO, SENDFLEX TECHNOLOGY

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The parcel software industry has undergone an almost constant innovation and creative destruction cycle over the years. New systems have replaced old systems as new technologies have emerged to address changing consumer demand, purchasing, and shopping practices and changing global, national, regional, and local transportation and delivery landscapes. Today the explosive growth of eCommerce, accelerated by COVID-19, is transforming traditional supply chains from a business-to-business (B2B) model to a business-to-consumer (B2C) fulfillment model.

To thrive, retailers with both eCommerce and brick-and-mortar stores--as well as pure-play eCommerce shops--must stay far ahead of the curve in satisfying and retaining customers. They need to shift their focus from automating shipping processes to creating a high-quality, seamless B2C delivery and returns experience for their customers.

What's Inside?

How to offer more delivery choices and still keep your delivery promises

Ways to reduce the cost of free shipping while minimizing damage

How to keep your customers informed about orders in transit

How to automate delivery choice offers based on product, service area, and other factors

Steps to right-size packing to improve your customers' sustainability experience

How to make your returns process simple, convenient, and better yet, free

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Accelerated by COVID-19, eCommerce has reached an all-time high of 16.4% of global retail sales, with plenty of room for growth. The trend toward smaller, more frequent shipments delivered to consumers' doorsteps has created an unprecedented parcel carrier capacity crunch, significantly increasing costs and disrupting supply chains.

Consumers who shop online are a new breed, armed with a browser or smartphone that can save credit card information so that a purchase is just a few clicks or taps away. With no cash involved or even a symbolic plastic swipe, spending on the internet doesn't always feel natural. Yet, online shopping has continued its astronomical growth.

Meanwhile, Amazon has forced businesses to adopt omnichannel strategies, shipping or drop- shipping locations in closer proximity to their customers to satisfy the demand for lower cost, on-time delivery. These trends have lured more last-mile delivery carriers and gig-economy networks into the market.

A UPS CEO once said that the information about a shipment was more valuable than the shipment itself. Now, delivery quality is as essential as the value of the shipment because "delivery experience" is inextricably tied to ongoing brand loyalty. The quest for the perfect delivery experience will ignite another wave of industry innovation that will address challenges in 10 different areas:

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Offer more delivery choices

02
Keep your delivery promises

03
Reduce your free delivery costs

04
Optimize your customer's sustainability experience

05
Minimize damage

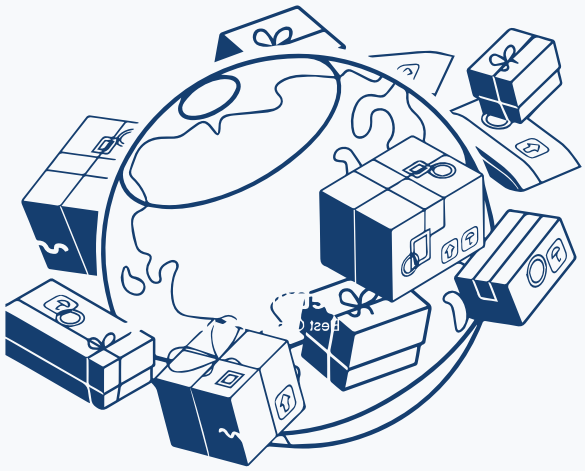
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Keep customers informed about orders in transit

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Offer free and convenient returns

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Streamline cross-border eCommerce

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Use real-time analytics to monitor and improve delivery performance



01
Offer More Delivery Choices

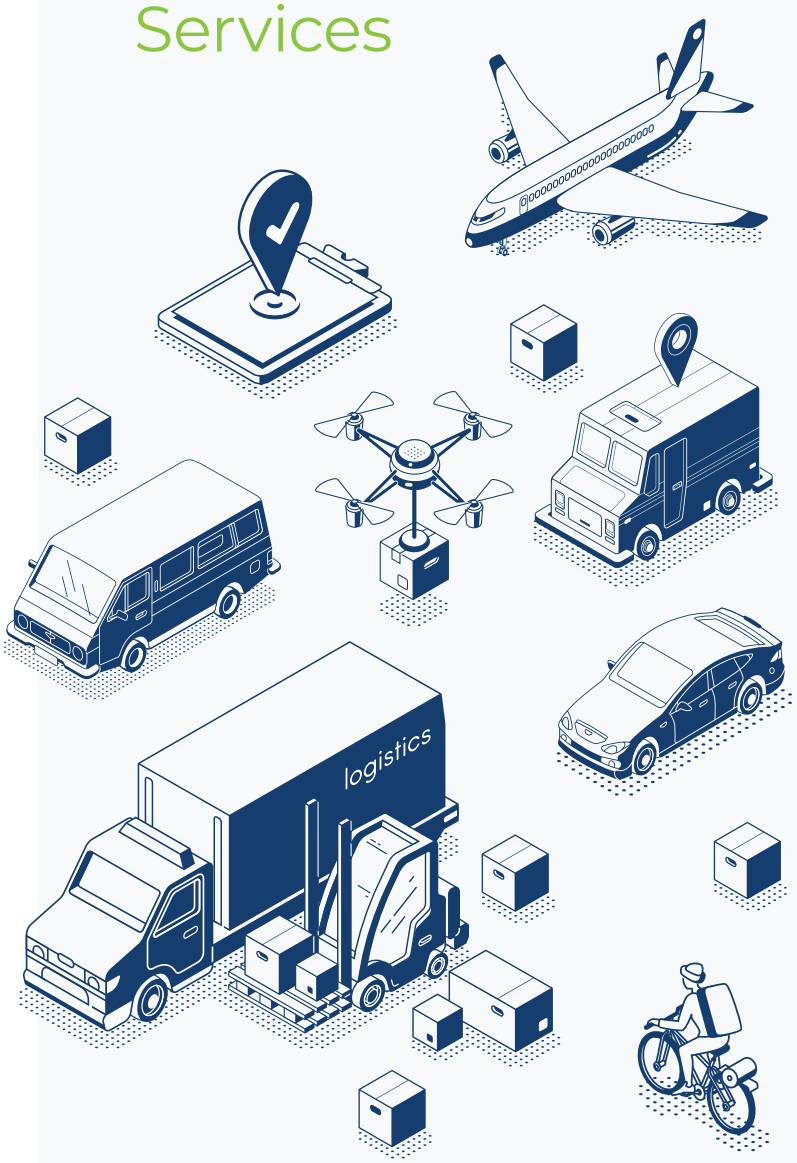
While businesses seek ways to mitigate the risks of supply chain disruptions and parcel carrier capacity constraints, consumers are looking for more delivery choices.

Gone are the days of relying on a single carrier. “Multi-carrier management” is evolving into “omni-carrier network management”: the ability to manage a diverse portfolio of global, national, regional, and local carriers, gig-economy delivery services, and private fleets.

Buy online and pick-up-in-store (BOPIS), lockers, and other pick-up locations are as prevalent in the U.S. as they are in other parts of the world. And emerging transportation spot marketplaces are adept at more efficiently matching shipper demand with carrier capacity.

Normalizing a network of disparate carrier networks has become more urgent.

The Expanding Demand for Local Delivery Services



JUST THE FACTS

Consumer Demand for More Delivery Choices

According to IBISWorld, the U.S has 247,466 couriers and local delivery services businesses in 2021, a 3.8% increase from 2020.

32% of consumers say they are willing to stay with a “new” retailer if they offer more convenient options for delivery, pick-up, and returns, according to Narvar.

From shippers: In PARCEL’s 2019 carrier performance survey of 150 shippers (mostly retail, manufacturing, and wholesale/ distribution), 65% of respondents said there wasn’t enough competition in parcel delivery to keep pricing reasonable and service levels high.



02
Keep Your Delivery Promises

Same-day delivery services have been a lifeline for consumers quarantined during COVID-19. We have grown used to groceries and takeout meals delivered to our doorstep within hours or even minutes. We're comfortable and familiar with the idea that we don't have to squeeze avocados, try on shoes or go to a showroom as part of our shopping experience. While same-day delivery is not a must for many products, consumers expect businesses to make good on their delivery promises with ever-increasing levels of certainty and specificity.

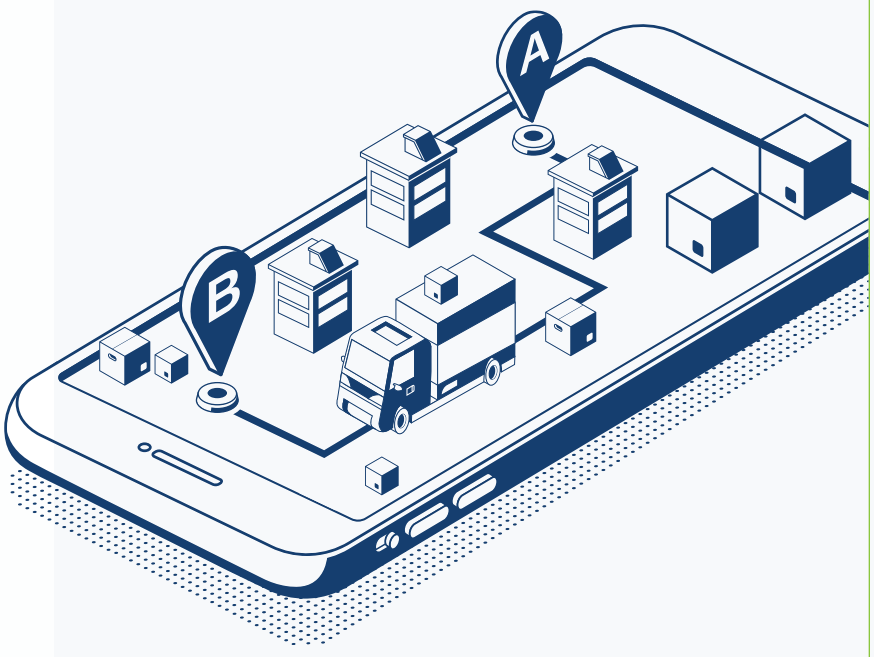
According to a 2020 survey by Invesp, 51% of retailers offer same-day delivery, and 65% plan to offer it within two years. Shoppers are also influenced by same-day delivery, as 49% of shoppers say that same-day delivery makes them more likely to shop online.

Research shows that consumers make tracking requests an average of 8 times during the order-to-delivery cycle. While national carrier delivery guarantees on premium services once provided predictability, COVID-19 disruptions and the cost of offering free shipping have made relying on the ETAs associated with those services impractical, especially as shippers look to diversify their delivery choice offerings.

Retailers and eCommerce shops who want to please customers and keep them coming back need to employ shipping technology with predictive analytics.

Predictive analytics enables them to dynamically assess criteria like historical carrier performance, product type, weather, zip codes serviced, and supply chain conditions to determine confidence levels of likely ETAs.

We are confident that data-driven analytics will replace carrier marketing messages as the criteria shippers use to make and keep delivery promises with more confidence.



NEXT-GENERATION SHIPPING TECHNOLOGY MUST-HAVES

Predict, Monitor, and Keep Your Delivery Promises

Carrier capabilities

Historical carrier performance

Product attributes

Weather conditions

Zip codes and zones serviced

Prevailing supply chain conditions



03
Reduce Your Free Delivery Costs

Even amid the COVID-19 pandemic and an unprecedented parcel carrier capacity crunch that has been steadily driving up shipping costs to residential addresses, consumers routinely expect free and fast delivery. Surveys have shown that more than 70% of U.S. consumers indicate that free delivery “greatly impacts” their purchasing decisions. Next to product costs, the absence of free delivery is the second most common reason for shopping cart abandonment.

With the expectation of free deliveries driving up overall customer acquisition costs, eCommerce businesses and the 3PLs that support them are looking for ways to make omnichannel fulfillment more economical. This goal is a challenge for companies used to operating B2B fulfillment models where less-than-truckload (LTL) and truckload (TL) line hauls to DCs offered a significant cost/pound advantage over B2C parcel shipping. Retailers and eCommerce shops need a way to combine line-haul cost efficiencies with the quality of last-mile delivery experiences.

Today, most parcel solutions can print a remote destination drop-ship label. Some support national carrier services that seamlessly integrate line-haul operations with last-mile delivery. But businesses making the transition from B2B to B2C need help to apply actionable intelligence in real time across a broader range of carriers.

Next-generation shipping platforms will need to be multi-modal, enabling the shipper to assemble loads with enough density to make a drop shipment line haul economical and keep the final-mile delivery promise.

Key Takeaways

Lack of free delivery is the second most common reason for shopping cart abandonment

70% of U.S. consumers state free delivery "greatly impacts" their purchasing decision

51% of consumers are open to cheaper, but slower delivery alternatives, according to Supply Chain Digest



NEXT-GENERATION SHIPPING TECHNOLOGY MUST-HAVES

Cost-Effective Delivery Choice

Real-time access to actionable intelligence

Instant visibility of a broad range of carriers

Access to multi-modal drop-ship service options

Ability to combine line-haul cost efficiencies with quality last-mile delivery

04
Optimize Your Customer's Sustainability Experience

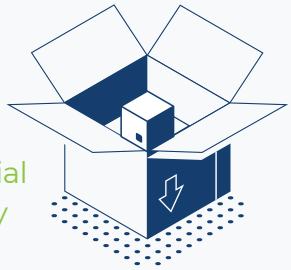
Like most shoppers, you have probably experienced a large truck pulling up to your home and delivering small items packed in large containers with excessive packaging. Eco-conscious consumers then face the unsatisfying task of breaking down and hauling off excess corrugated cardboard and fill to the trash. While punitive dimensional weight (DIM) fees have cured most shippers' wasteful packing habits, some of the more prominent marketplaces have negotiated DIM factors and related costs out of their carrier contracts. Instead, they keep piling on the packaging and incur the long-term cost of negative brand recognition and loss of customer loyalty.

A recent study indicated that 75% of U.S. consumers are more likely to purchase products packaged sustainably and are willing to pay a premium to do so. Redesigned packaging, use of reduced shipping carton sizes, and recycled material are also high priorities.

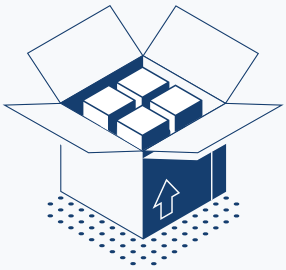
Rather than relying on tribal knowledge and guesswork, the use of artificial intelligence (AI) during the pick/pack processes can "take the air out of containers," substantially improve customers' sustainability experiences, reduce transportation costs, and bypass the impact of carrier-rationed pick-ups. All these factors contribute to a positive customer delivery experience.

Negative bottom-line impact from additional packaging costs and extra DIM fees

Negative brand perception and potential loss of customer loyalty



Positive brand perception and reduced packaging costs and DIM fees.

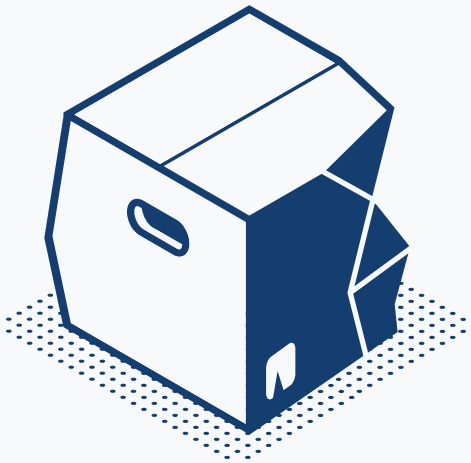


05
Minimize Damage

While dealing with wasteful packaging materials is unpleasant for most consumers, receiving damaged, under-packaged, or improperly packaged products, is worse for your brand. Not only is brand loyalty diminished, but customers must then deal with an awkward or time-consuming returns process. All the while, shipper margins are squeezed.

The National Retail Federation and Appriss Retail noted that consumers returned an estimated $428 billion in merchandise to retailers in 2020. Further, about 20% of returns are due to customers receiving damaged items.

There's a solution to these problems: AI can significantly reduce damages by optimizing packing and packaging decisions. A "don't pack with" business rule can avoid combining inherently fragile SKUs with heavier items. "Don't stack" and "% fill" rules can ensure items don't suffer in-transit damage. "Nesting" and other controls can ensure shippers select the best container based on the actual shape of items–not just their overall weight and dimensions.



JUST THE FACTS

Lost Revenue from Returns

20% of returns are due to product damage

Consumers returned $428 billion in merchandise in 2020

For or every $100 in returned merchandise accepted, retailers lose $5.90 to return fraud

06
Keep Customers Informed About Orders in-Transit

Shipping systems often notify customers with an email or text when an order is on its way. Less common are proactive tracking and alerts. If customers are increasingly apt to track a shipment's progress with greater frequency, why leave it up to them to pull tracking status? Why not use optimization services to push the tracking status of orders and alert them of impending deliveries or delays to reset their delivery expectations?

Technology is also available to include pictures of contents captured at the point of shipping to help customers envision what they are about to receive or a personalized note from those responsible for fulfillment. Pictures of items left at the point of delivery can provide recipients with an acknowledgment of successful and secure delivery. Again, these personal touches only add to the quality of the delivery experience while reducing inbound calls.



NEXT-GENERATION SHIPPING TECHNOLOGY MUST-HAVES

Proactive Tracking and Alerts

Text and email push communications

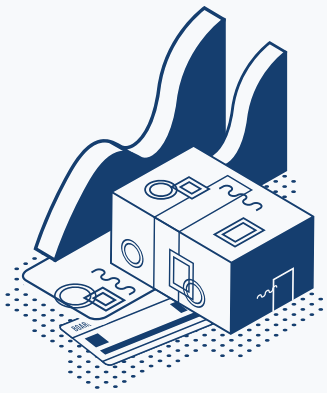
Pictures of item in transit and at the point of delivery

Personalized notes from people who handled the package

07
Offer Free and Convenient Returns

A convenient returns policy and process are vital to establishing brand loyalty. Statista estimates return deliveries will cost $550 billion, and according to research, 49% of U.S. shoppers say they would do more business with a retailer that made the returns process easier. Returns are crucial to the purchasing experience. Amazon makes returns easy, and to compete, retailers will need to do so as well.

Why incur the expense of including a returns label in a carton? It could be simpler to add a QR code on a label or packing slip to direct consumers to a returns landing page that lets them arrange for pick-ups and optimize return requisitioning based on SKU attributes. Returns "widgets" embedded within retailer websites can also make self-service returns more convenient. "Smart labels" can facilitate convenient drop-offs at local post offices, enabling return services like those offered by Pitney Bowes' returns network.



JUST THE FACTS

Consumer Demand for More Free and Convenient Return Choices

80% of shoppers will not purchase a product unless there is a hassle-free return policy, according to Annex Cloud.

According to Invesp, consumers return at least 30% of all products ordered online compared to 8.89% in brick-and-mortar stores.

84% of respondents said a positive returns experience encourages them to shop with a retailer again, according to Doddle.

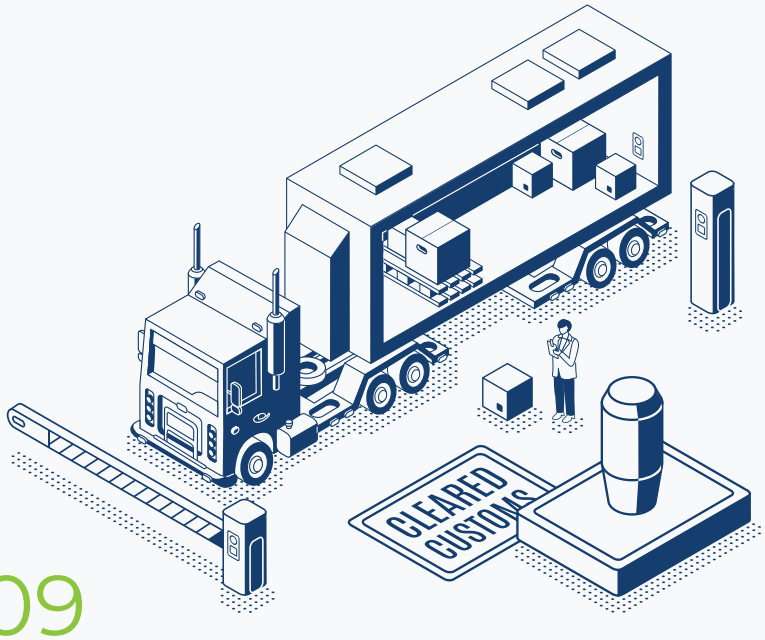


08
Monitor Carrier Delivery Performance

To use a quote often attributed to the mathematician/physicist Lord Kelvin: “You can only manage what you measure.” You may imagine that your delivery experience is doing justice to your brand. Still, unless you capture the data that enables you to improve your processes continuously, you will be unable to make data-driven decisions.

Retailers often view shipping labels and packing slips as a necessary afterthought left to logistics rather than a chance to expand the customer relationships and interactions at or near the point of delivery. Many retailers will include coupons and flyers for complimentary products. But this material is often thrown out by mistake or viewed by the customer as just more fill to throw out.

Why not consider shipping technology that can personalize the documentation on the inside and outside of the box. For example, by scanning a QR code printed at the bottom of shipping labels or packing slips, the customer can go directly to a personalized landing page with special offers based on their prior purchases or receive a message that thanks them with perks for their loyalty in exchange for their feedback. Unexpected gifts such as free T-shirts or coffee mugs would go a long way to reinforcing the brand. Everyone likes to be appreciated. Why not show it?



09 Streamline Cross-border eCommerce

Global eCommerce is growing at twice the rate as domestic eCommerce. A report by Facts and Factors predicts that the global cross-border B2C eCommerce market size and trends will reach $4.8 billion by 2026, at 27% CAGR through 2027. Consumers are more likely than ever to buy from merchants located in other countries. They don't care about the complexity of cross-border logistics and clearing customs. What they care about is a seamless delivery experience. UPS, FedEx, and other global integrators have made it easier for retailers to orchestrate cross-border movements that de-consolidate and inject into last-mile delivery networks, avoiding the movement into inventory "dwell."

With more carriers and their partners entering the last-mile delivery market, the challenge for retailers and their 3PL and freight forwarding partners will be to match the seamlessness achieved by global integrators.

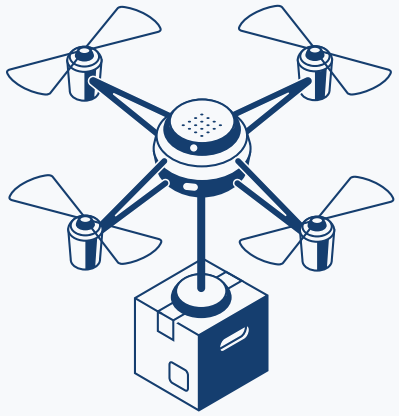
A more innovative shipping platform will monitor inventory-in-motion and identify opportunities to direct cross-docking at ports with drop-ship labels or over-labeling processes for de-consolidation into a broader and deeper selection of B2C delivery services.



10
Use Real-time Analytics to Monitor and Improve Delivery Performance

It used to be that reporting and dashboards that described historical trends were enough. But the dynamic nature of more complex delivery networks makes historical assessment a thing of the past.

A global shipping platform with real-time optimization processes that can monitor and make actional decisions and recommendations using predictive analytics based on current data will help businesses make better routing and delivery service decisions in real time. Real-time activity “dials” indicating what is happening now will supplement dashboard widgets about what has already happened. Predictive analytics will replace historical analytics, and prescriptive analytics and action plans will replace predictive analytics. And the innovation and creative destruction cycle will continue.



Next-generation shipping technology will pave the way to optimizing the customer delivery experience

The older ways of doing things just won't cut it anymore. It is easy to see how expanded carrier networks monitored by machine learning, cartonization algorithms, real-time visibility, and predictive analytics will power the next generation of delivery platforms. Omni-carrier networks will eclipse multi-carrier connectivity.

Next-generation shipping technology will pave the way to optimizing the customer delivery experience

NEXT-GENERATION DELIVERY PLATFORM MUST-HAVES

Predicting and Keeping Your Delivery Promise

- Carrier capabilities
- Historical carrier performance
- Product attributes
- Weather conditions
- Zip codes and zones serviced
- Prevailing supply chain conditions

More Cost-Effective Delivery Choices

- Real-time access to actionable intelligence
- Instant visibility of a broad range of carriers
- Ability to combine line haul cost efficiencies with quality last-mile delivery

Proactive Tracking and Alerts

- Text and email push communications
- Pictures of item in transit and at the point of delivery
- Personalized notes from people who handled the package

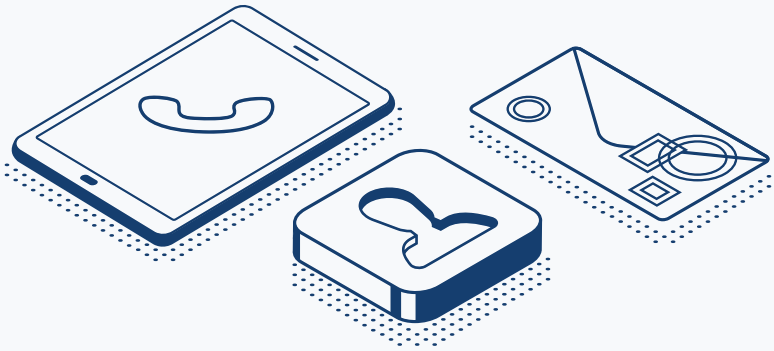
Reduce Point of Delivery Damage and Waste

- Automate right-size packing to reduce cost, waste, and damage
- Optimize customer sustainability experience
- Make packaging presentation synonymous with your brand

Make Returns Simple, Convenient, and Free

- Emphasize customer-focused returns policy at point of sale
- Embed self-service returns widgets in your website
- Provide smart labels for convenient USPS return drop-offs

It is an exciting time for those who seek out ways to innovate. So let the next phase of B2C innovations begin.



CONTACT INFORMATION

Reach Out to See a Next-Generation Delivery Platform in Action

Pierbridge, Inc

67 Forest St. | Suite 288
Marlborough, MA 01752-3199 | United States

508.630.1220

sales@pierbridge.com

www.pierbridge.com

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