

MULTI CHANNEL MERCHANT

OPERATIONS SPECIAL REPORT | ADVERTORIAL

IMPROVE YOUR CUSTOMER'S HOLIDAY DELIVERY EXPERIENCE BY SHIFTING INTO HIGH GEAR FOR THE FINAL MILE

By Brian Kelly

Shipping can be one of the hardest things for retailers to manage during the holiday season. Your customers are placing more orders at that time of year, doing so last minute, and expecting speedy shipping. Yet, according to custom research by Convey, while 66% of shoppers agree that the delivery experience is a decisive factor when deciding to shop with a retailer, only 11% of shoppers say delivery experience is a strength of retailers today.

Think back to your firm's performance during the 2015 holiday season. Did your customers complain of delivery delays at crunch time? Did this impact your customer service department, with customers constantly calling in to ask "Where's my order?" How much did upgrades cost when your company addressed carrier-related delivery issues? UPS and FedEx did drop the ball on some deliveries last year and orders arrived late, but customers don't ever blame the carriers. Fairly or unfairly, customers blame the merchants. Wherever the blame really deserves to fall, it lands squarely on your bottom line, as 70% of consumers report that they are unlikely to return after a poor delivery experience.

As much as \$4 trillion worth of merchandise is abandoned in online shopping carts yearly, according to BI Intelligence estimates. Higher-than-expected shipping costs are a top reason online shoppers abandon their shopping cart. If retailers can reduce these costs, it is an obvious way to convert more shoppers. One sure way to lower costs associated with shipping is to gain more control over the whole process.

It's time to fine-tune your 2016 holiday operations and improve the customer experience across the board. There are some problems that will just have to

wait until after the holiday season to address, but you can address poor delivery experiences and produce dramatically improved results and customer satisfaction in that area in the next few weeks.

Blurred Channels and Rising Expectations

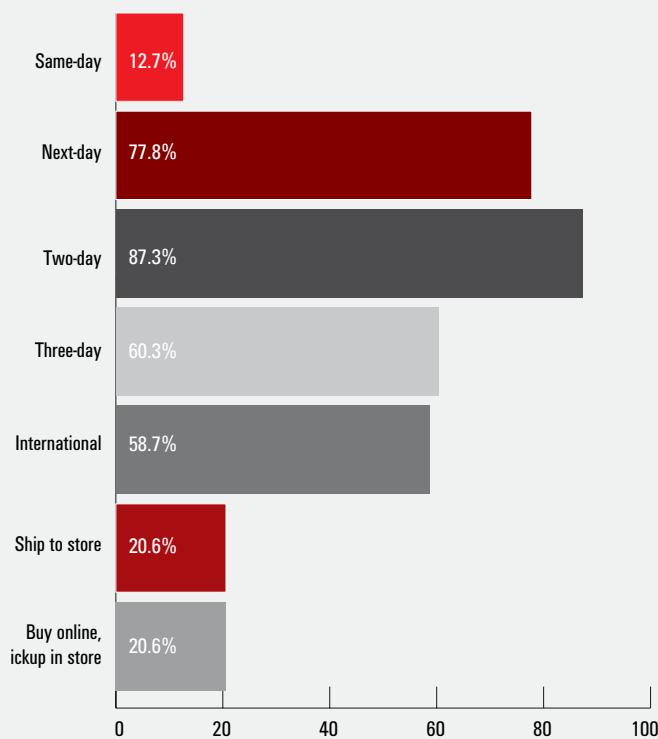
It's a great time to be a retailer as channels blur, and consumers are reveling in an omnichannel marketplace where they can, basically, buy anything at anytime from anywhere. However, it's also a tough time to be a retailer as consumer expectations have gone through the roof. Simply put, consumers know what they want and they know when they want it — they want it right now! A study by Dropoff found that 97% of consumers said delivery speed is at least somewhat important in determining whether or not they will purchase a product, with 40% saying it is very important.

In addition to speed and cost, there are rising expectations around additional premium delivery services. Many of these services can be monetized by retailers, or used as yet another differentiator in retailers' ongoing customer retention efforts. Today's high value shoppers expect services like white glove delivery, light assembly, room of choice, delivery appointment time request, and the ability to reroute a package. The ability to offer these services to customers can have a big impact on customers' choices when selecting a retailer, especially when purchasing a large item. When a retailer can choose

CONTINUED ON PAGE 2

from the right mix of carriers and offer a variety of these services at checkout, merchants can turn premium delivery options into revenue generating opportunities.

What Delivery Options Do You Offer Your Customers?



Source: MCM Outlook 2016.

Unfortunately, we're still seeing almost half of all ecommerce customers subject to at least one customer experience issue per year. The three most common problems? Late deliveries, damaged or faulty goods, and goods not arriving at all.

This is an unacceptable state of affairs, and there are various ways of addressing this issue of increased delivery expectations. In 2016, 26% of executives said enhancing customer service would be the primary supply chain strategy (more than double the response from 2015). One unified commerce platform provider suggests that, "A robust order management system is critically important during the holidays and year-round in fact. It can actually alleviate many of the concerns raised above, as well as provide a 360-degree view of the customer, including a history

of all previous interactions with a given customer."

Let's assume for a moment that any given retailer does, in fact, have an end-to-end fully integrated unified commerce platform, and that retailer has complete transparency into inventory across all channels and can fulfill orders from inventory seamlessly across channels — regardless of whether that inventory is earmarked for a company website, an online marketplace or a brick-and-mortar location. In today's environment, for a retailer of any size, this level of capability should be par for the course. And yet, consumers expect companies to get even better — 46% say they expect companies to deliver faster than they did a year ago, which is pushing companies to explore new delivery options.

Even if your supply chain is completely optimized, all of the above still doesn't give a retailer control over the last mile of delivery. Even the most complete multichannel commerce platform doesn't give a retailer a fleet of airplanes and trucks to ensure that every order makes it from their inventory and places it in the customer's hands on a specific delivery date.

The Last Mile Is a Problem for Everyone

Fleet Owner magazine recently reported that, "One of the major findings from the 27th annual State of Logistics report is that 'gaps' in infrastructure and 'accelerating trends for speed' will increasingly put pressure on a logistics system not designed for ecommerce driven 'last mile, last minute' delivery service."

Whether designed for ecommerce or not, the network of over 4,000 shipping and delivery companies in the US alone is what today's retailers have to work with, and your customer just doesn't care who's responsible for shipping delays. They're blaming whoever they placed their order with, and part and parcel of that order is an agreed-upon delivery window. Things have got to get better, as only 1% of customers feel that vendors consistently meet their expectations , and unsurprisingly, 42.1% of shoppers expect a better experience if they are paying for shipping.

To further muddy the waters, the technology that helps retailers perform load planning based on mode

and carrier is not linked to a retailer's inventory, according to an annual survey, conducted by the publication American Shipper. The survey found that 64% of retailers said transportation's role was critical to their company's omnichannel strategy, but only 41% percent said their transport procurement was "very closely" tied to their inventory strategy.

There's an opportunity here, amid all the gloom and doom — for those retailers that can figure out the last-mile challenges before the 2016 holiday season gets into full swing, the rewards can be stellar. According to Business Insider "... poor customer service, which includes slow delivery, can affect a retailer's bottom line. In fact, 66% of consumers are willing to spend more money with a company that provides them stellar customer service, and 60% say they have chosen not to complete an intended purchase because of a poor customer service experience..."

Giving Holiday Shoppers the Shipping Options They Want

Customers are demanding more from retailers today. In fact, 51% of shoppers want a guaranteed delivery date at checkout and 53% are not satisfied with their ability to change that date if they are not able to be home. Shoppers want to know before they checkout exactly when something will arrive and what it will cost. If something goes wrong, they expect to be notified immediately about their new expectations and offered a solution for the inconvenience.

Consumers expect more options at checkout and more transparency when it comes to shipping, and while most retailers do offer more than one shipping strategy, many don't offer the range that retail shoppers want and expect. Modern retailers need to be able to offer a variety of delivery options: whether it's white glove, LTL, parcel, or same day, no single carrier can consistently support every mode nationwide. This reality is forcing retailers to build a complex network of local, regional and national carriers capable of these different modes of delivery.

In response, 70% Small Medium Business online sellers said they use more than one parcel provider, and of them, 73% said they do so to ensure the best

price, while 68% said they do so to mitigate risk. Even when asked to picture a scenario where one provider covered all their service needs, 65% said they would still prefer to work with multiple carriers.

Improving the Customer Experience by Owning the Last Mile

There's still time to turn your shipping issues into a competitive advantage before the holiday season begins. In fact, Convey offers an enterprise solution focused exclusively on customer delivery that can help retailers avoid holiday shipping disasters, lessen cart abandonment, and preserve brand reputation. The solution enables retailers to offer elegant presentation of additional delivery options, actual delivery times, delivery appointment scheduling and more as part of the shopping and checkout experience.

Convey's Intelligent Fulfillment Platform leverages unique intelligence and proprietary technology and a retailer can be up and running on the enterprise-grade, next-generation fulfillment solution platform within two weeks. Convey's integrated checkout gives retailers real-time carrier intelligence and allows shoppers to choose from delivery options ranging from threshold to light assembly, schedule delivery appointments, and see the impact of their decisions on delivery time and cost.

Orchestrating Between Carriers and Customers

The platform is agnostic in its selection of carriers, as Convey can handle data from any carrier, in any mode, in any lane. When a hitherto unknown carrier appears on the scene, that carrier and all pertinent data can be included in the decision making process within five to 14 days. Convey normalizes and translates the data from all carriers and combines that data with a specific customer's pre-selected requirements for delivery to select the right shipper for the end customer every time.

This analytical approach to delivery has resulted in an 11% average reduction in freight spend and a 22%

reduction in average last-mile delivery time for large items for Convey users, with some companies reporting as much as a 20% drop in shipping spend.

"At Jet.com we are committed to being on the forefront of retail technology and customer experience," says Nate Faust, COO. "Convey's technology analyzes all the different carriers, with a complete understanding of rates and performance, schedules the correct carrier, with an eye on cost effectiveness for us and the optimal shipping experience for our customers as well. It's a win-win situation in the most classic sense, and the technology itself is transparent to the customer. When the kudos roll in, it's all for Jet.com."

Recognizing and Responding to Delivery Issues Before They Occur

In the past, when the weather conspired against retailers' shipping efforts, a company had to throw its metaphorical hands in the air and say, "It will get there when it gets there." This is no longer the case.

The Convey solution analyzes thousands of shipments every day, in every lane and mode, allowing it to predict weather (and other) delays before they happen and provide solutions before customers ask.

With Convey, you are able to immediately reschedule final delivery appointments with customers in whatever way is most convenient to them, whether it's text, online or via a phone call. This is a key point of differentiation, as 75.2% of shoppers have said that proactive communication is important to them.

"We knew for some time there was a huge opportunity for more intelligent determination of customer shipping," Marshall Downey, director of direct marketing at Build.com, told Chain Store Age.^{xv} In 2015, Build.com performed an initial pilot implementation of the Convey enterprise SaaS customer delivery platform. "Convey typically halved our price forecasts and saved 15%–20% per freight," said Downey. "It takes the human element out of deciding what regional companies to use for drop shipment."

Learn more about the Convey platform at www.getconvey.com/technology.

- ^{iv} <http://multichannelmerchant.com/news/prnewswire/consumers-abandoning-shopping-carts-due-to-slow-delivery-times-06062016/>
- ^v Huntington Post <http://ow.ly/i4pZ3005wAX>
- ^{vi} Chain Store Age <http://ow.ly/HBnr3006XC1>
- ^{vii} www.goecart.com/digital-commerce/2016/01/2015-post-mortem-and-tips-for-2016-success-multi-channel-retailers-need-to-know/
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- ^{ix} <http://fleetowner.com/fleet-management/logistics-outlook-last-mile-major-choke-point>
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- ^{xi} Convey Custom Research
- ^{xii} <http://www.dcvelocity.com/articles/20160616-in-omnichannel-world-matching-freight-spend-to-inventory-control-and-fulfillment-is-delicate-task/>

^{xiii} <http://www.businessinsider.com/online-retailers-are-starting-to-handle-their-own-shipping-2016-7>

^{xiv} UPS Pulse of the Online Shopper <http://ow.ly/pj3y3005vby>

^{xv} <http://www.retailcustomerexperience.com/news/survey-consumers-want-more-delivery-options-and-greater-delivery-transparency/>

^{xvi} http://multichannelmerchant.com/opsandfulfillment/smb-ecommerce-shippers-diversifying-carrier-services-14072016/?hq_e=e1&hq_m=2593128&hq_l=4&hq_v=87e2de002a

^{xvii} Convey Custom Research

^{xviii} Ibid.

^{xix} <http://www.retailingtoday.com/article/exclusive-online-home-improvement-retailer-expands-shipping-infrastructure>

^{xx} Ibid.