

WHITE PAPER

FROM THE FIRST MILE TO THE FINAL MILE

How to offer local service
on a global scale

How to offer local service on a global scale: from the first mile to the final mile

Meeting customer expectations when it comes to the delivery of their goods is becoming ever more challenging as access to the global marketplace increases. Technology is key to ensuring the efficient and effective movement of goods around the world, but ironically it is often in the final stage, the so-called “last mile”, that all the good work can come undone. Transport management and shipping solutions need to combine with new mobile technology tools to ensure that every mile of the journey runs smoothly.

There have been many, many advances in the movement of goods and products through the ages. Initially, goods were transported from village to village by horse and cart, then by barge and boat. The advent of steam power led to the fast transportation of goods by rail and the invention of the internal combustion engine meant that trucks could travel and take goods where trains could not.

Advances such as these have helped companies to deliver goods to a wider and more geographically spread customer base.

Fast-forward to today and the marketplace is bigger than ever. The rise of the internet and omnichannel shopping has given consumers the ability to buy what they want, from where they want, when they want.

The consumer may be a single customer who has ordered just one small item from a specialist seller in a country that is thousands of miles away, or a large business that has sourced a product or component it requires in bulk that it needs to be delivered to many locations.

What has not changed in all these years is the expectations of the customer at the end of the

journey waiting to receive the goods. They want their item delivered in the shortest amount of time, undamaged and with minimum amount of inconvenience to them and their wallet.

This is where, in some cases, the village shop delivering goods by bicycle to a customer in the same village, or the cart taking the wool from the farm to the spinners and weavers in the neighbouring village, had an advantage. The small market meant that the sellers and suppliers knew their customers, knew where they would be and could deliver when needed.

The challenge for today’s organisations is, therefore, to provide this kind of local service on a global scale.

By 2020

customer experience will overtake price and product as the key brand differentiator¹

Customer experience is also an increasingly important differentiator. Whether your customer is a business or a single consumer, then providing the right customer experience could make all the difference to retaining that customer and getting repeat business.

Indeed, a study by Walker¹ says that “by 2020, customer experience will overtake price and product as the key brand differentiator.” And delivery seems to be an increasingly important indicator of satisfaction, when it comes to customer experience.

Damian Miller of Maru/edr, which compiled the survey for the IMRG Consumer Home Delivery Review 2017², said: “Customers who rate their delivering experience as high are more likely to be satisfied with their overall experience than those who rated a site’s service or ease-of-use as high. Delivery, therefore, is a key battleground in the war for consumer spend.”

If your customers do not get their goods on time or if they are not informed about hold-ups and delays, or if they feel that your organisation is not treating them as valued customers, then they will look elsewhere.

The IMRG review found that 41.3 percent of those surveyed in the UK in 2017 answered “yes” to the question “Do delivery concerns ever prevent you from shopping online?” Although this is an 8.1 percent drop from 2009, it is a slight increase from 2015.

Of these concerns, the largest (some 52.48 percent) was risk of failed delivery (due to no one at home to receive the item). But the performance charts in the survey show that on-time and first-time delivery has been fairly consistent.

The review says: “It is therefore more likely that what has changed is customer expectation (of the delivery process). What was good enough once is good enough no longer, and what shoppers seem to want is clear information at the time of order and in transit to give them the ability to anticipate how and when they will receive their order.”

So, customer experience is really about fulfilling or exceeding customer expectations. The customer wants a local service, the equivalent of the best customer experience they can get. It is only upon delivery of goods, in that last mile, that the customer will know if you have met their expectations. The placing of the parcel or goods in the hands of your customer is the last mile of a long journey. But that success of that last mile hinges on processes put in place from the very beginning of the supply chain.

So how do you go the extra mile for your customers?

Get to them fast

According to a recent global survey by McKinsey³, almost 25 percent of customers are willing to pay significant premiums for same-day or instant delivery. It found that this was likely to increase as younger consumers were more inclined to choose these options over regular delivery.

A report from Barclays⁴ found that speed was second only to cost as the most important factor for consumers when choosing a delivery option.

Your customers want their goods to arrive in even shorter time frames, from anywhere in the world. This is a huge challenge for any organisation and one that retailers are tackling in various ways. Omnichannel retailers have the benefit of sourcing goods from warehouses, stores and suppliers to send to customers. With the right technology in place, they can identify the best location from which to send their stock, to optimize delivery times.

Purely online retailers are tackling this in other ways, for example, Amazon has established Prime Now hubs in some 58 locations in the US and in cities across the UK to enable it to deliver not just next day, but same day and within two-hour delivery slots.

25%

of customers are prepared to pay extra for next or same-day delivery³



Harness technology to speed toward success

But it is possible to compete with the big boys by getting the right technology in place to ease and speed deliveries. A good shipping management system can link to your CRM and your ERP, automating processes. Instead of data about an order being inputted manually multiple times at different points in the supply chain, data will be shared from the first instance, saving time and boosting visibility. These automated processes reduce cycle times. The shipping solution, such as BluJay's Parcel, should produce all packing slips and carrier slips in one seamless workflow and should enforce all shipping policies, reducing hold ups along the journey.

By linking to your CRM, you also have the benefit of accessing data that would previously have been held in siloes. By using predictive analytics, you can begin to understand where and when demand for certain products will occur and your shipping solution will be able to ensure that the right carriers, compliance checks and documentation will be available to deal with this.

Whether you are shipping low volumes to multiple businesses or high volumes to a single customer, a good shipping management solution should be flexible enough to ensure that your products go through as few hands as possible and arrive in the shortest amount of time, with the minimum of delay.

Linking your shipping solution to a good transport management system that has access to a global trade network, such as BluJay's TMS, will also help to speed processes. These community-style systems give you access to tens of thousands of other carriers and trading partners.

This gives the flexibility needed to ensure that you can deliver your products in the shortest time possible, by using the carriers best suited to the job, who have the capacity when you need it. It allows you to cope with growth or with surges in demand.

It should also give you access to database intelligence and analytics, with real-time data that will enable you to avoid potential hold-ups or delays, ensuring your goods take the fastest route.

A good shipping solution and TMS should integrate with third-party systems of customers and suppliers with ease, to ensure efficiency.



Go mobile

But even if you have a great TMS and a good shipping solution in place, there are still challenges that can delay a delivery when it comes to that critical final mile. Your parcel may have been packed, labelled and despatched, quickly and efficiently, with all the relevant documentation for its journey. It then may have been shipped on the fastest route, with the best-value carrier to the distribution hub. But this is where it can all fall down. The delivery agent has to negotiate this final mile to the customer and can face any number of challenges that will prevent smooth delivery.

Drivers may have to negotiate heavily congested urban areas, get around roadworks or route diversions in cities. Or they may have to locate the customer in sparsely populated countryside that could be poorly signposted or even inaccessible in places. If your driver lacks local knowledge, then valuable time could be wasted and delivery times not met.

This has led some firms to try crowdsourcing — recruiting local drivers who may know the area better. But this still may not be most effective, as these individual local drivers may know the area better but may not have the technology in place to devise the best or most efficient route, and may not have access to your customer data so will not be able to inform the customer about any delays.

“Picking up and delivering ad hoc isn’t as efficient as delivering something where you have strong route management, with items in your truck and you know where you’re going,” said Andre Pharand, Accenture’s global management consulting lead for the postal and parcel industry, in an article for *SupplyChainDIVE*⁶. McKinsey says that recruiting delivery drivers via crowdsourcing could also lead to difficulties as there may be reliability and capacity issues.

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“Crowdsourcing may not play a significant role in instant delivery, despite easing the ability of companies to cope better with fluctuating demand, to leverage resources for different uses (e.g., parcel delivery and taxi services), and to get access to cheaper, less regulated labor — since almost anyone can drive a cab or deliver parcels. Many start-ups complain about quality and reliability issues. As drivers often sign up with multiple crowdsourcing companies, it can sometimes be difficult to ensure sufficient capacity in peak periods.”

Mobile technology tools linked to the shipping and transport management solutions can help to make the entire delivery process run more smoothly. A highly scalable and configurable platform can connect the shipper, operations, management, the driver and the end-customer with real-time data and automated workflows.

The route for the delivery driver can be optimized, not only making deliveries more time efficient, but also more cost-effective. This mobile technology will also enable the driver to optimize the route when incidents occur. So, you can move your parcels to where they need to be swiftly and efficiently, ensuring that the customer receives them in the shortest amount of time.

Premium service as standard

While the option of having a two-hour or a named delivery slot would, on first glance, appear to be popular with customers (The IMRG review found that 69.7% favoured this²). The actual take-up of this option at check-out was not quite so high. One reason for this could be the cost.

The review found that although shoppers like the idea of a specific time-slot delivery, few of them would pay more than £2 for this.

Mckinsey³ agrees: “Only 2 percent of all consumers are willing to pay much more than (the cheapest delivery option) for instant delivery (assuming the consumer would have to bear the additional cost of this extremely fast service). Given consumers’ reluctance to pay, sellers or senders will probably have to pay the additional cost of delivery.”

But it is possible to meet or exceed customer expectations for time-slot delivery or short delivery times, without charging the customer a great deal extra. A good transport management system linked to a shipping solution and mobile technology tools can not only help you to meet delivery deadlines, but it can also help to reduce costs.

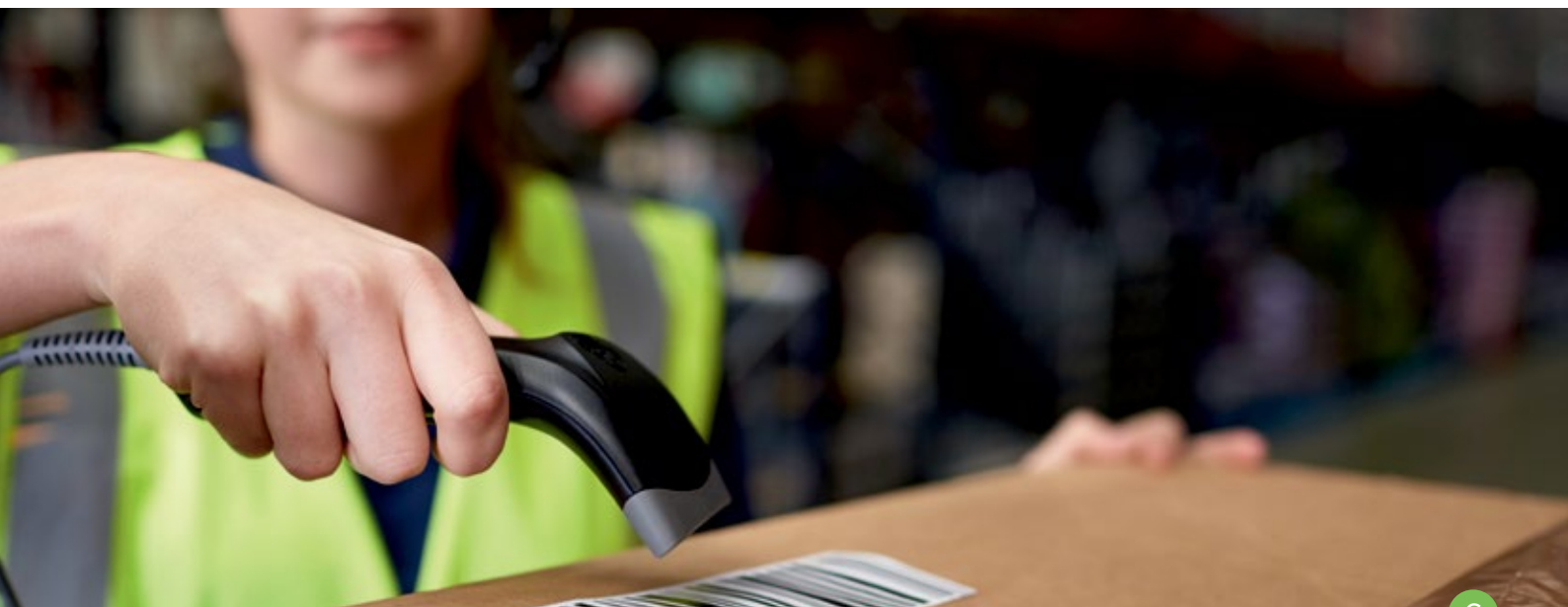
If you have a TMS that is a SaaS model, you will see continuous improvements through software upgrades, you will have lower start-up costs and will gain cost benefits from a quicker implementation.

The single platform and workflow will increase your efficiency and reduce your spend across transportation planning, execution, settlement and procurement. That link to a global trade network gives you the visibility and flexibility you need to drive efficiencies across your supply chain. You will be able to reduce costs per mile and reduce the number of empty miles.

A good TMS will also offer access to industry data ensuring that you meet the ever-changing regional and international regulations and guidelines, saving money by reducing fines and removing delays and hold ups.

BluJay has found that, on average, companies can save between five and 10 percent of their freight spend in the first year of adopting their TMS.⁵

This means that rather than passing on the extra delivery costs to your customer, you make sure that these are absorbed by reducing costs throughout the supply chain.



Giving the customer control

Despite the increase in click and collect services in the UK and the US, or delivery to a place of work, some 70 percent of consumers still prefer the cheapest option of home delivery³. In the UK, the review by IMRG found that deliveries to home or a nominated “safe place” at home were preferred by some 84%².

However, only 50 percent of those surveyed said that there was normally someone at home to receive deliveries during normal working hours.

According to the research by Barclays⁴, the biggest challenge for logistics providers in the UK is when recipients are not in when goods are being delivered. This can lead to parcels being left outside and stolen or damaged by weather. This means goods are returned and refunds given or replacements ordered. This increases costs to the supplier.

By linking mobile technology to your TMS and shipping solutions, not only can the delivery driver access optimized information about the delivery and the route, but it also empowers the customer as well.

A consumer web portal, which is optimized for smartphone or tablet, will give the customer greater control over their deliveries. They can monitor the progress of their parcel from confirmation of order, through packing, shipping and tracking of delivery driver progress.

Customers may not want to commit to a named delivery day or time-slot at the point of order, but by receiving notifications throughout the shipping and delivery process, customers can then make informed decisions that will enable them to be at the right place and time to receive their orders.

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The consumer portal should also offer the ability for customers to change delivery dates or times, or delivery options, for example, allowing them to select delivery to a nominated safe place if they know they will not be home.

Giving delivery drivers access to the information about the customer enables communication and smooths journeys. There will be fewer delays due to a driver being unable to find the precise delivery location.

Mobile technology will also allow customers to be informed about the fulfilment of the delivery process. Nearly 95.98 % of those surveyed by IMRG said they would like a delivery company to be able to confirm or demonstrate that they have followed their safe place instructions.

Of course, while this mobile technology works well for deliveries to individual customers at home, it works equally well for business clients who are expecting deliveries to their workplace, factory, store or warehouse. Understanding where a vital delivery is and when it will arrive will help them to make informed decisions about their business. It will also give you the edge in customer experience and your reliability will help to ensure that you become the supplier of choice.

Mobile technology tools linked to the shipping and transport management solutions can help to make the entire delivery process run more smoothly. A highly scalable and configurable platform can connect the shipper, operations, management, the driver and the end-customer with real-time data and automated workflows.

As BluJay observes: “Retailers and delivery companies with a commitment to customer experience... are treating the customer as an individual, not an address, by allowing the customer to specify their delivery preferences as relates to their needs on an order by order basis, without suggesting that information is a premium service offering.”²



CONCLUSION

“Changes such as the explosion of digital, the empowered customer, and the acceleration of innovation are having a profound impact on customer expectations. The customer of 2020 will be more informed and in charge of the experience they receive. They will expect companies to know their individual needs and personalize the experience.”¹

It is important to go the extra mile for every mile of the delivery process. Linking up systems and solutions will offer maximum efficiency for minimum effort. The benefits of solutions that are part of a global trade network will give the flexibility and agility needed to compete with companies offering ever faster deliveries for a low cost.

You will have the ability to manage the large factors involved in the global marketplace: offering full visibility of your supply chain, the flexibility and agility to deal with hold-ups and delays or spikes in demand, and global trade compliance.

However, you are also able offer the local service that customers are looking for, giving them visibility and control of the delivery and meeting their expectations.

And by overcoming the obstacles in that final mile — by keeping the customer informed and ensuring that they are involved in the delivery, ensuring that their needs are met — your organization will offer customers, large or small, the very best customer experience. The end result will be an efficient, effective, reliable and streamlined transportation process, from the first to the final mile.

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About BluJay Solutions

BluJay Solutions is transforming supply chain logistics with the BluJay Global Trade Network. BluJay unlocks the power of more than 40,000 universally connected partners so companies can achieve greater trade velocity, transform their supply chain economics for disruptive advantage, and see beyond the horizon to optimize their future in the global economy.



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