

Closing the Customer Loop

A TRIMBLE SMARTDELIVERY WHITEPAPER



How can you create and execute the optimal
Final Mile Delivery experience?



Background and Context

In recent years, FINAL MILE DELIVERY has assumed a high level of importance and priority for all forward-thinking companies involved with supplying goods to an end customer. The subject has moved up the board-room agenda to be a key strategic issue and, when done well, an asset and competitive advantage, impacting on operational performance and customer experience.

Nowhere, is this truer than in B2C e-commerce. The reason is clear—a good delivery experience can make or break the whole customer relationship¹, and as important, getting it wrong costs more than getting it right.

Online retailers invest heavily and carefully in digital infrastructure, web design, inventory range and supply, and in marketing and promotion to attract profitable customers. They aim to create a digital experience designed to work perfectly every time.

Having won the consumers trust—and their order, most rely on third-party supply partners to complete the transaction

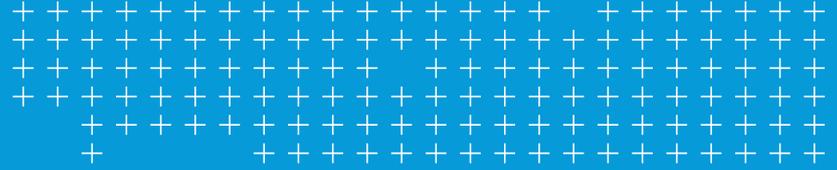
—to deliver both the product and their reputation. And ultimately, they rely on one person—the delivery agent.

It is therefore no wonder that these client organisations place their delivery partners under scrutiny to make sure that the delivery promise is met, and their brand values upheld.

In the past, Final Mile Delivery has been focussed on operational metrics—collection of orders on time and in full, delivery attempted within the promised time window, levels of loss and damage within agreed limits—all supported by service level agreements between the client and the delivery company.

Of course, these are important foundations for any dispatch operation, but Final Mile Delivery excellence now requires us to build beyond this. What about the end customer and their expectations for the delivery contract? Do we do enough to ask them exactly how, where and when they want each specific delivery? Some retailers try but most don't do enough and the failure to offer customers what they want, costs in terms of sales and customer loyalty.

¹ MetaPack—The State of eCommerce 2018—a survey of 3597 consumers in Canada, France, Germany, the Netherlands, Spain, the UK and the US:
• 61% of consumers say a positive delivery experience incentivises them to shop with an e-tailer again



Why have you, or people in your household, ever abandoned an online purchase at the check-out stage because of delivery concerns or issues?

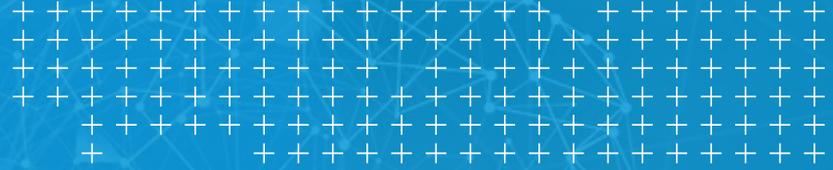


Source—IMRG UK Consumer Home Delivery Review 2018/19

And even when the order is placed the customer doesn't always get the delivery experience they expect—for example, of all e-commerce deliveries in the UK:

- ▶ More than 3% fail at the first attempt²
- ▶ Up to 11% are not even attempted within the expected time window²
- ▶ Even for those that are delivered, an estimated 28%³ are not handed to the customer or placed in their mail box, but are left with someone or somewhere else

² IMRG—The UK E-Retail Trade association reports:
• 2.8% of deliveries are taken away because no one is available to accept the delivery
• 0.6% of deliveries fail because the delivery point cannot be located
³ Research by Loopin January 2019—800 deliveries observed



In other words, more than 4 in 10 hard won orders risk an unhappy customer with the consequences of complaint and a loss of future orders.

Perhaps most worrying is that, in most cases the sending company is unaware of the scale of this problem and that, in a digital business where they try and create a 100% experience, 40% of orders risk not meeting the delivery promise.

In a world where the digital customer can specify and select any product (size, colour, features, price, etc.) from anywhere, the next big challenge is to extend that level of flexibility, choice and control to DELIVERY⁴ – To Close the Customer Loop.

This white paper supported by Trimble Smartdelivery, considers how this can be done.

Arguably the greatest innovator in B2C service delivery in recent years has been Amazon, promoting the mantra of 'Fast and Free', which has created an expectation amongst shoppers and which many retailers have tried to follow.

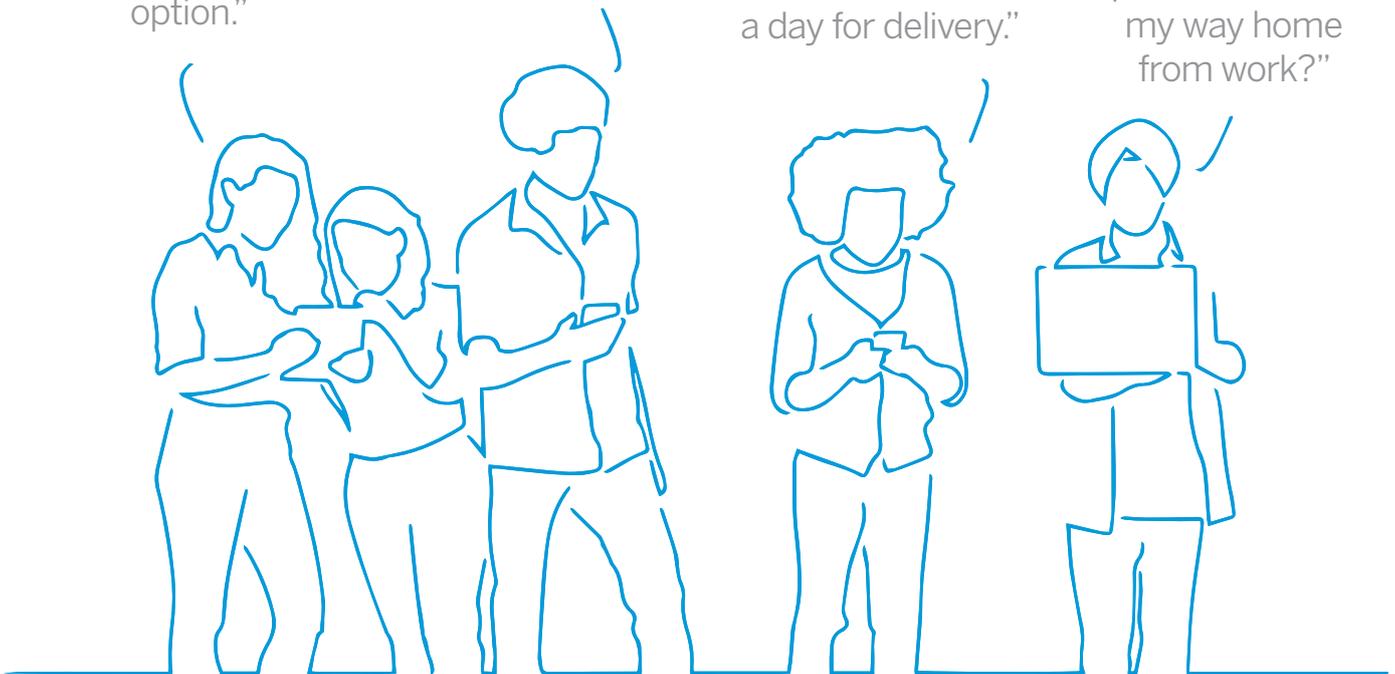
However, not many have the scale and logistics capability to follow this path and sustain it. Also, the latest evidence is that, although free delivery is much appreciated by customers, more important than the speed of delivery, is flexibility—the choice of delivery options and the ability to tailor each delivery to specific circumstances.

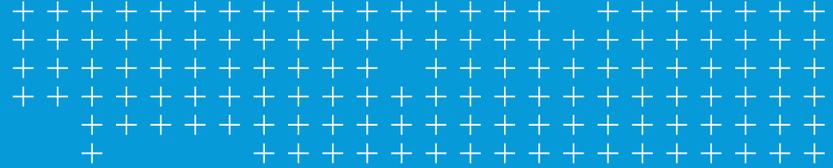
"As a student, I'd really just like the cheapest option."

"It's my wife's birthday, I desperately need a delivery before noon tomorrow!"

"I'm away for a few days on business so I need to choose a day for delivery."

"Maybe I can collect from a parcel locker on my way home from work?"





When customers are asked what makes delivery more convenient, the most important service features have little to do with fast delivery. Overall what is most valued is the ability to specify ■ and to be kept informed ■.

What would make receiving deliveries more convenient? Top 10 options



Source—IMRG UK Consumer Home Delivery Review 2018/19

And we should also not expect that the delivery decision made at the time of purchase, always remains the best option a day or so later. The evidence is that almost a third of shoppers have made changes to their delivery preferences after their order had been dispatched and a further 48% say that if this option had been available to them, they would have used it⁵.

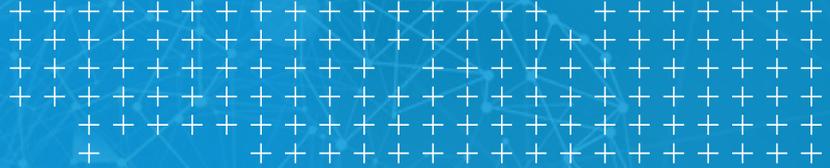
So, as well as giving a choice of service options at the time the product is purchased, also vital is the ability to monitor the delivery through key stages—to communicate this to the customer—and to make sure that the delivery team

responsible for making that delivery, exactly as the customer wants it, knows what to do.

CUSTOMERS DON'T WANT TO BE PASSIVE BYSTANDERS⁶:

- ▶ Two-thirds can offer alternative delivery points if asked
- ▶ Almost three-quarters want to help the delivery agent make a successful delivery when they are not there, by providing helpful instructions
- ▶ 95% want to know that their delivery was made as they wanted it, in their absence

⁵ MetaPack—The State of eCommerce 2018
⁶ IMRG UK Consumer Home Delivery Review 2018/19

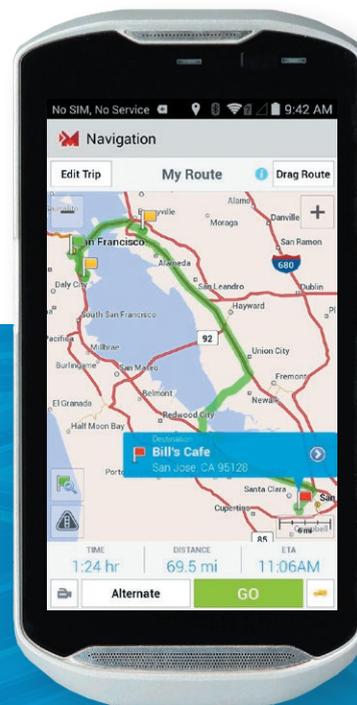


Therefore, Closing the Customer Loop represents the next great opportunity for delivery companies, to add value to their clients by engaging the end customer in the final delivery, to get it just right.

However, this can't be achieved without perfect in-transit visibility and real time communication to both the delivery team and the customer.

Before anyone can tell the customer what's going to happen with their parcel, the delivery team needs to know first. That means what day and what time the delivery is likely to happen, and that means route management and prediction.

Providing the driver with a planned route, that accurately predicts estimated drop times for each order is the start, but this also needs to take account of driver experience and local knowledge. With the right systems this expertise can be overlaid to optimise the route for efficiency and capture that knowledge for the next time—when perhaps the round is not being covered by the regular agent, so providing operational contingency and consistency.



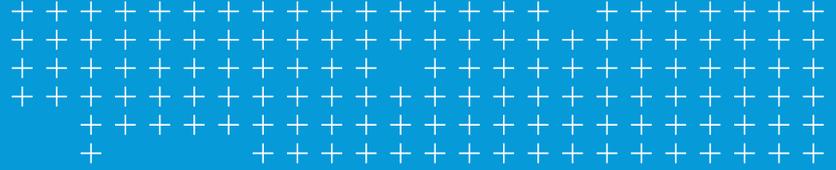
Plan According to the Real Situation

One of the first things that happens when a driver starts his shift is that he receives his manifest, consisting of deliveries, collections and returns. The manifest is often a result of an optimisation algorithm that matches parcels and addresses with available drivers and vehicles. This resource allocation will be broadly correct, but it does not consider last minute changes and information that only the driver may know.

Therefore, Smartdelivery, Trimble Smartdelivery's logistics software solution, provides the option is for the driver to review the route and optimise it using local knowledge and for it to be visualised to ensure, in advance that the delivery schedule is achievable and that each driver has an optimal load.

This modified route can then be checked to make sure it fits within given distance or time-based parameters.

The ETAs created can then either be relayed to the end customer via email or SMS or in the consumer APP. Additionally, it can be left to the driver to communicate directly with the customer through text messaging or calling.



COMMUNICATING ETA INFORMATION TO THE CUSTOMER DOES A LOT TO IMPROVE FIRST TIME DELIVERY BECAUSE IF THEY CANNOT BE AVAILABLE OTHER OPTIONS COME INTO PLAY:

- ▶ **Delay to another day** – this does not break the delivery promise because it is done with the customers permission
- ▶ **Divert to another location** – perhaps a parcel shop for collection that evening
- ▶ **Leave safe**

THE PROBLEM WITH LEAVE SAFE (SAFE PLACE OR NEIGHBOUR) IS THAT VERY FEW COMPANIES ASK THE CUSTOMER WHAT IS ACCEPTABLE. A JANUARY 2019 RIDE-ALONG SURVEY⁷, WITH DRIVERS DELIVERING FOR MAJOR UK RETAILERS, FOUND THAT:

- ▶ Almost a third (28%) of reported 'successful' deliveries were not handed to the customer but were left in a 'safe place' for or with a neighbour
- ▶ For three-quarters (73%) of these it was up to the driver to decide where to leave the parcel and hope it was acceptable

WHEN THE CUSTOMER CAME HOME TO RETRIEVE THEIR PARCEL, WHERE IT HAD BEEN LEFT MAY NOT HAVE BEEN ACCEPTABLE AND THEREFORE NOT 'SUCCESSFUL' AT ALL. THE ISSUE IS NOT ONE OF DRIVER COMPETENCE BUT RATHER THE LACK OF INFORMATION THEY HAVE AVAILABLE:

- ▶ The only person who really knows how the delivery needs to be made is the customer
- ▶ The only person who can really make the right decision to make that happen, is the delivery agent

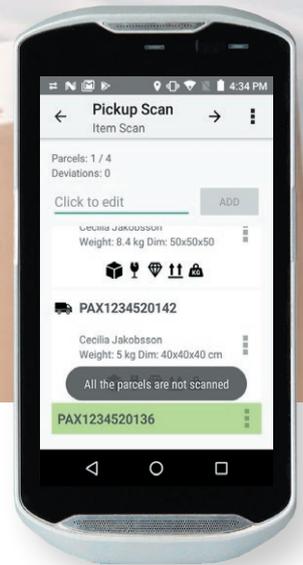
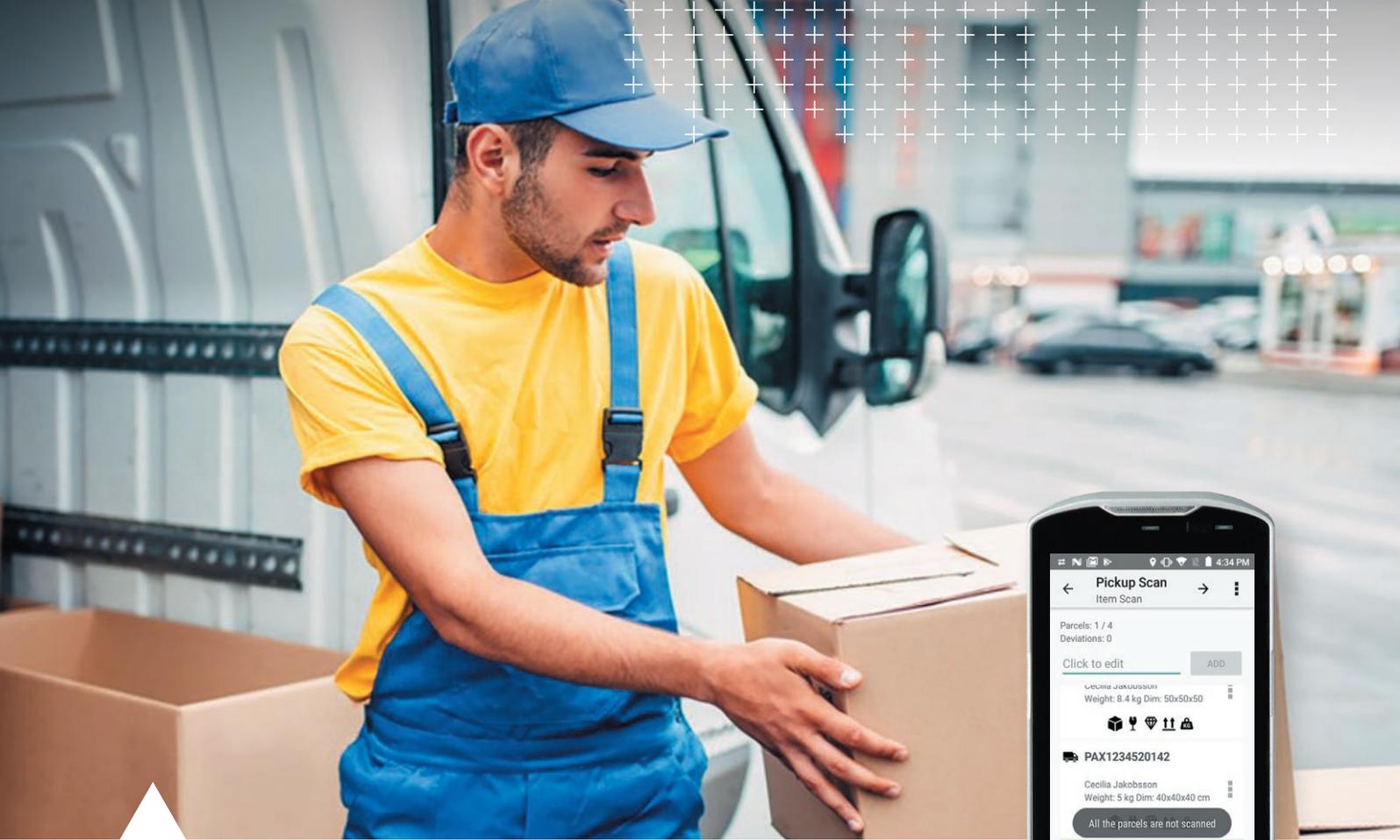
Only an efficient transfer of information between the two can Close the Customer Loop.

Some retailers (perhaps 15% – 20%) do ask the customer to provide instructions, but most do not or cannot capture this information consistently. This provides an opportunity for delivery companies to step in and close this gap—to capture delivery preference information for their clients, even when the order is in transit, and then manage this to give an ideal experience.

Imagine, instead of coming home to find a card saying your parcel is with someone or somewhere you would rather it not be left, you receive a message immediately after delivery to confirm that your parcel has been safely left where you asked.

Precise delivery location also works in B2B situations. On larger sites, with multiple access or drop off points, being able to send the driver directly to the right location saves time and cost for all concerned.





The Right Instructions at the Right Time

Customers may want to perform both last minute address changes as well as requesting extra services. For a customer, it may be substantial value for deliveries to be carried inside the house or to be able to do on-the-fly redirection to a specified neighbour. Such changes may seem like minor adjustments to the customer, but for a driver they are real challenge. The reason is the lack of clear and timely instructions and without clear authority-to-leave, he cannot deliver other than already instructed.

Smartdelivery allows the driver to receive accurate instructions in real time. It may provide directions for delivering to a friend or relative, who lives just a few houses away, simple installation instructions or a request to take away packaging. With timely information it becomes easy to meet the customer's specific requests.

The trick is to invest in solving the problem before it becomes one, and this is one investment that can offer a fast payback. As well as the client relationship benefits there are real cost and efficiency savings to be made.

IMRG's Valuing Home Delivery research for 2018 suggests that every failed delivery incurs cost for all involved:

Overall industry average cost by event				
	Customer	Retailer	Carrier	Total by Scenario
1. Failed 1 st delivery – Re-arranged	£2.90	£4.90	£2.01	£9.80
2. Failed 1 st delivery – Collection by customer	£7.41	£0.00	£2.74	£10.15
3. Late delivery	£2.53	£21.64	£2.90	£24.17
4. Failed delivery / Order lost – Replacement	£5.26	£123.61	£0.00	£147.14
Total by stakeholder	£18	£150	£18.27	£191



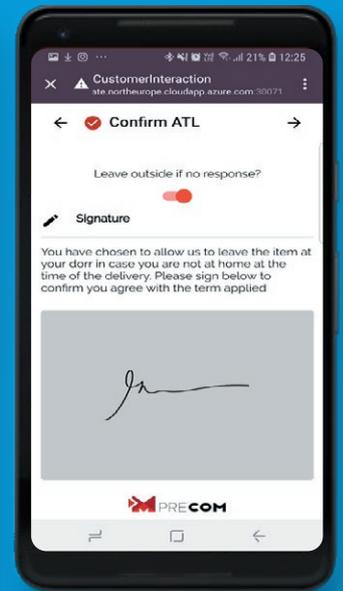
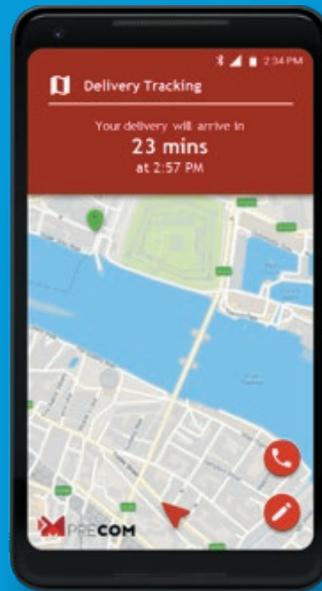
Let the Customer Decide

Fundamental in achieving a great Customer Experience is to make it easy for the customer both to understand what options that are available and swiftly communicate his or her selections.

The Smartdelivery software allows the customer to receive a weblink, even from the driver on the way to make the delivery. Here the customer can see what delivery preferences were previously selected and, if needed directly make changes. When the driver and delivery is approaching the destination, the ETA and real time driver position will be visible in a “Uber-type” map.

AND, HAVING ESTABLISHED THIS INFORMATION FLOW, THE DATA GATHERED HAS A VALUE OF ITS OWN. TO INFORM FUTURE OPERATIONAL AND PLANNING DECISIONS:

- ▶ Efficient drop rates and capacity management
- ▶ Optimised routing and real-time learning
- ▶ Enhancing driver experience and knowledge with the ability to pass this on





Make it Simple

Detailed delivery instructions, time window constraints and high requirements on end-customer communication—that is a lot to think about for the driver. The good news is however, that he does not need to keep all these things in his head, there are tools that can help.

The Smartdelivery software simplifies the process and can let the driver focus on his specific task. For example, ETA notifications can be automatically sent out to customers, and triggered by certain events, e.g. departure from the depot. Other possibilities are to use geofencing functionality, so when he arrives at a stop, the detailed instructions just pop up on his screen. Guided workflow will help as next workflow step is automatically brought forward based on situation or reference data. If he still does not know how to solve a certain situation, he may be able to use the video instructions, easily accessed through the Smartdelivery application.

TO INFORM THE CLIENT AND BE AN INTEGRAL PART OF THEIR 100% DESIGN:

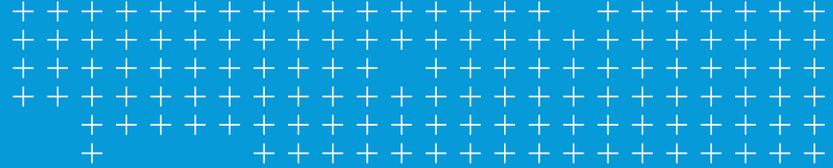
- ▶ Providing real-time delivery status information for customer services
- ▶ Performance management data

Allowing analysis of any delivery shortfall from the customers perspective and recovering that situation in real time and mitigating the cause for the future.

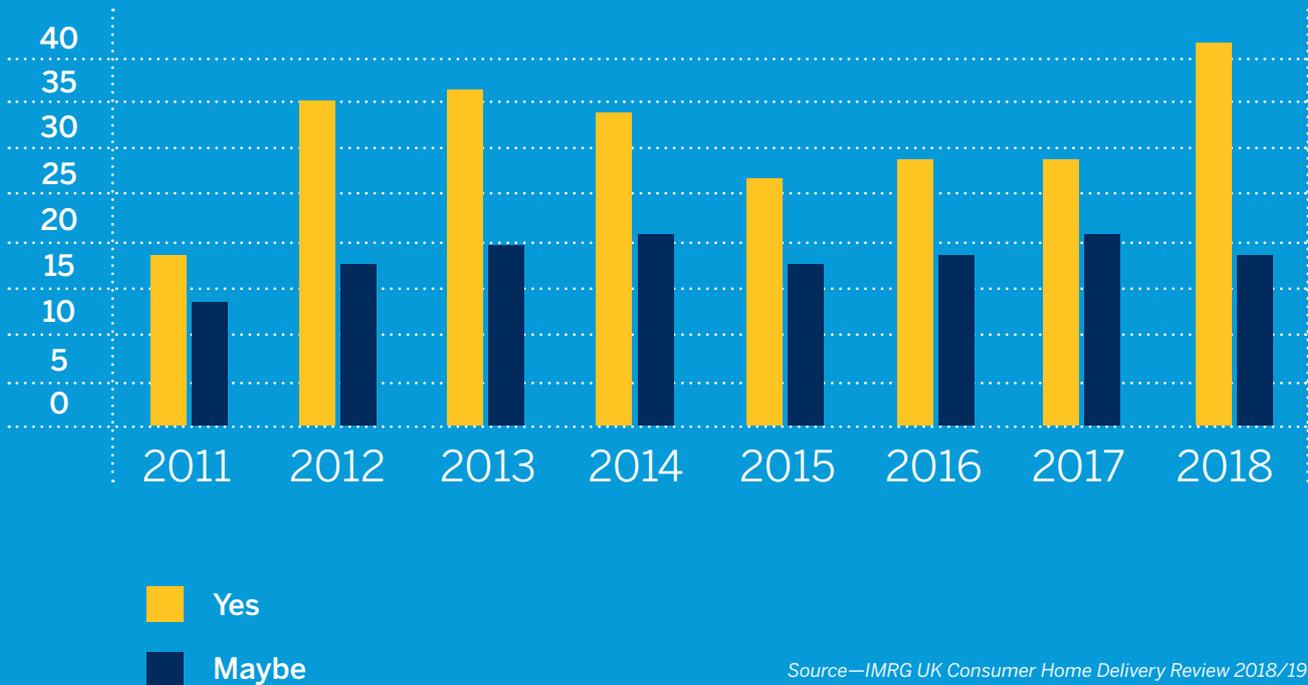
Of course, it's not possible to Close the Customer Loop without finding out what the customer thinks.

All too often it is assumed that 'no complaint' means a happy customer but with up to 30% of 'successful' deliveries

either left with a neighbour or left somewhere else, this is a huge risk to take. If it transpires that the customer did not get the parcel or it was damaged, a complaint will surely follow, but what if they did receive it only after some effort or inconvenience or were simply unhappy about where and how it was left? Would they then invest even more time and emotion to complain? Who would they complain to? The retailer or the carrier or both? It is unpredictable and there is a good chance that most of these instances go unreported. The customer simply acts by shopping elsewhere in future and by telling other people about their problems.



Has a customer review about a company's delivery service influenced your choice of retailer?



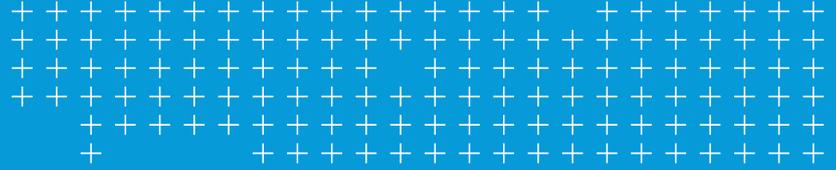
Encouraging direct feedback at the time of delivery can make sure that this ticking time bomb is defused and any shortfall in service can be addressed and rectified. It has the added benefit of ensuring the customer does not feel ignored and in many cases a problem quickly and appropriately solved, creates more satisfaction than if there was no problem at all.

Improve Learning

Continuous improvement driven by customer feedback has proven successful for many organisations. To understand what the customer thinks of each delivery allows better delivery decisions and builds trust. By combining the customer feedback with other data, such as driving style, provides excellent analytical data to improve operational performance. It is also possible to share real time information with the driver at the end of the shift. Driver feedback can be given in form of Gamification or a quick walk-through in front of the screen with the team leader.

The Smartdelivery software include tools to capture and analyse customer feedback as well as analyse routes and driver performance.





So, what we learn from all of this is that a retailer's significant investment in customer experience may all hinge on the judgement of a busy delivery driver, doing his or her best to fulfil the delivery wishes of a customer they know little or nothing about.

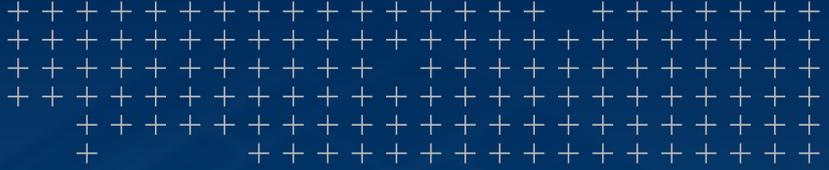
Closing the Customer Loop is all about information—obtaining it from the customer and getting it efficiently, accurately and in a timely manner to the person who can make all the difference—the delivery driver.

And being able to close this loop allows not only a better customer experience, but a more cost effective, resource optimised operation. The investment required for the solutions available soon pays for itself.



What are you waiting for—let's hit the road!





We Empower the Logistic Community with Intelligent Software Solutions!

Trimble Smartdelivery has delivered software solutions to the transport and logistics industry since 2000. Our objective is to assist customer to optimise operations and maximise customer experience.

We combine our experience from the pickup, delivery and return operations with knowledge about business-critical software and how to match technology with business processes and eco-system.

Every day, we provide approximately 175,000 users with software tools that simplify their work procedures, reduce administration, boost productivity and enhance customer experience.

Read more: Smartdelivery.trimble.com

Andrew Starkey

Andrew is the MD and lead consultant of Spiral4... a postal and e-logistics consulting company specialising in strategic insight and solutions development for stakeholders in these sectors.

He has an extensive and comprehensive background in the in the world of parcels and postal logistics with over 40 years' experience gained from the commercial sector and the regulatory environment with senior commercial roles in Royal Mail, as an Executive Director of Postcomm and as the Commercial Director of Jersey Post International.

He is the author of a wide range of market leading reports, surveys and studies and is a recognised expert on e-retail logistics.

He is a member of the Chartered Institute of Logistics and Transport and is retained by IMRG, the UK's trade body for e-retail as its of Head of e-Logistics. Every day, we provide approximately 175,000 users with software tools that simplify their work procedures, reduce administration, boost productivity and enhance customer experience.



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