

Winning the Last-Mile Challenge with the Right Delivery Provider



Overview

The logistics around an efficient last-mile delivery has been a difficult challenge for retailers and distributors of consumer packaged goods (CPG). To help you navigate this crucial step in your delivery process, we'll address some of the key challenges in creating an efficient last-mile delivery service and how the right provider can help your business improve its last-mile process.



Introduction



The last-mile: The most important step in your delivery process.

Last-mile delivery is by no means a new concept. In fact, it has existed for as long as consumers have been buying products.

Long before we started making purchases from our laptops, the last-mile was simply thought to be the final step in the linear movement of goods — from the warehouse and the retailer, to the delivery provider, and finally to the end-consumer. There was limited choice and visibility into how long the delivery would take at any given stage of the process. And then, along came e-commerce, turning an entire industry on its head.



How e-commerce – and Amazon – changed everything.

Fast forward to present day, the reign of e-commerce (and namely, the disruption of Amazon) has driven our last-mile delivery expectations to be as on-demand, convenient and customized as our Netflix and Spotify playlists. Whether you're a big box retailer or a CPG company that provides a wide array of products for retail shelves, the introduction of real-time visibility, same-day delivery and the gig economy has fundamentally changed how we approach last-mile delivery.

How e-commerce changed the supply chains of two industries

Retail

It's predicted that, by 2023, online sales will have nearly doubled since 2017¹.

To captivate on e-commerce growth, innovators are creating a seamless experience via all channels for purchasing and delivery options. An example? Buyers view in-store, buy online, get home delivery, then review on social media.

What this means for the last-mile...

Supply chains must connect all channels seamlessly, so the last-mile can move in new directions. An example: an in-store purchase of an out-of-stock item that is then shipped over from another store (known as "saving the sale").

Consumer Packaged Goods (CPG)

In the past, CPG was a primarily B2B transaction.

Now, more consumers are buying CPG products online rather than in traditional store locations.

What this means for the last-mile...

CPG businesses have had to adapt their supply chain in order to reach the same bar that's been set by retail.

\$9Bn

increase in online retail sales in 2 years¹

35.4%

growth in CPG e-commerce in a year²

At the end of the day, if you want to co-exist with the likes of Amazon, you need to be able to deliver the same level of service, efficiency and reliability. With bold predictions of drones and autonomous vehicles accounting for 80% of all deliveries in the not-so-distant future³, the bar is only going to be rising.

The good news is, you don't have to go it alone. Keep reading to find out how you can up your last-mile game and how Purolator can help.





Challenges

Meeting the challenges of the last-mile head-on

Imagine that you're on the verge of winning a 10k race that you've spent the good part of the year preparing for. You've maintained a healthy diet and stuck to a rigid training routine. The finish line is well within sight, you're feeling strong and... you trip. You limp to the finish line, with nothing to show for all that hard work but scraped knees and a bruised ego.

It's an unpleasant scenario, but it's also the perfect analogy for how the last-mile is truly the "make or break" part of a transaction. No matter how much time, money or manpower you invest, it's all worthless to a consumer if you fail to meet their expectations in the end.

What does last-mile success look like?

Before we tackle the challenges of the last-mile, let's take a quick look at what makes for a successful and efficient last-mile delivery:



For consumers

- ✓ **Visibility and up-to-the-minute order tracking**
 - Easy management and real-time tracking of shipments
 - SMS notifications
 - Estimates and transit times
- ✓ **Fast delivery**
- ✓ **Goods delivered in original condition**
- ✓ **Convenience**
 - No missed deliveries
 - 7 days a week delivery



For businesses

- ✓ **Efficiency**
 - Inventory tracking
 - Proof of delivery
 - Minimal number of hand-offs
- ✓ **Cost-effective distribution**
 - Warehouses in urban centres
- ✓ **Having a reliable, capable and well-networked delivery partner**
- ✓ **Satisfied customers**

Seems pretty simple and straightforward, right? The reality is, there are so many different variables that can turn the last-mile from being a simplistic point B to point C journey, into a logistics headache. It's a process that needs to be continuously optimized in order to keep up with expectations, competitors, and of course, Amazon.



The 3 biggest challenges of the last-mile

Challenge 1

Increased volume

Currently, about 80%⁴ of Canadians are hitting the “buy” button online. While this is great from a sales perspective, it places added strain on businesses, as well as on the capacity of less than- and full truckloads (LTL/FTL). In fact, in just two years, the average number of online purchases made annually by Canadians has risen by 58%. What’s more, online shoppers who purchase 41 or more items a year has more than doubled in the last two years⁵.

Nearly 50% of all deliveries occur within urban centres⁵, emphasizing the need for a speedy last-mile solution to maximize on capacity delivered in a day. The last-mile is spent navigating busy routes, complete with strict parking/idling restrictions, leaving little time to attempt a delivery.

The inconvenience of missing a delivery is one thing if shipping was free, but when a set delivery time was paid for, it can have a detrimental impact on your brand.

More people are buying more online. And the number of high-volume shoppers has virtually doubled over the last two years.

Winning the last-mile challenge

Meeting growing demands on two wheels

Purolator is currently testing electric cargo bikes – an agile, quicker and more sustainable alternative to ensure efficient deliveries⁶. Already used in London, England, e-cargo bikes can achieve around 20 more deliveries than a traditional vehicle in the city, thanks to their ability to bypass traffic⁷. The result? The ability to deliver packages to consumers downtown quicker and easier – especially in congested traffic areas – while potentially reducing congestion on busy streets and helping reduce carbon footprint.



Challenge 2

Increasing consumer expectations

Back in the pre-Amazon days, it was much easier to deliver as promised. Deliveries took longer, online tracking wasn't available, and the window of expected delivery could be several weeks. Now, 62% of consumers consider "fast shipping" as two days or less⁸. Same-day and "instant" delivery will likely reach a combined share of 15% of the market by next year³.

Businesses need to provide an array of delivery options to match the on-demand and personalized characteristics of crowd-sourced services.

"The gig economy and tech have reset our expectations for speed and real-time visibility. Pizza used to be the only option for late night food. Now, UberEATS and other crowd-sourced services have left us asking, "if I can get a four-course Thai meal delivered in 30 minutes, why is it hard to get a pair of shoes delivered in a few hours?"

Michael LeBlanc
Producer & Host of *The Voice of Retail* podcast.

Winning the last-mile challenge

Keeping up with the trends

Purolator currently offers four main options, such as "next flight out" and "in-city", with many timeframes to choose from. And these timeframes are held accountable with real-time visibility into shipments. "Out for delivery" is no longer enough for consumers, likely due to the tracking capabilities offered by trendsetting companies like Uber and Lyft. Purolator's app uses detailed status updates for businesses and end-consumers to manage and track shipments from any mobile device⁹.

Challenge 3

Factors beyond your control

With shortened delivery windows, the longest stretch of the tracking time is often when a product has left the final distribution centre. This is where the true inefficiency of the last-mile comes to light – it's the portion of the journey that has the lowest density of deliveries over a much larger area.

The last-mile is the most expensive part of the logistics process for businesses, accounting for 28% of overall transportation spend¹⁰.

The most challenging aspect for retailers and CPG businesses are the factors that can't be anticipated, like:

- An incorrect address
- Traffic congestion
- The customer isn't home
- Parking restrictions
- Bad weather conditions

While this might seem like the part where you're limited at controlling the last-mile, it's actually an opportunity for innovative delivery services to get creative.

Winning the last-mile challenge

No more missed deliveries

Missing a delivery is on its way to becoming a thing of the past. In some condos, delivery providers have installed convenient parcel lockers – a secure location to drop packages when the customer isn't home. It's been so successful, there's been a 46%¹¹ reduction of missed deliveries where lockers are available. A similar concept is Purolator's Mobile Quick Stop¹² – a pick up stop on wheels that provides consumers and businesses the convenience of collecting their packages close by. Best of all, it's open evenings so there's no need to travel to a traditional facility further away if you're only free after a 9-5.



Choosing a provider

Your delivery provider: An extension of your brand

When a customer receives their order late or damaged, they're more likely to call your customer service to complain about it – not the carrier who delivered it¹⁵. Worse, they'll broadcast their dissatisfaction on social media to everyone they know. Your brand may have a stellar reputation for its products and customer care, but who you choose to represent your business within the last-mile matters. If you partner with a delivery service whose standards aren't as high as yours, it's your brand that ultimately pays the price.

In many industries, technology has removed the need for customer interaction. Real-time tracking visibility, online FAQs, reviews and resources answer many common questions and concerns. As a result, the last-mile, and specifically the delivery provider, is a pivotal point in the overall experience.

Whether your destination is a retail store, or you ship straight to the end consumer, choosing the right delivery provider is an important part of the business ecosystem. It's no longer just a conversation that should occur between the operations team and a provider. Today, C-suite executives, strategists and marketers are discussing how the capabilities of various delivery providers can strengthen the brand and value proposition.

46%

of consumers would share their negative experiences if a delivery is late¹³

14%

would abandon a business altogether after just one late delivery¹⁴



5 | Key considerations when partnering with a delivery provider

1 They offer more than just the basic services.

It goes without saying, you need a provider who can handle the tougher requirements of your business. You need to ensure that your delivery partner has the ability to manage:

a. Volume

Do they have the workforce and facilities available to take on mass volumes of shipments?

b. Speed

Are there options to deliver in timeframes that meet customer expectations and that make economic sense?

c. Geographical reach

Do they have a network that spans the outreach of your business, without the need for handoffs?

2 The ability to customize, adapt and grow with your business.

In business, the only constant is change, and as your business evolves, you need a partner that can evolve with you – whether that's flexibility in delivery times, expanding your delivery area or increasing your shipment frequency.

3 A reputable and reliable brand.

Your delivery provider should safeguard your products, but also be able to protect your brand reputation. As we pointed out earlier, the consumer equates the entire process back to your business, rather than the delivery provider. Errors should be infrequent, but in the case of last-minute changes or unforeseen circumstances, the delivery provider's customer service reps should be easy to reach and ready to help.

4 At the forefront of innovation.

The last-mile process is changing so quickly, continual improvement is key to stay at the forefront of the latest trends and consumer expectations. Implementing the latest technology is only half the battle – you need to choose a delivery provider that challenges the status quo with innovative ideas to keep you ahead of the competition.

5 "Best in class" for customer service.

It's worth repeating – your delivery provider is an extension of your business and your brand. It's critical to go with a provider that gets to know your core competencies, priorities and company values. It should be clear that they feel invested in your success and truly want to help your business thrive.



Steer clear of delivery providers who:

- **Are the cheapest.** Don't choose a provider on price alone. It's unlikely they'll provide the best overall value and may end up costing you more in the long run.
- **Are just starting out.** Don't run the risk of putting your product, your brand and your customers' trust in the hands of an inexperienced provider.
- **Are crowdsourced.** Yes, it's efficient. But 75% of consumers only trust an experienced, holistic and professional delivery service¹⁶.



Win the last-mile

Purolator. We are where your customers are.

Recognized by consumers as Canada's most trusted delivery services partner¹⁷

Purolator services 99.9% of Canadian Postal Codes¹⁸, and we use up to 99% of our own assets to get your business across Canada¹⁹. With our flexible and customized solutions, we reduce unnecessary hand-offs and streamline the last-mile. Beyond our freight or courier services, our experts can assist with enhancing internal processes, optimizing supply chains and providing innovative tech solutions. Rest assured, with over 55 years of providing a customer-centric experience, we'll help keep people coming back to your business.

Optimize your last-mile with the largest selection of guaranteed, time-definite express shipping options from Purolator:



More drop off and pick up points.

Enjoy more flexibility with later drop-off times and over 1,200 Purolator retail, agents and Mobile Quick Stop locations across the country.



Better network visibility and security.

With Canada's largest operating courier fleet and delivery using 99% of our own assets, you get improved visibility, security and reduced damages.



Next day delivery guarantee.

Rest easy knowing we offer on-time delivery and a wide range of courier services.

We also offer specialized delivery options, including:



Signature services.

Get added security with Adult Signature Required, Chain of Signature and Signature Not Required/Origin Signature Not Required.



Special handling.

Ship items with unique shapes or special contents, plus overweight and oversized pieces with confidence.



Pickup and delivery services.

Customize your pickup or delivery with special services like Hold For Pickup, ExpressCheque^{®†} and Saturday Service.

Resources

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Let's get started!

Find out how Purolator
can help you win the
last-mile challenge.

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Promises delivered®