

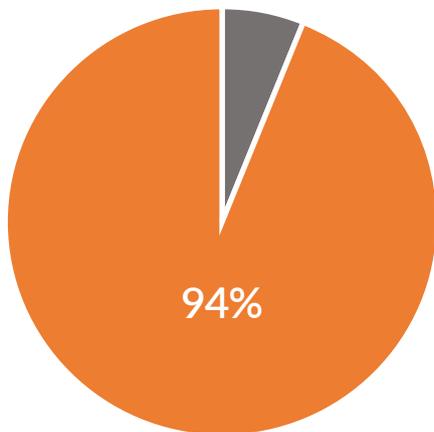
Whitepaper: What are customer expectations at the last mile?



Heightened customer expectations of what happens in the last mile of their buying journey has increased competition for retailers and service deliverers alike. With the ever evolving options for collection and delivery of goods and services, what exactly does the new on-demand customer expect at the last mile? And what aspects of the last mile experience are most important for a service provider to deliver on, to ensure that they gain and keep customers in this new world of high customer expectation?

Localz surveyed consumers across the UK, USA and Australia to find out what aspects of the last mile experience were most important to them. This whitepaper discusses the findings of that survey.

94% would choose a different shop or brand based on delivery or collection options



What was very clear from the findings is that customers are heavily influenced by the collection and delivery options available to them in their purchase decision. An overwhelming 94% would choose a different shop or brand based on the delivery or collection options available.

Customers choice of channel, however, differed depending on what they were purchasing – one of the many challenges faced by retailers today. When shopping for fresh produce, 75% of shoppers still prefer to shop in store. As the purchase type moves away from fresh items, customers are more likely to choose collection or delivery as their preferred channel. For general groceries 35% preferred home delivery, 5% collection and the remainder shopped in store. Yet when we looked at

non-grocery items, such as clothes and gifts, 64% preferred home delivery, 10% collection and only 26% still preferred to shop in-store.

The type of purchase came out as key in choice of channel. When asked what influences the choice of shopping method, the highest impact was type of product. This was closely followed by the cost of delivery, with convenience and availability coming a close third.

This presents a challenge for mixed goods retailers to provide different options for customers to accommodate different

purchase types. It is important to remember that other research shows that 69% of customers who collect in-store are also likely to make an additional purchase when in-store collecting goods purchased online(1). Retailers with brick and mortar stores have an advantage here in being able to provide a mixed channel experience. However, the bulk of the last mile experiences from a digital purchases are about delivery.

Receiving a 'we missed you' card is the most annoying thing to customers

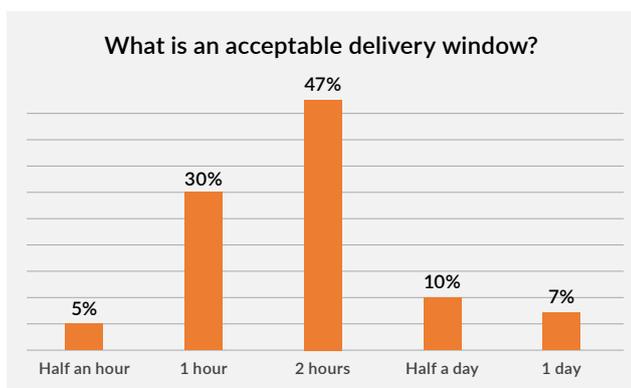
When asked what customers found the most annoying about their recent delivery experiences, of either a delivery or a service, 40% rated receiving a 'we missed you' card as the most annoying. This is means that getting a delivery first time is highly important to customers. The good news for retailers and delivery providers is that increased first time delivery reduces their cost of delivering. No wonder that increasing first time delivery rates is such a focus across the industry.



The next most annoying for customers was having no visibility of when the delivery was arriving, followed by long delivery windows being the third most annoying. While fast delivery was cited by 54% as being the most important aspect of delivery to them, it is clear that control of when something gets delivered and visibility of what is happening through that process is key. This makes sense to anyone that has ever sat at home waiting for a delivery to arrive. No one wants to have to wait at home all day with no visibility of what is happening. We all know that in this scenario, without fail if you duck out for 15 minutes to get a coffee, that is the most likely time that your delivery will arrive.

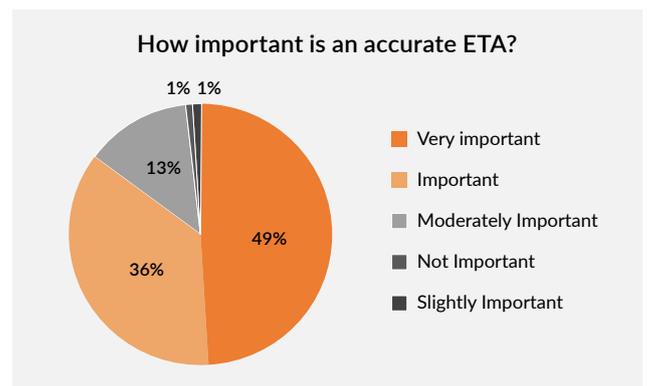
77% of people believe an acceptable delivery window is under 2 hours or less

No surprise then that customers are also demanding ever smaller delivery windows. When asked a reasonable delivery window, 30% stated 1 hour and 47% stated 2 hours. That is 77% of people believe an acceptable delivery window is under 2 hours or less. With 94% of customers making their purchase decisions based on what delivery or collection options are available, this suggests that providing delivery windows under 2 hours is key for retailers.



Receiving an accurate ETA very important to 47% of customers

Drilling down further to the mechanics of the delivery process, receiving an accurate estimated time of arrival (ETA) was stated as being very important to 47% of customers and important to 36% of customers. So, a short delivery window is important, but knowing accurately when the delivery will arrive is even more so.



The ability to communicate with a driver was less important than receiving an accurate ETA.

Asked about the importance of the ability to change delivery or collection options as their situation changed, it was important to customers, but less important than the process being simple. It seems that simplicity is key for time poor consumers. The ability to change delivery or collection options was seen as moderately important by 33% and important by 31% of customers, however simplicity of the process was seen as very important by 31% of customers and important by 42%.

Sources: (1) ICSC, 2015 <http://www.icsc.org/>

There are clearly some challenges for retailers and delivery providers to meet the expectations of the new on-demand customer. Customers want simple, fast delivery with short delivery windows and transparency of what is happening through the process. They are also saying that the cost of delivery and collection services is still very important to their purchase decision. Reducing the cost of collection and delivery services, while still maintaining a high-quality service, is key to success for retailers and delivery providers.