



STRUGGLING IN THE LAST MILE: **IRRATIONAL CONSUMER DEMANDS!**



Text: Nico Hoeijmans // Photos: Localz

Consumers are used to getting what they want and increasing demands make (online) retailers, fulfilment service providers and logistic companies go crazy, requiring a continuous focus on innovation. Yet, with the extreme fast delivery methods provided by Amazon, that is not all the last mile requests. We talk to Tim Andrew, Co-Founder and CEO at Localz.

Is B2C Fulfilment where it should be?

“In last mile delivery, there is room for improvement. Consumers are in control these days. It is what we call the ‘Economy’, shorthand for the Individual Economy. From a consumer expectation perspective this means: I buy ‘what I want, where I want, when I want it’. It is an expectation of being in control and impacts retailers, both domestic and cross-border.”

What can service providers and retailers do about it?

“It is important to provide transparency in last mile delivery, letting consumers know when they can expect their purchase to arrive. Consumers like to narrow the timeframe a purchase can be delivered and don’t want to wait at home all day. We know that some of our cross-border clients try to sell up their data so that they can more singularly track items cross-border and then be able to provide what they call a ‘predict-service’. It helps them to tell retailers how long it will take to get a product overseas, and how long it will take to get it to the customer afterwards. It helps retailers to reveal more information regarding a specific delivery date. Finally, it helps the customer to feel more in control.”

What about live tracking?

“Live tracking goes hand in hand with getting continuous updates about a sending. Consumers only want to get informed actively when it suits them, not at every scanning point. The important part is that delivery services provide consumers with any sense of movement and progression. When companies can provide this information, they will come closer to the real delivery moment, whereas not doing this increases communication costs, both to retailers and delivery service providers, as the consumer will get in touch. Transparency in the delivery process is key. Providing it can raise a NPS score by multiple points and will lower communication volumes and costs.”

So, transparency is most important?

“I would say it is a great first step. At Localz, we think people need to deal with the fact that the customer is now in control. Sending a package is often accompanied by sending a message to the customer when it turns up. That’s no longer convenient. Consumers want to decide when to receive their order. The text message is not designed that way. To survive, you need to let the consumer be in control. That requires a transition. Bringing

transparency into your processes is a great step, at least to satisfy a customer with the need for continuous verification.”

Shoppers are demanding cheaper and faster deliveries every day. What are current ‘standard’ delivery expectations?

“We see that, especially for e-commerce customers, precision is more important than speed. While same-day fulfilment is growing, what people really want is to know when their order will be delivered. Delivery the same day, or in one hour, might not be convenient as I might be in a meeting. However, if I can choose to have it at 7.30 am tomorrow morning, before the kids go to school, that is what I need. It creates the sense of being in the position of knowing exactly where I want it, when I want it. This is far more important than flat-out speed. Research often points out speed as the most crucial factor, but we believe this research often does not take an additional offer into account. If you ask customers the question whether they want something today or tomorrow, they will choose today. But if you offer them a third option, when it is convenient for them, the amount of people that will choose delivery today – ergo speed – will drop in favour of delivery in my time, because precision is more important.”

Fulfilment service providers are innovative. What do you think they should focus working on in last mile delivery?

“We see that the vast majority of the logistic service providers are currently focusing on improving their prediction services. A lot of these companies were traditionally B2B and recognised that the real growth is in B2C. They needed to change their operation, as in B2B there is almost always someone available to receive goods on a regular working day. Most important is the need to change their data centricity from parcel-centred to consumer-centred. If they do not do this, they will inevitably lose market share to those who are able

to provide this comfort for customer deliveries. The grocery market leads this transformation and are often more flexible in delivering in a given hour. That is a downfall for other markets, as consumers have the annoying habit to translate an experience in one industry to another. For example, if I can get my groceries within the hour, why can't I get my perfume delivered where and when I want it? Consumers are very unreasonable and once they get new standards set by any industry, they apply it to others that are considered analogous. It is a battle between large existing, rational, economic businesses and irrational, emotional, and uneconomic consumers.”

Cross-border delivery asks for a different approach than local delivery. How can cross-border retailers take these challenges?

“It is extremely important for everybody to focus on the end-consumer experience. Retailers are not looking for a one-time transaction. A delivery experience that feels like a delivery ‘thrown over the fence’ won't result in repeat business. You need to take care of your customers. As logistic margins get squished, margins on the ‘extra’ services need to be better, which is advice based on customer's experience.”

What can we expect in the near future?

“One of the things that will come up is the willingness of consumers to give up privacy for precision. Will the customer share personal data and their location to make sure they get things delivered to them, first time, where and when they want them? Even with a named one-hour delivery, something can happen. Customers will expect the ability to change the delivery slot and location in real-time, last minute. Delivery drivers can see where the customer is and re-route accordingly. The delivery service of the future will revolve around the individual, delivering what they want, where they want and when they want it.”••





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