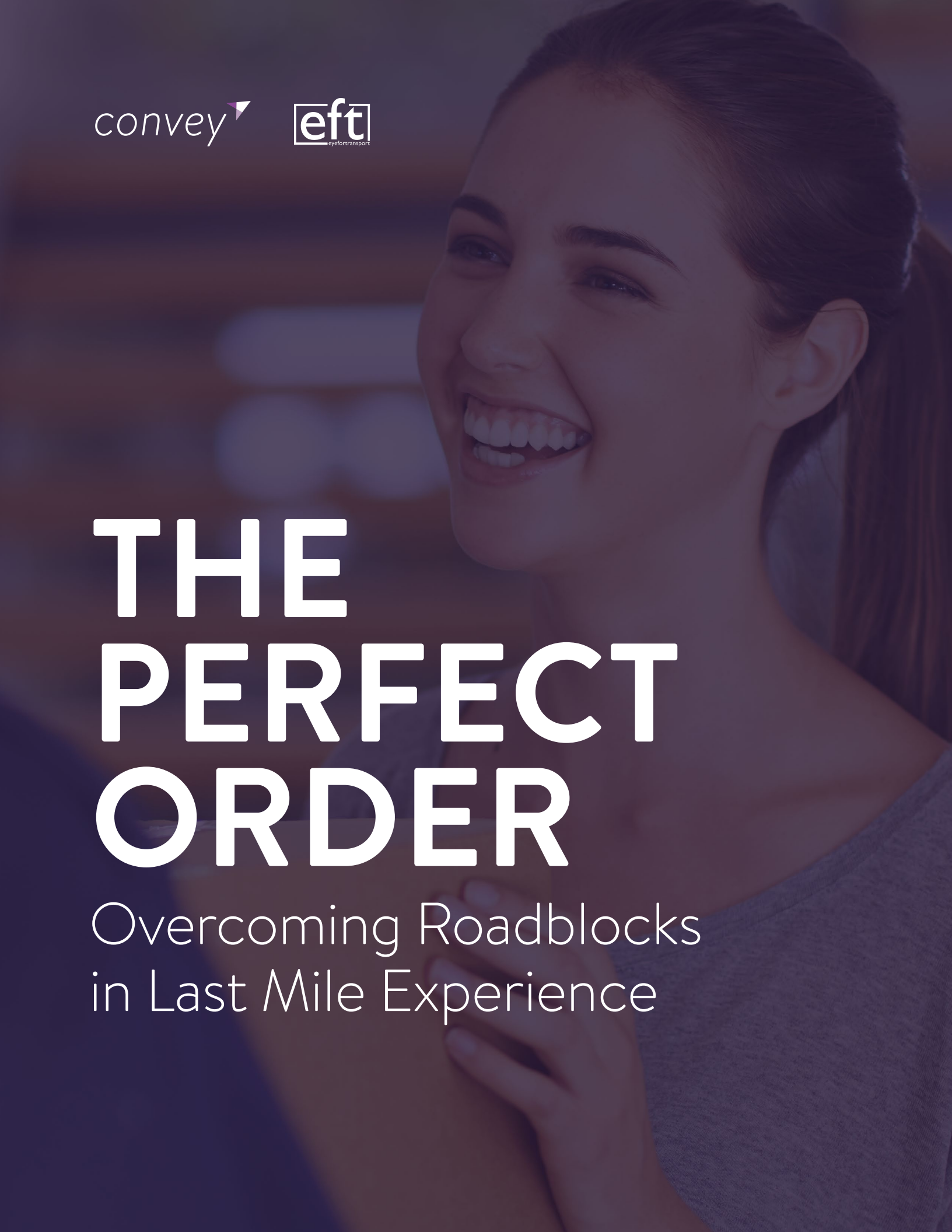


A background image of a young woman with dark hair tied back, smiling broadly and looking off to the side. The image is overlaid with a dark, semi-transparent filter.

convey

eft
eye for transport

THE PERFECT ORDER

Overcoming Roadblocks
in Last Mile Experience

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Executive Summary

- **Supply chain leaders know customer experience is critically important, but lack the tools to succeed:** CX metrics, like NPS and CSAT, are today's measures of supply chain success. However, with current technology, supply chain leaders remain powerless to deliver the experience that today's customers demand.
- **Day-to-day pressures impede leaders' abilities to invest in long-term customer experience goals:** The tactical pressures of balancing delivery costs with immediate customer appeasement leaves little time or budget to focus on strategic changes that drive sustainable improvements in customer experience.
- **However, forward-thinking industry leaders understand that a unified view of all internal and external partners is the only way to achieve sustainable last mile success,** and provide customers with the experience they expect at a delivery cost that achieves business objectives.

About the Research

Eft asked 237 supply chain management (SCM) executives in retail ten questions about how supported and compelled they are in making actionable changes to improve customer experience. We wanted to understand the role of customer experience in internal decision making and how it impacts how leaders think about cost. Furthermore, we have supplemented the data with interviews from SCM supply chain leaders and retail supply chain analysts.

We would like to thank the following retail supply chain executives and industry analysts for their expertise throughout this survey. Their insights provide first-hand viewpoints into survey results:



MATT BERGERSON

*Director of
Omnichannel
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POONAM GOYAL

*Senior U.S. Retail
Analyst, Bloomberg
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SUCHARITA KODALI

*Vice President &
Principal Analyst,
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BRITTAIN LADD

*Supply Chain
Transformation &
Business Strategy
Expert*



ASHLEY TYRNER

*Founder & CEO,
Farmbox Direct*





Introduction

A few weeks ago, I purchased a patio set from an online furniture company—a loveseat and some small chairs. The chairs arrived 3 days later, but the love seat was sent separately. I received a tracking page, and some notifications indicating the package was delayed, but I still felt the need to call customer service to get details on its arrival.

Ten days later, I came home to see not one, but two massive boxes at my door. Must be the love seat! I opened one box, and found my loveseat. I opened up the second box and quickly learned that the furniture company sent two loveseats by mistake... even though I had only paid for one and they had only tracked one to my door.

I called customer service (yet again), feeling bad because the company paid for shipping not one, but two large shipments. I imagined they must have eaten through their entire profit margin on my sale. I was right—the representative said it happened all of the time, and that I should keep the extra love seat because it would cost even more to return it.

My experience may seem miniscule in comparison to the \$14.3 Billion eCommerce sales¹ that occurred in 2018, but as my customer service representative indicated, these shipping issues occur often due to lack of visibility and shared information with internal and external partners.

According to Convey data, delivery issues impact 12% of shipments—many of which can be avoided altogether, or diverted before customer impact. Even though this retailer gave me basic tracking information, it still ate through margins by shipping an extra item, and incurred extra costs from my two ‘where is my order’ (WISMO) calls. To top it off, I probably should be happy with my extra loveseat, but I don’t have room for it on my back porch—now I have to figure out what to do with it, and I probably won’t go back to that retailer again.

It’s no secret that as eCommerce grows and last-mile logistics become exceedingly complex, SCM leaders must contend with ever-rising transportation costs, cost-to-serve, and fulfilling customers’ demands. Gone are the days when “fast” and “free” were the golden tickets to a satisfied shopper. Today, 84% of customers will not return after just one poor delivery experience², and it costs 5X the amount to acquire a new customer as it does to retain one.³ Supply chain leaders in our survey understand how important customer experience (CX) is, and they almost universally said (96.3%) that they even rely on CX KPIs such as NPS and CSAT to measure supply chain efforts.

Retailers can’t just throw money at the problem, margin constraints are too severe. They are faced with the arduous task of creating a customer-centric supply chain that responds to market demands with efficiency and agility.

Improving the customer experience requires a fundamental shift in culture, measurement, technology, and process:

¹ Internet Retailer, <https://bit.ly/2FUFzSj>

² Convey, <https://bit.ly/2Cfn1Jd>

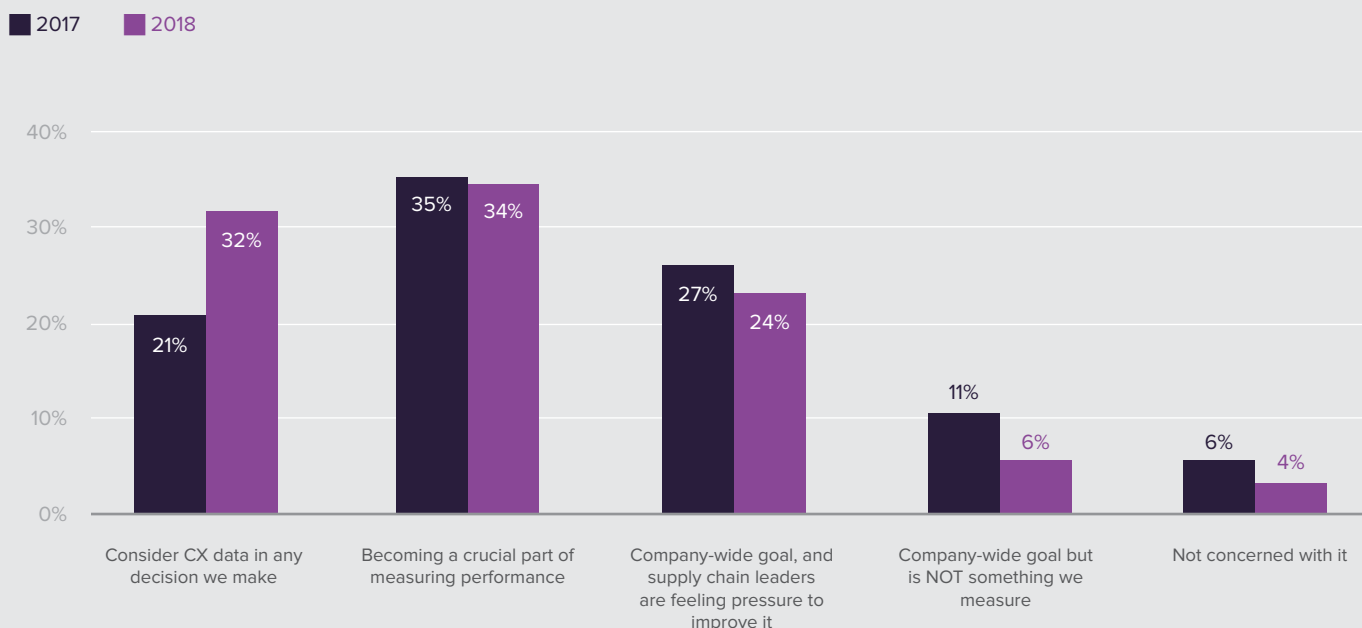
³ Harvard Business Review, <https://bit.ly/2nwFESw>

Customers are at the Front and Center of Supply Chain

Customer experience (CX) is now front and center in the supply chain, and most SCM leaders are held accountable to CX performance.



How important is the consumer experience (CX) when measuring last mile supply chain performance





What the Experts Say:

Senior U.S. Retail Analyst, **Poonam Goyal** says that what customers want goes back to the basics. She says to make sure it happens when you say it'll happen:



"It goes back to the basics. When you think about the customer placing an order online, and the time they order to the time they receive it, there are a few things they want. They want transparency—they want to know where their order is, and where it is in the pipeline. They want packaging—sometimes the packaging slips and the item arrives damaged. That's the worst experience you can give to a customer, where a package gets to the door and it's not in the condition that you expect. Make sure it happens when you say it'll happen."

"Last-mile delivery determines a lot of satisfaction with the moment that matters, the moment the consumer gets their package."

For Forrester Principal Analyst, **Sucharita Kodali**, the last mile represents a critical customer touchpoint:



REI's **Matt Bergerson** uses customer feedback to improve experience, but it's incredibly difficult to measure:



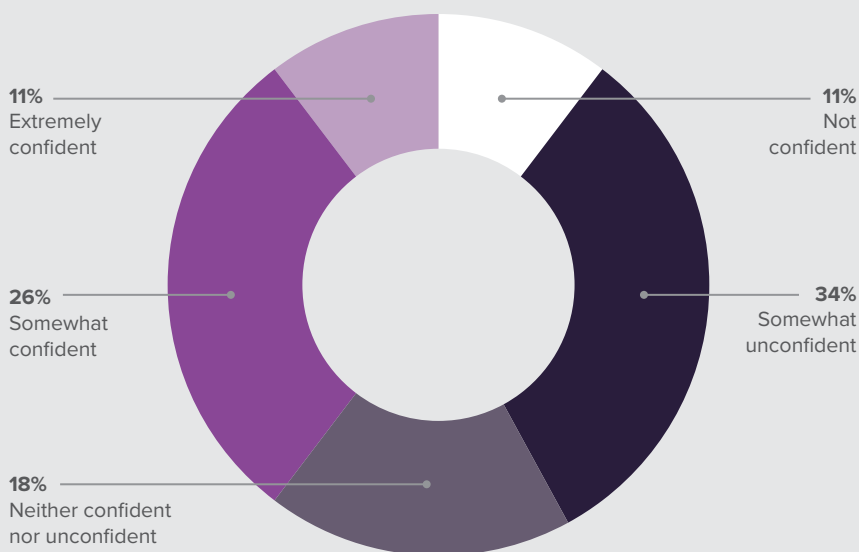
"Customers are quick to let us know when we fail in last mile experience and that feedback is highly informative to experience improvements. However, customers do not proactively reach out to let us know when we are winning with last mile service, leaving it to us to conduct satisfaction surveys and measure customer engagement to best understand where our service levels create inflection points in customer satisfaction and shopping behavior."

Roadblocks to the Perfect Delivery Experience

Even though supply chain leaders agree on the importance of customer experience, they are no more equipped to improve it than they were in 2017.



How confident are you in balancing CX initiatives with rising transportation costs?





What the Experts Say:

Goyal says that there is a fear to invest in better solutions due to technology rapid pace of change.



“Technology is changing very rapidly, so I think that the biggest fear is ‘are you investing in the right technology? Will it have aged by the time you implemented it because something new comes up?’ And that’s a rightful fear for any retailer. But I think when they do invest in these technologies, they make sure that they’re agile and more versatile in nature.”

“It [Investing in the last mile] is something that is important, and it drives a lot of costs for retailers, especially when consumers don’t know where their package is. The hesitation around it may be driven by limits of what retailers think they can do... It’s not as sexy as the unboxing experience that makes its way onto YouTube later, but it is an important part of the experience. It is something that if done well, can be a big part of the competitive advantage.”

According to **Kodali**, there are a lot of unknown variables and costs associated with the last mile. She says that after they hand off items to carriers, there’s a limited amount of knowledge of what they can do to protect their brands.



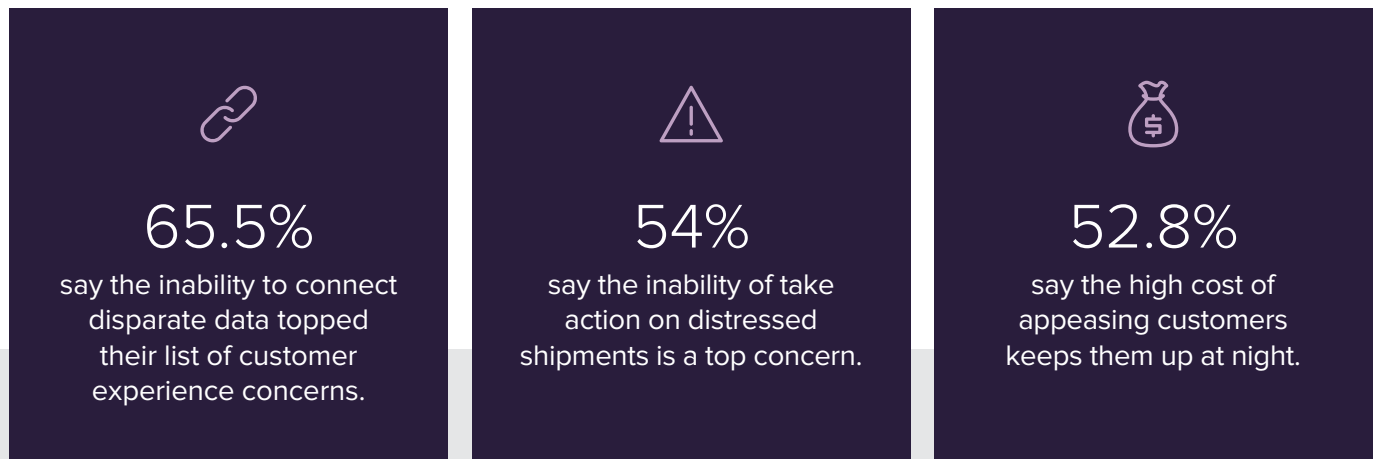
The main technology roadblock for REI’s **Matt Bergerson** is the lack of a “one-stop shop” for the last mile.



“Whether it’s order management, customer data, freight pay and cost analysis data, or order tracking, there is no one stop shop for solutions and data sets supporting last mile.”

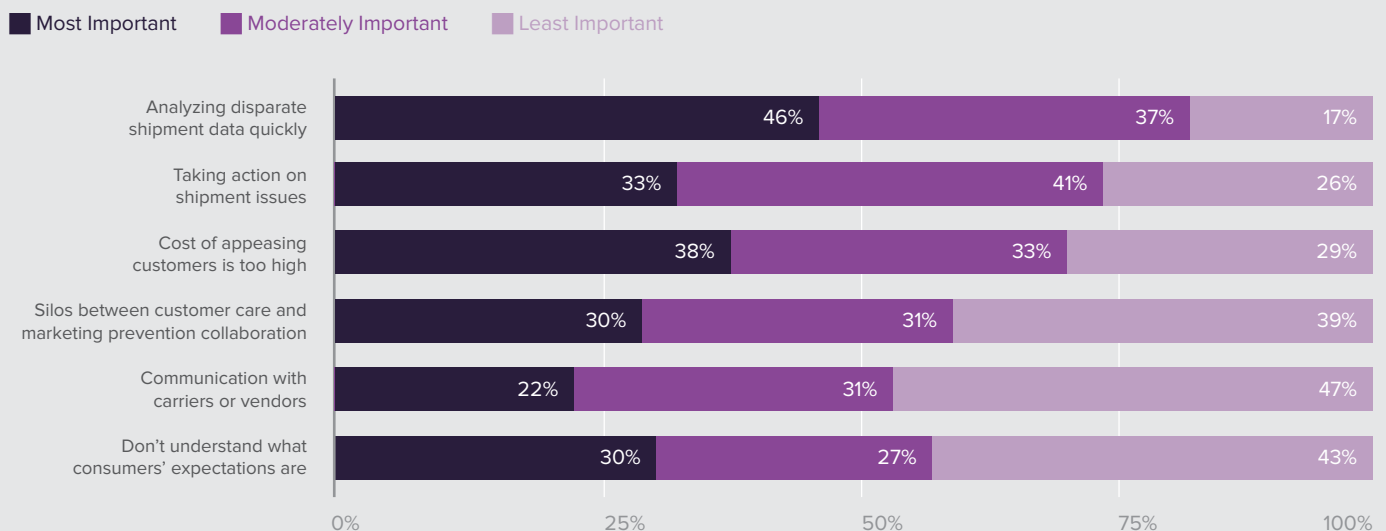
Balancing Rising Costs with Customer Experience Demands

SCM's top three concerns are:



According to our industry experts, delivery speed isn't all-important anymore, and it's important to create a delicate balance between cost and speed. According to Goyal, this is driven in part by shiny object syndrome and the Amazon Effect: "Everyone is focused on speed right now with Amazon same day and two-day delivery being the cornerstone of delivery today." Kodali agreed, saying: "As internet pure-play emerged, and Amazon really raised the bar... there was almost an over-investment in trying to get speedy delivery."

Rank your biggest last-mile supply chain challenge to improve CX





What the Experts Say:

Matt Bergerson says that “fast and free” isn’t always necessary, unless it’s a high-stakes moment, such as a holiday.



“[We prioritize last mile speed over cost] when it drives a measurable change in customer behavior or when there is a unique event with special expectations (like Christmas).”

“Customers know their box is delivered on a certain day, and when they sign up for service they will need to wait for the following week to receive their box... I only prioritize last mile speed during the holidays, when we use the express network to ship our boxes due to holiday demand.”

FarmDirect’s CEO, **Ashley Tyrner**, says that she lets customers choose which day they will receive their packages, a strategy that Amazon is also pursuing.



Brittain Ladd, Supply Chain Industry Expert, advises on taking profit margins into consideration.



“[Prioritize speed] when you have a high-value product with high margins that covers the cost of delivery. Another scenario is when a customer is willing to pay a delivery fee that covers the cost of the delivery while also generating the desired profit.”

Collaboration: The Forcing Function of Efficiency

The last mile is exceedingly complex. Not only can it involve multiple handoffs and sources of data from external parties, but inside the brand, it impacts eCommerce, customer service teams, as well as supply chain. SCM leaders agree that a shift in organizational culture is necessary to process internal and external data in a way that is efficient for all, with **9 out of 10 leaders saying that access to shared data and improved collaboration is important to long term success.**

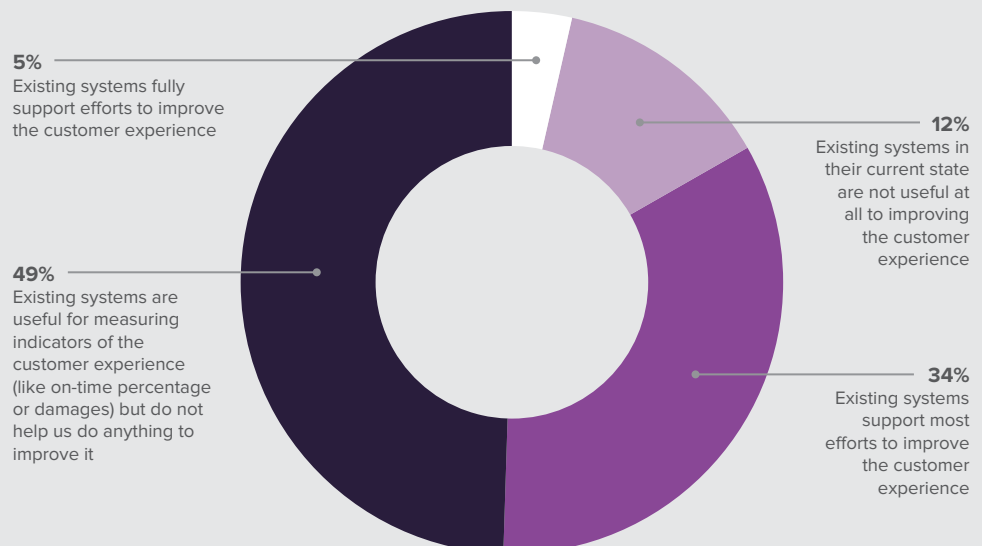
Work with External Partners to Improve the Last Mile

For many, last mile challenges are a result of a lack of shipment visibility and connectivity to their partners and carriers. We found that almost **one fifth (18.1%) of supply chain leaders have zero ability to see distressed shipments while they are in-transit.** When issues do occur, almost half of respondents said that they do not have a process in place to support escalations with third

parties, such as carriers. **These companies do not have the ability to see the 12% of shipments that go off the rails, and subsequently, they can't do anything to divert those issues before customer impact.** It can often cost additional money to re-ship deliveries, and it impacts customer perception as well. According to Convey's consumer survey, 96% of respondents want their retailers to identify and resolve package exceptions while they are in transit.

According to Kodali's research, delivery experience management is essential. She says that about 20% of packages end up needing to be re-delivered. In order for things to get better, technology must be adopted on the carrier and consumer sides: "Especially as eCommerce grows, there's a huge cost, and everyone wants that cost to go down. That seems like it's a very inefficient part of the supply chain that can be fixed, relatively easily. I'm a little baffled why it [technology] hasn't been more adopted on both the carrier and consumer side."

To what degree do you feel your existing logistics technologies support efforts to improve the customer experience?





What the Experts Say:

The reality, according to **Bergerson**, is that there are too many sources of data, and there is no single place to easily process it all. Teams need support from external parties to give them visibility into data and process it into meaningful insights.



“Retailers [are left] with either the ability to address process and customer issues in a siloed manner or a heavy lift to fully integrate all of the data relevant to last mile execution and analysis.”

“I don’t think the last mile is an area where the retailer can say, ‘It’s 100% us.’



Goyal says that most companies don’t have the luxury of owning their supply chain end-to-end.

According to **Kodali**, retailers must rely on third-parties for the information necessary to control CX. As they attempt to improve CX and reduce costs, their sources of data and their handoffs are effectively black holes.



“To get the costs down and get your items to customers, you usually put together a patched-together solution of lots of different carriers. The reality today is that most retailers don’t own their own delivery network and they’re still dependent on other companies and carriers to execute the last mile, and maybe there’s a sense that it’s difficult to reduce costs, and there’s a sense of not knowing what you can cut in an experience that you don’t control anyway.”

Break Down your Silos with Internal Collaboration

When Supply Chain, Logistics, eCommerce, and Customer Care work together to access—and correctly utilize—data, they are empowered to transform the customer experience. We were surprised to learn that although supply chain leaders do believe in the power of collaboration, not many share information and data within their own organization.

It was surprising to uncover that over half of leaders (52.8%) don't make delivery data accessible to their marketing and eCommerce teams. Especially with so many blind handoffs and variables in the last mile, it's imperative to communicate with customers and be transparent about what is happening with their delivery. Without this information, customers often call in wondering where their packages are, leading to an avoidable loss of customer care time and dollars.

Additionally, only 4 out of 10 customer service and logistics teams share data on consumer delivery feedback and distressed packages. This means that **60% of leaders are not taking advantage of feedback from customers that could contain insights about how to improve the delivery experience.** They are not working with operations teams to divert issues, such as damages and incorrect addresses, that could be reducing “Where is my order calls” (WISMO) and saving them costs in return-to-sender fees and lost customers. In addition to helping to reduce WISMO calls, supply chain teams can also give customer service better insight to keep customers informed at handoffs that may otherwise be blind.

“I think this lies in delivery and logistics, because that’s the part that touches it, but it’s something that should be thought about across your organization, because of that last touch... the perception [of the brand] is often painted by the last mile.”

Poonam Goyal says that while the responsibility for customer experience ultimately ends up with SCM and logistics teams, the impacts can be felt across the organization.



Sucharita Kodali says that increased collaboration between these two groups could improve eCommerce customer experience.



“One of the single biggest reasons that retailers get calls to their call centers is that consumers often want to know where their package is, or why it’s late. So having visibility into that last mile and having better processes around it are things that can be really helpful to the customer experience.”



The Future of Delivery Experience

In a world where consumers have endless options to shop, any delivery that misses expectations risks resulting in a lost customer. SCM leaders must now bear the burden of meeting customer experiences from cart to door, often with very little visibility or control after the carrier picks up an order. Supply chain leaders shouldn't have to go it alone—and yet the vast majority lack the tools, technology, and integration needed to be successful.

With customer expectations rising faster than supply chain systems can evolve, supply chain leaders need to integrate their infrastructure, data, and internal and external partners to form a cohesive delivery experience ecosystem. Breaking down data silos will allow organizations to shift from reacting to each exception that occurs, bleeding through margins on shipping issues and spending money to win customers with negative experiences back, and empower retailers to offer great delivery experiences on every order.

Successful companies are already putting this at the top of mind, with new roles like 'Chief Delivery Officer' and "Head of Customer Happiness" driving change, increasing visibility, and collaboration to improve last mile delivery experiences. With unified supply chain visibility and insights, teams across the organization can take proactive action to measurably improve the customer experience.





ABOUT CONVEY

With delivery expectations skyrocketing, brands cannot leave the critical last mile to chance. Convey's Delivery Experience Management platform combines real-time visibility, post-purchase experiences, and advanced insights and analytics to create a solution uniquely capable of perfecting last mile delivery. Supply chain and customer experience leaders including Neiman Marcus, Jet.com, and Eddie Bauer rely on Convey's software and expertise to take action to ensure shoppers get their orders how and when they want, resulting in happier, loyal customers and a lower cost to serve. Founded in 2013, Convey is backed by Silverton Partners, Techstars Venture Group, RPM Ventures and based in Austin, Texas.

Learn more at www.getconvey.com/get-started



ABOUT EFT

eft Supply Chain and Logistics Business Intelligence is the global leader in business intelligence and C-level networking for the transport, logistics and supply chain industry. We specialize in connecting senior industry executives with their industry peers, and with the crucial information they need to excel in their work. For 16 years, eft has provided the industry with essential business intelligence in the form of news, reports, benchmarking data, white papers and C-level events. Through constant direct engagement with industry leaders, we ensure our products and events are directly tailored to meet the industry's needs.

Learn more at www.eft.com