

Best Practices in Home Deliveries

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Descartes, a provider of SaaS logistics software solutions, had their Global User & Partner Conference, Evolution 2013, this week. The best presentation I saw was from Chris Jones, their Executive VP of Marketing and Services, on the topic of [Omni-channel Home Delivery](#).

Descartes is a leading provider of routing and fleet management solutions. Two of Descartes customer's – John Lewis in the UK and HomePlus in South Korea – are using the Descartes Route Planner solution to do the most interesting and advanced forms of home delivery I know of ([John Lewis Excels at Multichannel Retailing and Fulfillment](#); [A Brilliant New Retail Format Supported by Last-Mile Logistics](#)).

In the United States, Google, Amazon, Wal-Mart and others are experimenting with same day deliveries. But the most advanced market for home deliveries in the world is the UK. In the UK there is not the big push for same day delivery that we are seeing in the US. A British shopper goes online on Tuesday, to schedule a delivery for Thursday, for items they know they will need on the weekend. Many shoppers are far more organized, in terms of creating shopping lists ahead of time, than we are giving them credit for. Retailers could end up spending huge sums of money to develop same day capabilities, when they don't need to. What customers really want are choices.

The traditional e-fulfillment home delivery process is to sell something; once the item is sold, offer fixed delivery options (we can deliver this on Wednesday from 8 am to noon, or Thursday from 1 pm to 5 pm), and then try to figure out how to deliver those goods to the customer in the most cost efficient manner.

But if you want to offer customers more choices, a far better process is to make delivery promising part of the buying process.

For example, if a John Lewis customer bought a flat screen TV, one tab would display free delivery options, over the next six days with seven hour delivery windows. Many of the windows would be grayed out. The customer would know John Lewis did not have the capacity to deliver during those slots. Some of the slots that are open carry a green Eco Delivery tag. If that slot is selected the consumer knows that John Lewis is minimizing CO2 emissions based on an efficient route (which also saves John Lewis money). According to Chris, at Ocado, a UK e-fulfillment grocer, 25 percent of customers pick Eco Delivery slots.

The John Lewis customer is also presented other choices. If they want to pay £8.50 they can have "Premium Delivery" four hour slots; £19.00 will allow them to pick from a selection of two hour slots. The customer can also select to have value added services, for example paying to have the delivery team install the TV.

Offering delivery choices has led to several benefits at John Lewis: substantial revenues associated with premium delivery options and value added services, as well as increased sales. John Lewis has steadily increased their delivery and value added services from 5 to 75 (delivery and value added services differ by product) as merchandisers have seen other product lines grow top line revenues.

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Clearly, the ability to profitably steer customer delivery choices is enabled by technology. The routing solution that is integrated to the web ordering system must understand the logistics costs associated with each slot. By understanding the costs, the engine can choose not to offer certain slots at all if they are too costly or transportation assets are being fully utilized. And the engine can offer mechanisms like the Eco Delivery tag to steer customers to the least cost delivery options.

Further, at the conclusion of the purchase when the customer is slotted into a particular route, that route is not locked down until shortly before the actual delivery. An offline routing engine will continue to look at the routes and ask itself “if we swapped this stop on this route with that stop on the other route, could we save money?”

Other best practices for omni-channel deliveries include using GPS to be able to track trucks in real time; using interactive voice response systems to make sure customers are home and then to survey them afterwards on their delivery experience; and integrating the routing solution to the warehouse management system so that warehouse labor can be efficiently scheduled.

In conclusion, most retailers don't think of themselves as supply chain companies. But if they want to offer home delivery flow paths, they need to learn these skills to protect their brand and compete profitably.

Link: www.forbes.com/sites/stevebanker/2013/11/14/best-practices-in-home-deliveries/