

Delivery From Store:

**How to do it - what to look out for
and a word of caution**

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Delivery from Store: How to do it

Introduction

A number of retailers have been looking into the concept of despatching stock held at their stores to run alongside their existing central distribution models. The proposal offers the ability to provide a same day delivery service, potentially within tight time windows.

As retailers start to investigate the possibility of introducing this concept, it is important to recognise that because *same day* and *timed* delivery is likely to be achieved at a higher cost, careful thought needs to be taken on both execution and carrier selection. More than ever, delivery failure has the potential to harm brand values and customer loyalty.

What is Delivery from Store?

Retailers are introducing the concept of despatching stock directly from store, typically to run alongside their standard despatch from a central distribution centre to customer. This enables the retailer to introduce:

1. **Same Day and Same Day Timed Delivery** – items held locally in store can be fulfilled and despatched to local addresses to facilitate same day delivery.
2. **Flexibility in stock holding** - stores offering bespoke or limited-line product often have to return stock stored at local stores back to the central distribution centre before it can be despatched onward to customer. Direct despatch from store removes this need and reduces fulfilment time and associated process management significantly.

The above opportunities should increase as partners such as Red Prairie, Manhattan and Vendornet and online shopping platforms such as *Google Shopping and Commerce Search* allow retailers to list their local store inventories within search results, prompting consumers to visit their local stores. This, of course, is dependent on the frequency and accuracy of store inventory updates. In ideal circumstances consumers can be offered delivery from the store, as a timely alternative to direct delivery or collect from store.

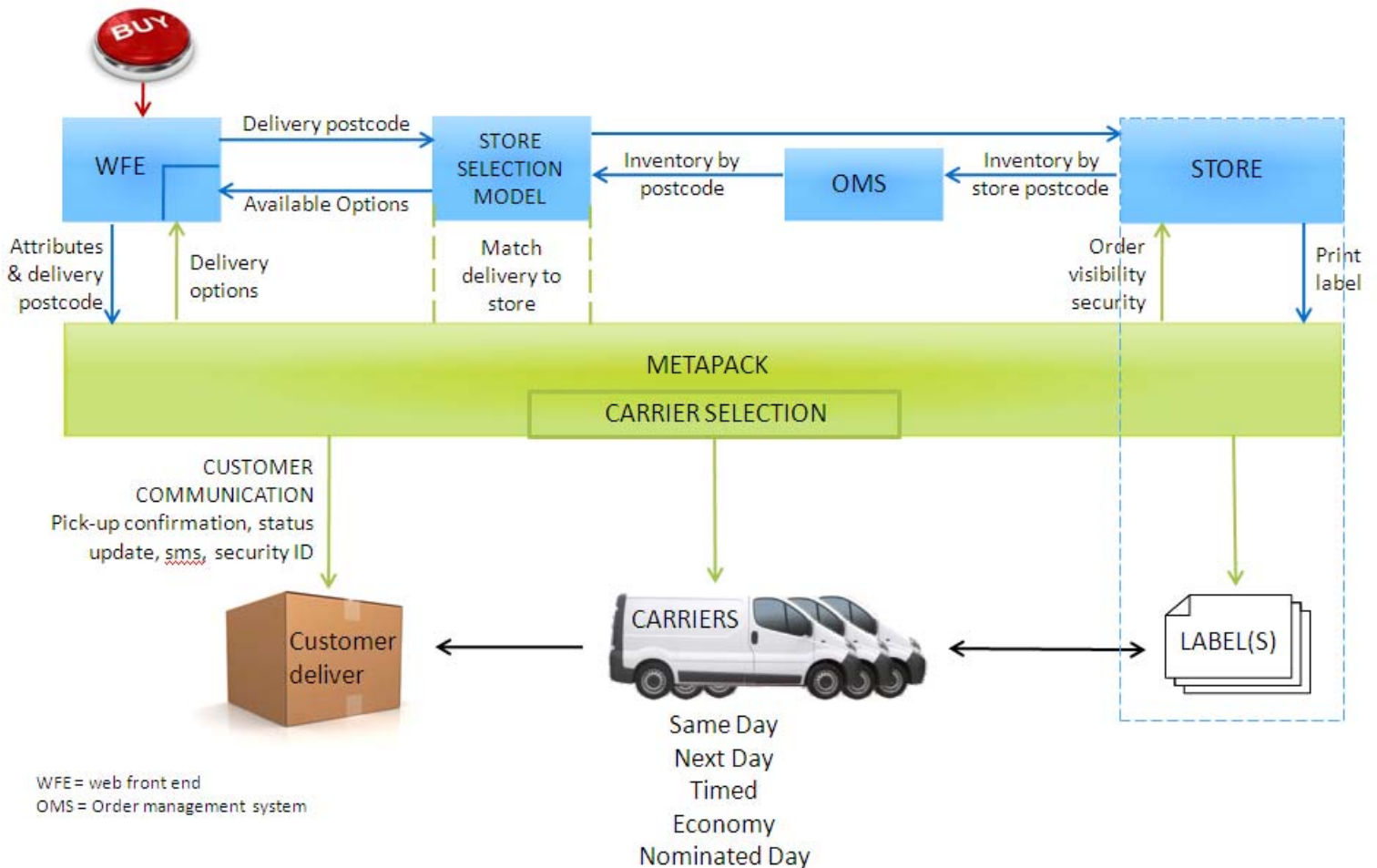
How MetaPack can help

MetaPack's 'intelligent delivery' platform can be used effectively to deliver a workable, scalable process for despatch from store.



Delivery from Store:
How to do it

Diagram below illustrates a data-flow schema using MetaPack to maintain communications and accurate reporting throughout the process. As a SaaS, MetaPack is accessible by any party with internet access, enabling, for example, order details to be passed centrally, but accessed locally by shop staff.



The process follows the following path:

1. The customer moves directly to the website or via a search engine with store stock status (e.g. Google)
2. During the shopping cart process, a query is made to the backoffice system to identify if the item is actually in stock at a local store.
3. If available, the customer can choose 'same day service' to receive their goods within an defined period that day.
4. The order is then processed and the customer receives both a confirmation of order and parcel tracking details from MetaPack. At the same time, the carrier is sent by MetaPack electronically a request for collection, including collection and delivery details.



Delivery from Store: How to do it

5. In the store, staff are, ideally, alerted via their back-office system to fulfil the order (can be provided via MetaPack). MetaPack produces the relevant address label for the carrier selected for the collection.
6. The item is then picked from the store floor, placed in appropriate packaging and a 'packed' status sent into the MetaPack and/or back-office to communicate this stage has been completed and ready for collection. Note that this 'pack' process may be undertaken by a different member of staff to the one who initially printed the appropriate paperwork. Thus, the carrier label could be printed at time of packing and a 'packed' notification generated automatically on label print.
7. The item is then collected by the carrier. The driver will usually scan the label which, in turn, updates the status of the order to 'collected'.
8. During the delivery journey, the carrier could feed further updates on the parcel's status via MetaPack. For example, late or re-routes may be reported and some carriers can even transmit carrier location in real time.
9. The order is delivered to the customer same day.
10. During the entire process, each status update is relayed to the customer. This could be via a MetaPack tracking screen, a carrier screen, email or SMS. More and more carriers are also developing Apps, so tracking can be accessed via smartphone.

Process Complexities

Despatching from store may seem a simple task at first, but for a scalable solution to work, retailers need to introduce a process at store level which:

- **identifies the item** – items may show as 'in stock', but accuracy at store level can only be retained through regular stock checks.
- **appropriates the necessary stock adjustments*** – real-time electronic calls to centralised back office systems to communicate both stock availability pre-sale and store fulfilment post sale. A low-stock threshold should be introduced below which an automatic reordering of the item is triggered together with (importantly) its temporary removal from availability to consumers.
- **produces the appropriate paperwork** – eg. invoice/delivery note and despatch label.



Delivery from Store: How to do it

- **facilitates product pick and pack** – accurate item identification and the ability to neatly package items should be uniform across all stores
- **is conducive to ad-hoc carrier collections** – many shops only allow collections and deliveries within certain hours, and some require a pre-booked drop off slot. This will have to change.
- **provides real-time status visibility to store, central DC/head office and customer** – retailer systems and/or the carrier needs to be able to be able to generate feedback statuses (and, ideally, location) during the delivery journey.

It is important to note that despatch from store will never replace an efficient centralised distribution network as:

- a. Any volume picked at store will require more stock to cover demand and since this is distributed across stores, costs will actually rise, not fall.
- b. Delivery costs will not fall because collections costs from store are high and the delivery last mile cost is not on a high density delivery route
- c. The range of delivery options can be met cost effectively with centrally held stock, leaving the more limited objective of point 3 above

*Note: accuracy of service is paramount for same day delivery services for retailers to ensure good customer experience. Furthermore, customers expect an exceptional service having paid a premium fee for the same day privilege, and failure to adhere to the delivery promise often leads to far greater dissatisfaction (and potentially adverse publicity through social networking) than a failure of a low-cost or free service.

Choosing an appropriate carrier

In addition (and key to the successful execution of the above operation), appropriate carrier(s) need to be sought who can not only collect and deliver goods locally, but also reliably operate within the retailer's brand values to ensure good customer experience whatever the despatching store.

MetaPack integrates with all carriers to provide retailers access to over 600 delivery services. This includes store collection and same day delivery services that retailers can call upon as part of their solution.

Listed overleaf are appropriate delivery services that can facilitate despatch from store.



	same day		24 hr	
Carrier	City Sprint	Shutl	ParcelForce	UK Mail
Service	Time slots & same day	Time slots & same day	Time slot & same day	Time slot & same day
Reach	National - cover all major conurbations	11 UK conurbations	Both national and international	National
% of population covered	Over 81% in 60 minutes	40%+, 85+% promised for '12	100% UK and 99.6% worldwide	100%
Best Delivery window	2 hour or quicker	within 90 minutes	Before time slot	Time slot
Tracking response	Real Time	Real Time	Real Time	Real Time
Visible Vehicle Process	Yes - updates every 3 minutes	Yes - updates every 20 seconds	Only for Sameday service	Yes
Own Brand Livered Drivers	Yes	No	Yes	95%
Driver contracts	Self-employed sub-contracted couriers	Self-employed sub-contracted couriers	Majority are contracted	Sub-contracted

Source: interviews

Note: When selecting a carrier (or carriers – MetaPack enables multiple carriers to be deployed depending, for example, location or type of product ordered or value), there are several criteria on which to base a selection decision, many of which are listed below under the column headings – there are no set ideals here and is very much dependent on what factors the retailer deems important.

Conclusion: A note of caution

New examples of delivery from store are currently limited. Argos could be seen as a special case since its infrastructure is designed to provide a wide range of stock in store and each store is essentially a local warehouse with high levels of pick accuracy. At the same time some retailers are moving from store pick to central pick, because pick accuracy in store has been averaging at 60%. However, the success of UK eCommerce is partly based on innovation so we would expect to see more developments in this area.

MetaPack believes that delivery from store will typically represent a solution to service niche products, luxury limited edition products, or more expensive impulse purchases. The full service cost of delivery from store is inherently more expensive than central pick and pack. Store pick and pack can take longer to achieve than warehouse pick and pack. Local carrier pickup and delivery is higher than distribution from a central location because the carrier has to make up a more expensive collection and ad-hoc back of store access is not always



Delivery from Store:
How to do it

easy. Fully allocated costs will make this look relatively expensive. Handle with care!