

Consumers are demanding **better choice** to enable **more freedom**

83%



Want a clear indication when items will arrive

42%



Millenials want delivery to a pick up point or locker

69%*



Want multiple delivery options

54%



Want to buy online and pick up in store (Click & Collect)

76%*



Would use same-day delivery

55%*



Want free delivery

Source: www.eMarketer.com *Source: MetaPack commissioned Research Now



Consumer Experience of Delivery



Metapack TLP – Summary Findings

Forrester Consulting

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Research design & project methodology

Research design

- › **Hypothesis:** Providing customers with multiple delivery options, and therefore increasing flexibility, are drivers to repeat purchase or even switching retailers.
 - *Retailers that are investing in flexible delivery options (providing more choice and convenience for customers) are seeing benefits and positive impact on key consumer metrics e.g. customer lifetime value, NPS, brand engagement, loyalty, repurchase.*
 - *A multi- carrier strategy is most cost effective way to provide multiple delivery options*

Key Questions

- › What impact does delivery speed and flexibility have on consumer purchasing behavior and loyalty?
- › How are retailers implementing flexible delivery solutions? E.g. if multicarrier solution, how are they implementing that?
- › What benefits are retailers seeing as a result of implementing flexible delivery options to customers?
- › How much are retailers evaluating the efficiency of and priority of investment in fulfillment options?

Project methodology

- Online survey of 101 retailers across France, Germany, and the UK
- Supplemented with 10 in-depth phone interviews with executives in eCommerce, marketing, logistics, and supply chain, with knowledge of the fulfillment operations of their organization.

Survey demographics Quantitative	Organization headquarters	UK (34%), France (34%) and Germany (33%)		
	Top 5 verticals in retail	<ol style="list-style-type: none"> 1. Consumer electronics (28%) 2. Clothing and clothing accessories (19%) 3. General merchandise (15%) 4. Garden supply dealers (11%) 5. Sporting good, hobby, books and music (10%) 		
	Total revenue	UK <ul style="list-style-type: none"> • £299.99m or less (61%) • £300m - £599.99m (21%) • £600m or more (18%) 	France <ul style="list-style-type: none"> • €374.99m or less (50%) • €375m – €749.99m (24%) • €750m or more (27%) 	Germany <ul style="list-style-type: none"> • €374.99m or less (22%) • €375m – €749.99m (21%) • €750m or more (45%)

Executive Summary

Executive Summary

Current situation

- › Fulfilment of online order continues to be a challenge for retailers.
- › Retailers are beginning to acknowledge the significant impact fulfilment has on customer satisfaction and repeat purchase.
- › Retailers have to work with multiple carriers, across multiple markets to be able to provide a comprehensive range of delivery options to serve customers

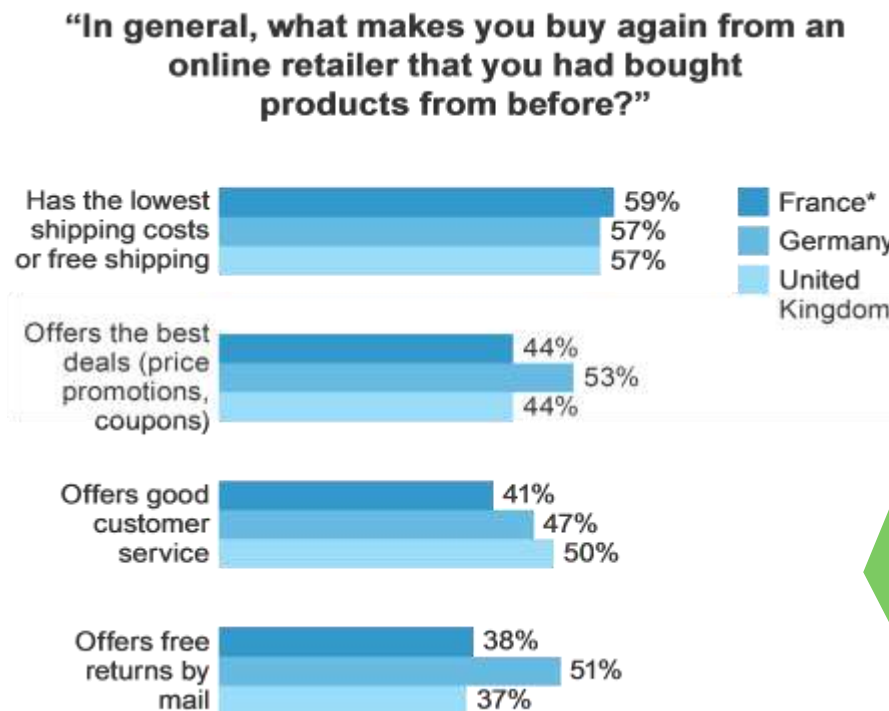
Key findings... Retailers must:

- › Evaluate the impact of providing flexible delivery options on key customer metrics including customer satisfaction
- › Test the assertion that retailers investing in flexible delivery options are seeing their consumer metrics improve through a multicarrier approach
- › Delivery options have a direct impact on key customer metrics including repeat purchase.
- › Track customer satisfaction (the top success metric for fulfilment)

Survey Results / Findings

Cost Is King But Flexible Delivery Options Keep Customers Coming Back

- **Low-cost shipping** is the most common reason for repeat purchases for online consumers in France, Germany and the UK.
- **Increased speed.** Next-day home delivery drives repeat purchase and increase customer lifetime value. France 88%, Germany 67% and UK 70%.



“To be competitive we do need to give the customer other options to receive merchandise — sometimes we will experiment and lower the purchase threshold for free shipping to drive conversion. But, being a multichannel organization, we can leverage our store base to offer click and collect (buy online and collect from store), which is also a benefit to us as it is likely to increase basket size.”

— European director of digital marketing, multichannel retailer, Germany

Base: 101 retailers across France, Germany, and the United Kingdom

Source: A commissioned study conducted by Forrester Consulting on behalf of MetaPack, August 2014

Cost Is King But Flexible Delivery Options Keep Customers Coming Back

- **Convenience.** Next-day collect from store drives repeat purchases too.
- **More choice and flexibility.** Customer metrics improve due to flexible delivery options.

“How strongly do you agree or disagree with the following statement?”
By offering multiple delivery options with increased flexibility, we have seen a positive and measureable impact on key customer metrics (e.g., Net Promoter Score, customer satisfaction, customer loyalty, customer retention).
(Respondents who answered “Strongly agree” or “Agree”)



“It all comes back to convenience and allowing customers to choose their ideal method to receive or retrieve merchandise.”
— *European director of digital marketing, multichannel retailer, Germany*

Base: 101 retailers across France, Germany, and the United Kingdom
Source: A commissioned study conducted by Forrester Consulting on behalf of MetaPack, August 2014

Customer Metrics Are Key To Assessing Delivery Services

- **Ensuring that the right product is delivered at the right time**, at the convenience of the customer has a significant impact on customer satisfaction with retailers:
- **Regularly track the impact of the delivery experience on key customer metrics.** Metrics used: Net Promoter Score (NPS), customer satisfaction and customer loyalty or retention.

“How strongly do you agree or disagree with the following statement?”

We regularly measure or track the impact of our delivery service on key customer metrics (e.g., Net Promoter Score, customer satisfaction, customer loyalty, customer retention).

(Respondents who answered “Strongly agree” or “Agree”)



“We measure each step between placing an order in the basket online and receiving the final delivery . . . (through a) weekly customer satisfaction survey . . . (we) have a special action when we see a decrease in customer satisfaction during the delivery stage. . . . We make an action plan to improve the efficiency from the distribution center to the final customer.”

— COO, French online-only retailer

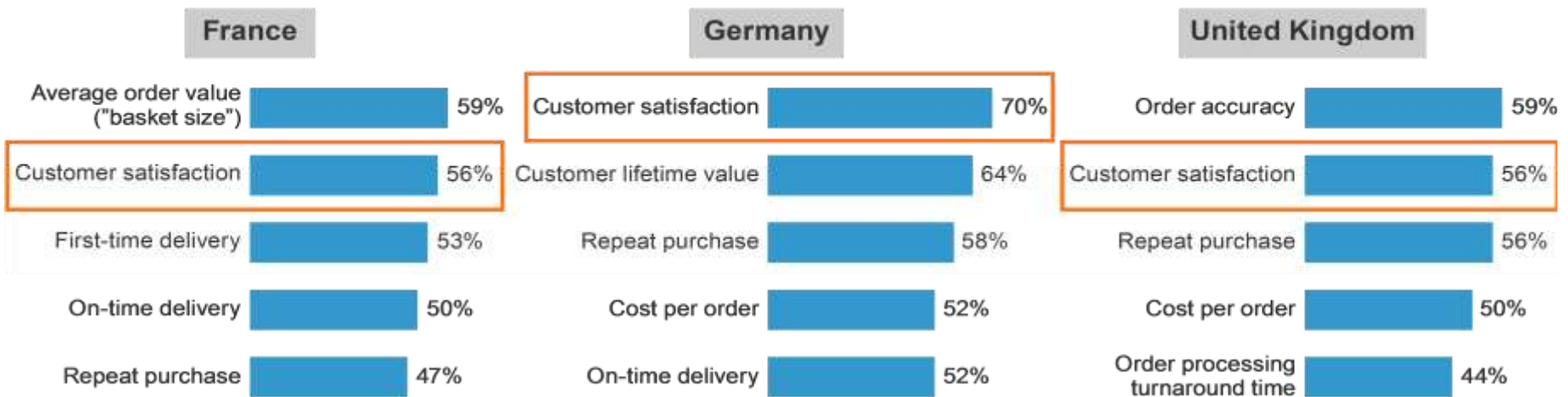
Base: 101 retailers across France, Germany, and the United Kingdom

Source: A commissioned study conducted by Forrester Consulting on behalf of MetaPack, August 2014

Customer Metrics Are Key To Assessing Delivery Services

- **Use customer satisfaction as a top success metric for delivery operations.** Customer satisfaction is one of the top two metrics used to assess the success of delivery and fulfillment operations

“What are the top five metrics you use to assess the success of your delivery and fulfillment operations?”



“ . . . Customer satisfaction is much more sensitive to the delivery process — more things can go wrong and that has a massive impact on customer satisfaction. You can have a fabulous product, but if the delivery experience gets messed up it will be difficult to convince customers you are still a great retailer.”
— Manager distribution and transport logistics, UK multichannel retailer

Base: 101 retailers across France, Germany, and the United Kingdom

Source: A commissioned study conducted by Forrester Consulting on behalf of MetaPack, August 2014

Rising Customer Expectations Demand Enhanced Delivery Capabilities

- **Customer expectations are changing:** Consumers are demanding a lot more - in the next two-five years respondents expect:
 - **Today's express delivery will be tomorrow's standard.** Retailers are anticipating an increase around faster delivery.
 - **Flexible delivery options are required to meet changing customer expectations.** Heightened expectancy around the overall experience due to smartphones and tablets.
- Retailers surveyed expect the investment in **delivery capabilities to increase or significantly increase** in the next two years.

“How do you expect investment in delivery capabilities, as a percentage of online revenue, to change in the next two years?”
(Respondents who answered “Increase” or “Significant increase”)

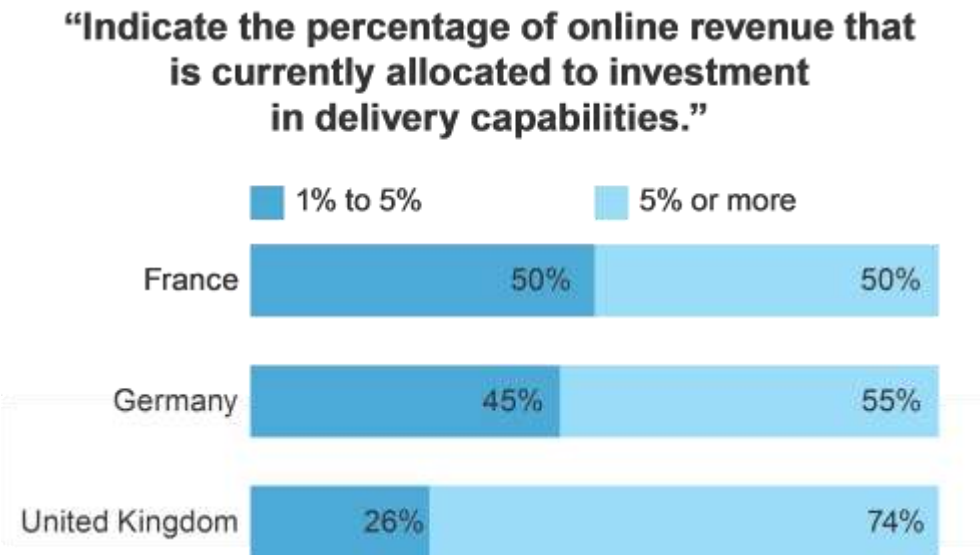


“Everything will go down to next-day delivery. . . . That will become the standard option rather than the express or paid-for option.”

- European logistics manager, UK-based multichannel retailer

Rising Customer Expectations Demand Enhanced Delivery Capabilities

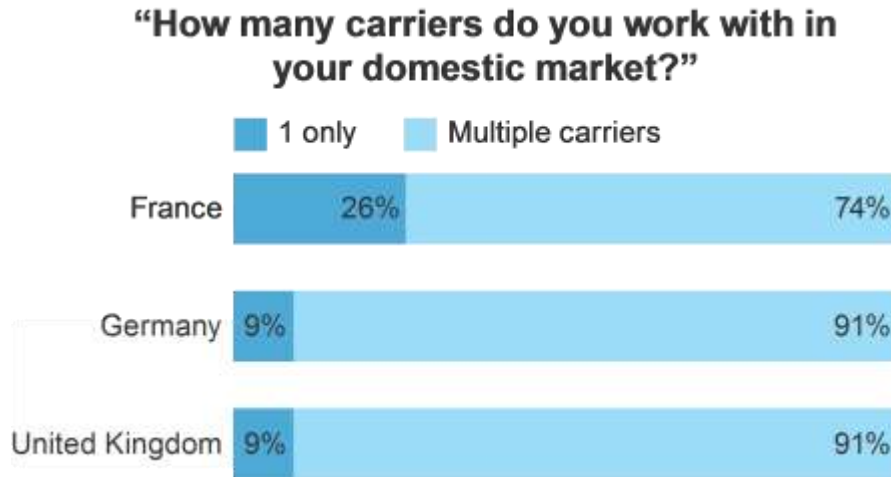
- **Investment in delivery capabilities is expected to increase.**
 - UK retailers as such are already investing more of their online revenue in delivery capabilities compared with their European counterparts
 - There are, however, slight differences between the markets. French and German retailers expect investment in delivery capabilities to increase



Base: 101 retailers across France, Germany, and the United Kingdom
Source: A commissioned study conducted by Forrester Consulting on behalf of MetaPack, August 2014

Retailers Work With Multiple Carriers To Advance Their Delivery Service

- **Retailers see the flexibility of offering multiple delivery capabilities** which, has led to improved customer metrics and customer retention.
- Majority of retailers face **the challenge by working with multiple carriers to provide this increased flexibility through multiple delivery options.**



“I think it is always **healthy to have multiple carriers** to drive cost effectiveness and competition. It comes along with the idea of putting ‘all your eggs in one basket’ — you are putting yourself at risk.”
— *European transport manager, UK-based multichannel retailer*

Base: 101 retailers across France, Germany, and the United Kingdom

Source: A commissioned study conducted by Forrester Consulting on behalf of MetaPack, August 2014

Pilot Programs Help Inform Fulfilment Strategy And Investment

- **There is a need to invest in fulfillment capabilities;** UK retailers are more likely to be increasing investment.
- **UK retailers lead the way for piloting new and alternative delivery options.** 66% of UK retailers are piloting same-day home delivery versus 35% of French retailers and 39% of German retailers.
- **Retailers use a test-and-learn approach to evaluate new options.** This is followed by closely monitoring customer metrics associated with each new delivery option.

“We actively pilot new delivery options and monitor impact on conversion rates, uptake by customers, and cost to serve. Currently, we are exploring opportunities for alternative collection points but tend to use our store networks.”

— *Distribution program manager, multichannel retailer, UK*

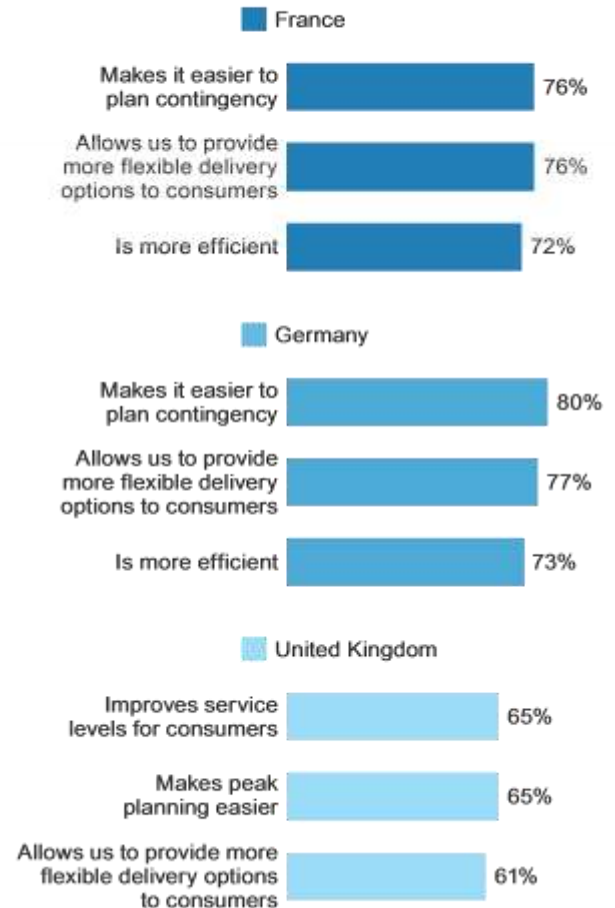
Retailers See Benefits Of Working With Multiple Carriers

- **Single carriers have limits** and do not offer scalability, thus is more risky in meeting customer expectations.
- **UK retailers benefit from improved service levels and peak planning.** Improved service levels to customers.
- Retailers in France and Germany benefit from **contingency planning and increased efficiency by having multiple carriers.** France and Germany are less likely to be piloting compared to those retailers in the UK.
- **Increased flexibility** in delivery options is already recognized as **improving repeat purchase and conversion.** Retailers tend to work with multiple carriers to provide this flexibility.

“... You don’t find one global carrier or supplier that can deliver from France across all of Europe and be cost-effective.”

— COO, French online retailer

“How strongly do you agree or disagree with the following?” Working with multiple carriers . . .
(Respondents who answered “Strongly agree” or “Agree”)

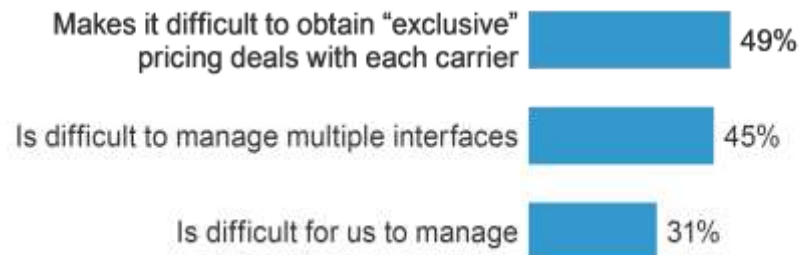


Base: 89 retailers across France, Germany, and the United Kingdom that work with multiple carriers
Source: A commissioned study conducted by Forrester Consulting on behalf of MetaPack, August 2014

Yet Working With Multiple Carriers Creates Complexity

- Same challenges working with multiple carriers they are:
 - **Managing multiple relationships.** 45% recognized the challenges of managing multiple technical interfaces, which has to then be integrated with internal systems and processes.
 - **Missing the price benefit of carrier exclusivity.** Working with multiple carriers inhibits pricing deals based on exclusive carrier relationships
 - **Require additional resources.** Additional personnel to manage systems and processes

“How strongly do you agree or disagree with the following?” Working with multiple carriers . . .
(Respondents who answered “Strongly agree” or “Agree”)



Base: 89 retailers across France, Germany, and the United Kingdom that work with multiple carriers
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Key Recommendations

› Keep pace with changing consumer expectations of flexible delivery.

- Standard delivery options will continue to become faster and convenient.
- Multiple delivery options will enable customers the ability to choose between speed, cost and convenience.
- The choice and flexibility in delivery options is already recognized as improving repeat purchase and conversion.
- Piloting new delivery options to optimize their delivery capabilities to serve target customers

› Continue to evaluate the capability of preferred carriers.

- Customer satisfaction is one of the top success metrics tracked by retailers.
- Retailers actively manage the service and capabilities provided by their carrier partners to dial up successful delivery pilots or be ready to act on dips in customer satisfaction

› Embrace a multicarrier approach

- Evaluate the capabilities of multiple carriers.
- A number of different carriers can mitigate the risk of reduced service levels and maintain customer satisfaction as they will have other carriers to fall back on.

› Assess partner support to manage carrier relationships.

- Working with a number of different carriers means retailers still have to contend against systems and processes.
- Retailers should consider working with partners that are able to reduce integration complexity



Thank you

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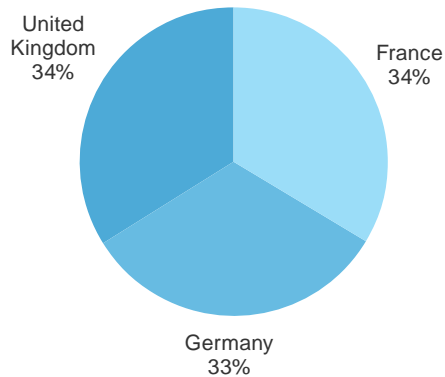
Future of Delivery? When will it be like ordering a pizza?



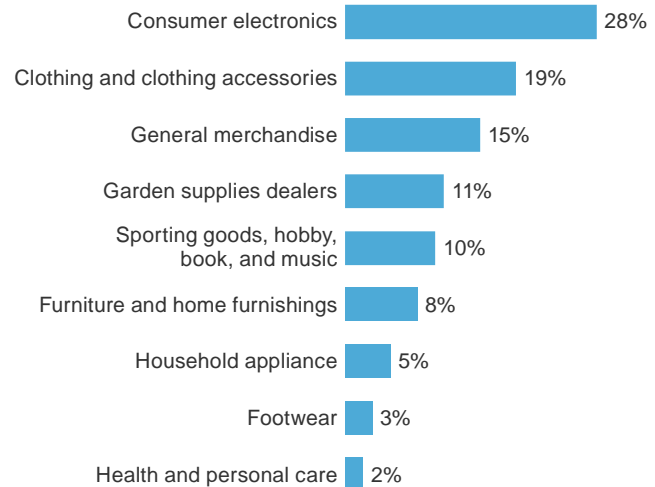
Appendix

Survey demographics

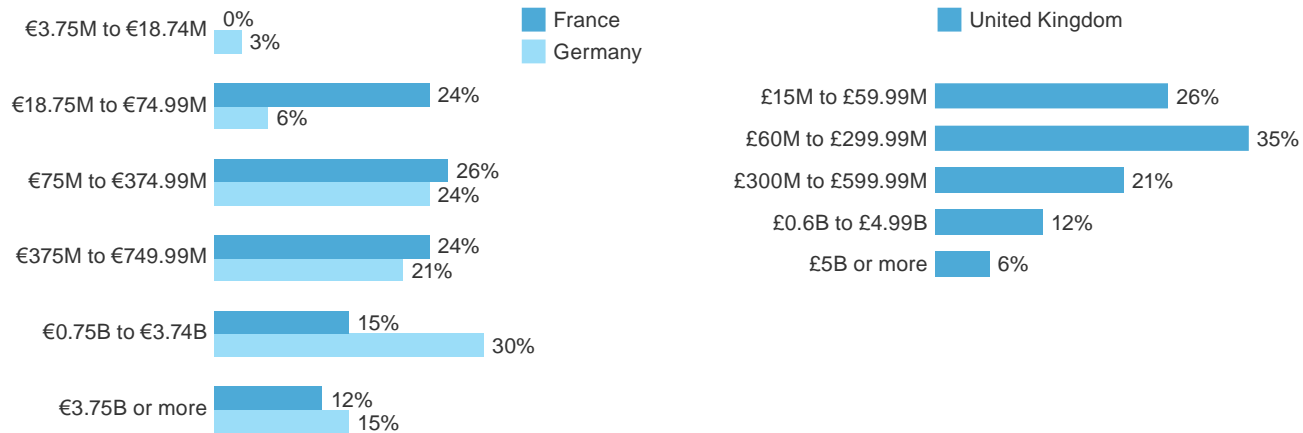
“In what country is your organization headquartered?”



“Which of the following best describes the retail vertical industry in which your company operates?”



“Which of the following most closely describes your company’s total annual revenue?”



Base: 101 retailers across France, Germany, and the United Kingdom

Source: A commissioned study conducted by Forrester Consulting on behalf of MetaPack, August 2014

Survey demographics

Qualitative interviews: 30min conversation with 10 retailers across Europe

Retailer type	Locations	Job title
Multichannel retailer	Multinational (including France, Germany, and the UK)	Distribution and transportation logistics manager
Online retailer	France	Logistics and COO director
Multichannel retailer	Germany	Supply chain manager
General merchandise	UK	Program manager
Footwear	UK	Transportation manager
Multichannel retailer	Germany	Director of digital marketing
Furniture and home furnishings	Germany	Customer delivery manager
Clothing and clothing accessories	Multinational (including France and Germany)	Director of logistics
Clothing and clothing accessories	Germany	Director of supply chain management
Healthcare and personal care	France	Customer supply chain development manager

Base: 10 retailers across France, Germany, and the United Kingdom

Source: A commissioned study conducted by Forrester Consulting on behalf of MetaPack, August 2014

Multicarrier Solution: Instrumental in providing consumer choice @ Tesco

Pre Implementation: 8 follow-up phone calls per average order enquiry

Post Implementation **average 15 seconds** to access all the tracking information required to answer customer queries about delivery.



1 Tesco



126 Suppliers



100+ Carriers



Tesco firmly believes that MetaPack is the right solution to help us all drive up standards and – of course – keep our customers satisfied.

Ed Osborne, Dropship Operations Manager, Tesco