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By Liz Morrell

The online shopping experience for customers and retailers has improved immeasurably over the last 10 years. But while systems, site design, and security of payments have moved on, the sector remains hampered by one factor that has yet to significantly change - delivery. Liz Morrell reports

Online retailing is largely about presentation - the website, photography etc. Delivery is an add on but it's fundamental because home delivery doesn't work if you can't get it to home, says Andrew Starkey, delivery director at industry association, IMRG.

And the stakes are high. In the IMRG Consumer Delivery Survey 2010, 38.3 per cent of those surveyed said that a poor delivery service either has or would stop them from ordering from a retailer again. Equally a good experience will work the other way. "Once customers get used to shopping with a retailer who delivers in the way they want, they will stay loyal to them," says Starkey.

And a surprising delivery - where no promises have been made - can provide a wow factor that will do wonders for a company in word of mouth marketing, according to Sarah Clelland, marketing manager at e-commerce specialist, Snow Valley, which published its Online Retail Delivery report 2010 at the end of January. In the research for its report for orders placed on a Sunday on a standard delivery service,

both Argos and Debenhams delivered next day. “There is nothing nicer than something arriving early,” she says.

Yet many retailers fail on the very basics, such as providing clear, upfront information on delivery options and cost. “According to our survey, 45 per cent of shoppers look for delivery information before they have even started browsing a site and a further 33 per cent want to check the delivery options once the goods are in the shopping cart but before checkout,” says Starkey.

In its report, Snow Valley found nearly 50 per cent of larger retailers now show the delivery charge on every product page, but 30 per cent insist the customer proceeds through checkout before the delivery costs are shown - figures that need to improve if abandoned baskets are to be a thing of the past. “The larger retailers are getting it right but the tier two or three companies aren’t because they don’t think it’s a priority,” says Patrick Wall, CEO and founder at delivery management solutions provider, Metapack.

“The whole reason people order online is to have it delivered, so it’s a vital part of any retailer’s offering but lots of them don’t get that and in a lot of cases delivery is the throwaway thing at the end. They need to make it as easy to deliver as it is to buy online. It’s like saying you are running a hotel and giving customers a wooden bed,” says online fulfilment specialist iForce CEO, Mark Hewitt.

Warehouse processes and systems need to be up to scratch to ensure that cut off times can be as late as possible. iForce’s Delivery Options Survey - which analysed 70 top online retailers and was published last November - showed that 42 per cent of retailers had a 1pm cut off time, yet later cut offs can mean more orders. “With some of our clients the time between final cut off and pulling off the lorry is only a couple of hours,” says Hewitt.

But shoppers also want greater flexibility. iForce’s survey also showed only 9.7 per cent of retailers offer am/pm delivery options and 6.9 per cent evening deliveries.

However, things are changing. Last September carrier CitySprint launched a same day, seven days a week retail delivery service with Asos.com as one of its first customers and Agent Provocateur following on since. “Customer behaviour is changing and online shopping continues to grow. With that in mind it was clear that retailers need to be offering a premium service for their online customers,” says Bell Shergill, retail sector development manager at CitySprint. At Asos.com its same day service costs £9.95 for delivery between 6 to 9pm. CitySprint’s systems allow companies to restrict same day delivery to certain locations if the location of their DC makes a same day delivery impossible. “Our solution will only allow them to offer same day delivery if the customer’s postcode falls within the area,” says Shergill.

Systems

Systems, of course, are key. Mike Timlett, IT director at CitySprint, explains that collection data can be collated either from basic formats such as spreadsheet to more sophisticated SOP interfaces - saving the vital time on having to rekey in delivery and collection information. However, retailers’ websites need to be up to scratch. “There are some retailers that have looked at our systems and have had to go back and look at their own webpages and do some more work,” says Timlett.

Hewitt agrees: “It’s a question of technology and is the platform that is hosting the retailer’s website advanced enough to cope with changes?” he says. Intelligent systems feed through into the drivers’ vans at CitySprint. “All our drivers carry a mobile data device. We allocate work to the drivers and then all the delivery information is sent to their City Tracker device. We also send the latitude and longitude of

the customer's address to their City Trackers which have a sat nav function on them," says Timlett.

The GPS function means that deliveries can be tracked in real-time by both the customer and the customer service team if the retailer allows it. Indeed, tracking is becoming increasingly important. "84 per cent of retailers now have online order tracking so you can see where products are and customers are starting to expect it more and more," says Clelland. "It's about improving the self-service element, so allowing the customer to go into their account to track progress and increasing the customer control," says MetaPack's Wall.

At Argos, customers are offered a choice of delivery date and times of day at the point of order and then contacted via SMS or landline the night before delivery to advise of a two hour delivery slot, while also being contacted by the delivery crew on the day itself an hour before the delivery. Brian McCarthy, home delivery director at Home Retail Group customer service says that a good delivery experience is critical. "A great delivery experience can make amends for any previous issues experienced and equally can destroy any previous experience if it is a poor one," he says.

At the beginning of February, DPD and Interlink Express - sister brands under the Geopost banner - launched a one hour delivery slot service following a two year and £2 million investment in systems - and retailers including Dixons, iwantoneofthose.com and Three are already customers. "The beef for home delivery has always been that the delivery window is typically all day and that causes a lot of frustration to the retailer and the retailer's customer," says Tim Jones, marketing director at Geopost. The system allows retailers to email or text customers on the day of delivery to say the hour slot in which their parcel will be delivered and allowing them to rearrange the delivery to an alternative day if required.

"Using GPS, our central system will put the parcel in the most efficient delivery sortation and calculate the ETA creating the delivery window for each recipient," says Jones.

However, unlike premium services such as same day delivery the one hour delivery service is not an option that is chosen or paid for by the end customer and there is no extra charge for retailers to use the new service. "This is something we offer our customers to differentiate ourselves. It's about improving the customer experience," says Jones. To date, he claims a 97.5 per cent success rate.

The service has also helped to reduce instances of 'sorry we missed you' cards. "People hate being carded. It drives them crazy and puts them off ordering from the internet," says Jones. Although too early to judge its effectiveness in improving first time deliveries, Jones is confident. "Two years ago, when we launched a service telling customers we are coming tomorrow and reply to rearrange, that improved right first time deliveries by 16 per cent. We would expect another huge improvement with the one hour window," he says.

The improvement could drive huge savings for retailers. According to IMRG's Valuing Home Delivery Review 2010, which will be published in April, 12 per cent of deliveries are either late or fail to deliver first time - costing at least £787 million.

Nursery goods specialist Kiddicare.com is using the one hour service through Interlink, allowing its customers to order for next day delivery up till 5pm and then being informed of a one hour delivery slot the following morning. "It's been a screaming success," says Kiddicare CEO and chief technology officer, Scott Weavers-Wright. "Customers have been saying they can't believe it."

But while the likes of Kiddicare and Asos may be leading the field, other retailers continue to make very basic mistakes. "We have been doing our report for five years and there is definitely an improvement,