

# Last Mile Delivery:

What Shoppers Want  
and How to #SaveRetail

A delivery person in a blue uniform and cap, wearing white gloves, is smiling while holding a large cardboard box. The box is secured with black straps and has the text "#SAVERETAIL" printed on it in large, bold, red letters. The background is a blurred image of a delivery truck.

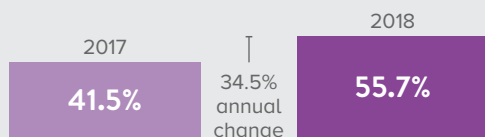
**#SAVERETAIL**

With seemingly never-ending news of major retail bankruptcies, the word “apocalypse” seemed to echo across every media outlet this year. In the past, blame has largely been placed on the rise of Amazon both in terms of increased competition and the high delivery expectations it’s created. Customers are now trained to expect fast, free shipping and full control over the experience, all while supply chains have other forces to contend with, including rising costs.

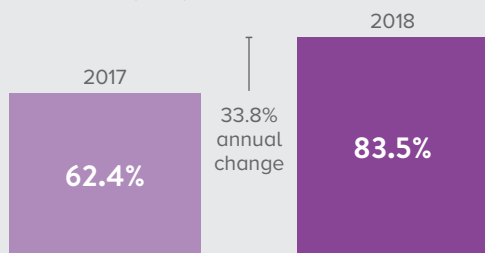


## How Does Your Business Stack Up with Your Customers’ Expectations?

Percentage of customers who believe brands are successful (YoY)



Percentage of shoppers who are unlikely to shop with a brand again after a poor experience (YoY)



Even though many brands saw a downturn in business, the word “disruption” was also popular across headlines this year. Those who were able to evolve quickly, differentiate their delivery, and gain a loyal following were able to survive and compete. Brands such as Walmart, Kroger, and Casper grew bigger than ever by finding ways to fit their experiences into their customers’ busy lives --both by making delivery more convenient and holding themselves accountable to their brand promises.

As a result, entire organizations have shifted focus to improve the last mile, creating new roles in the supply chain such as Chief Delivery Officer and Head of Customer Happiness. CPGs also saw major growth as they embraced omnichannel and direct to consumer models, 90% of which was made up of online sales.<sup>1</sup>

*83.5% of shoppers are unlikely to shop with a brand again after a poor experience.*

We recently completed our annual consumer survey of 1,508 shoppers to understand how customers’ expectations of delivery experiences have evolved this year. Overall, brands have gotten better at creating positive delivery experiences for their customers since last year. In fact, the percentage of customers who believe brands are successful increased 34.5% year-over-year from 41.5% in 2017 to 55.7% in 2018. At the same time, however, the consequences of failed experiences are rising. This year’s survey revealed **83.5% of shoppers are unlikely to shop with a brand again after a poor experience**, a 33.8% increase from 2017.

# Cost and Convenience Top of Mind for Shoppers

For consumers, delivery is key to their perception of the overall shopping experience with **73.6% reporting delivery as important**. As for what consumers expect from delivery, it's no surprise that cost remains critical to shoppers with **61.8%** reporting it as the most important factor. However, shoppers have become increasingly invested in elements of communication and transparency related to delivery, especially when shipments go sideways.

Last year, 93% of customers reported a desire to get updates about changes to their delivery. This year, customers made clear the desire for convenience in delivery options. For example, shoppers who reported same day delivery as the most critical component to shipping decisions **increased 59% since 2017**. Meanwhile, expectations of self-service shipping changes and proactive responses to issues saw similar increases.

## What's the most important factor for delivery?



61.8%  
COST



11.3%  
PREVIOUS  
EXPERIENCES



9.7%  
SAME OR NEXT  
DAY DELIVERY



9.3%  
ABILITY TO PICK  
SPECIFIC  
DELIVERY DATE  
RANGE





*51.4% of customers now expect a refund or discount on their shipping costs when a shipment is delayed.*

## Retailers Are Expected to Take Ownership for Delivery Delays

When a delivery issue, such as a delay, does happen, it's up to the brand to make it up to the customer. Only 12.2% of shoppers **do not** expect a response from the brand in the case of a missed estimated delivery date.

Last year, shoppers reported that they would be impressed by retailers who automatically refunded shipping costs for a late delivery.<sup>2</sup> However, what impressed last year shoppers is the new expectation this year. When it comes to desired appeasement, **the majority of customers (51.4%) now expect a refund or discount on their shipping costs**, followed by customers asking for a discount, or credit, on a next purchase (16.8%), and some form of expedited shipping to still receive the package on time (15.1%).

Loyalty rewards as appeasement for a shipment issue were less desirable, with **only 4.5%** expecting this reaction. Retailers who want consumers to reward them with loyalty need to proactively reach out and address issues so the brand can be seen as a hero rather than a perpetrator.



### IF YOUR PACKAGE MISSES ITS ESTIMATED DELIVERY DATE, HOW SHOULD THE BRAND REACT?

- Refund or discount on shipping (51.4%)
- Discount for a future purchase (16.8%)
- Same Day/Next Day delivery (15.1%)
- Loyalty points with the brand (4.5%)
- No response necessary (12.2%)

# Delivery is a Linchpin of Brand Loyalty

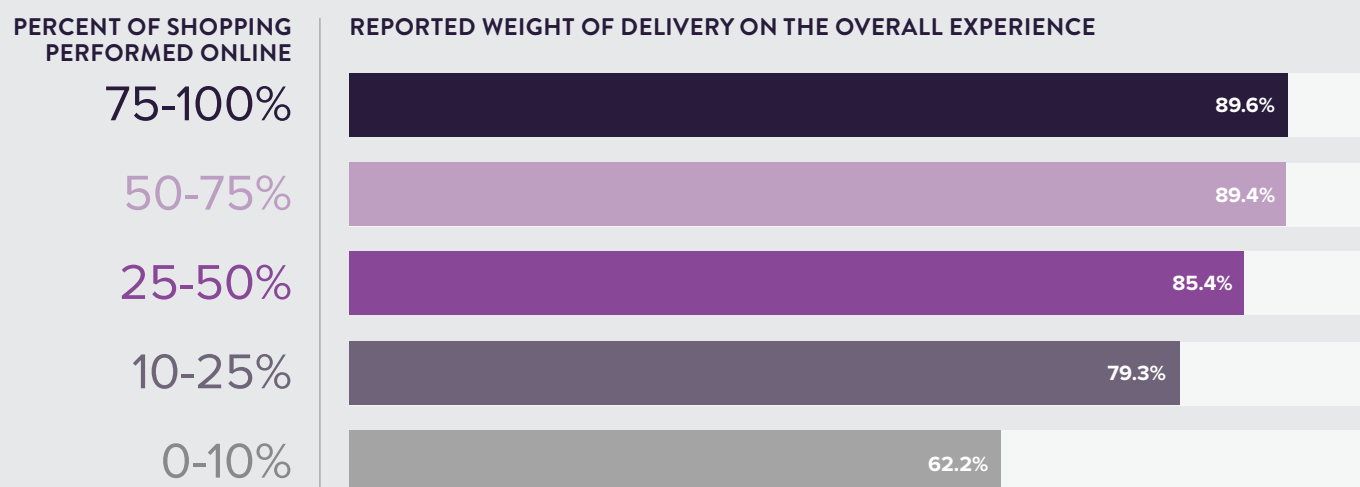
Superb customer experiences drive brand loyalty and consumer trust, perhaps none more than the delivery experience. This year's survey revealed near-universal (**98.1%**) agreement by consumers that shipping impacts brand loyalty. The impact of poor delivery experiences, in fact, are increasingly detrimental to customer lifetime value with **83.5%** of consumers reporting they are unlikely to return after just one negative experience. This is especially true for "power shoppers," defined as those who do more than 50% of their shopping online, **78%** of this sought after group shared this sentiment.

The good news is that this year's survey also revealed that the way in which a retailer responds in a negative situation can have a positive impact on repeat purchases. Consumers who reported previous experiences as the most important factor in delivery

decisions were 60% more likely to report that they would return. Additionally, there is a positive correlation between the amount of shopping done online and the weight placed upon delivery as part of the overall online shopping experience.

While achieving industry leading customer retention is challenging, customer acquisition is becoming more difficult and more expensive than ever. While acquisition costs can range from **\$50 to \$500+** depending on the brand, on average acquiring a new customer is as much as **5-25x more expensive** than retaining an existing one. Competition with Amazon, which owns 49% of all eCommerce market share<sup>3</sup>, will continue to place pressure on retailers to compete on the experience forcing retailers to innovate within delivery or face being left by the wayside in the new retail landscape.

## Online Shoppers Weigh Impact of Delivery on Overall Experience



# Consumers Increasingly Demand Self-Service

**94% of customers prefer to work with shippers -- not carriers<sup>4</sup>** -- to resolve delivery issues. At the same time, customers are demanding more self-service delivery features across a broad range of functionality. In some respects, enabling many kinds of self-service requires technological buy in from one's delivery partners. Carriers and brands need to work together to identify mutually beneficial offerings that create the experiences customers desire. In this year's consumer survey, three areas, ease of rerouting shipments, delivery options that offer convenience, and feedback collection, stood out as clear areas of opportunity.

## Scheduling Options are Paramount for Large Home Deliveries

To meet expectations for large item delivery convenience, ease of scheduling and rescheduling appointments is crucial. Based on Convey's data, 38% of large-item delivery exceptions are due to appointment scheduling issues leading exceptions for large item deliveries leading to inconvenient experiences for customers. Additionally, these issues surge during peak travel holidays, when many major retail sales occur.

**Nearly three quarters of shoppers (73.2%) expect that they will be given a delivery window** that is at minimum morning or afternoon, while 45.1% expect a two hour window or less. Additionally, 55.2% of consumers report needing to reschedule appointment windows at least 20% of the time, creating additional orchestration challenges and increasing the risk of failed experiences.

Today, 3 out of 10 large-item shipments require multiple contact attempts to schedule, and 28% of those successful appointment events still fail. This costs brands an average of 4.64 additional days of an item sitting at the destination terminal (and not with the customer), and a minimum of \$69 on average in added cost for the retailer.



45.1% of customers expect a two hour delivery window or less



3 out of 10 large-item shipments require multiple contact attempts  
28% of those delivery appointment events still fail



Failed delivery appointments add 4.64 days to a delivery timeline



Each failed delivery cost the retailer a minimum of \$69 on average

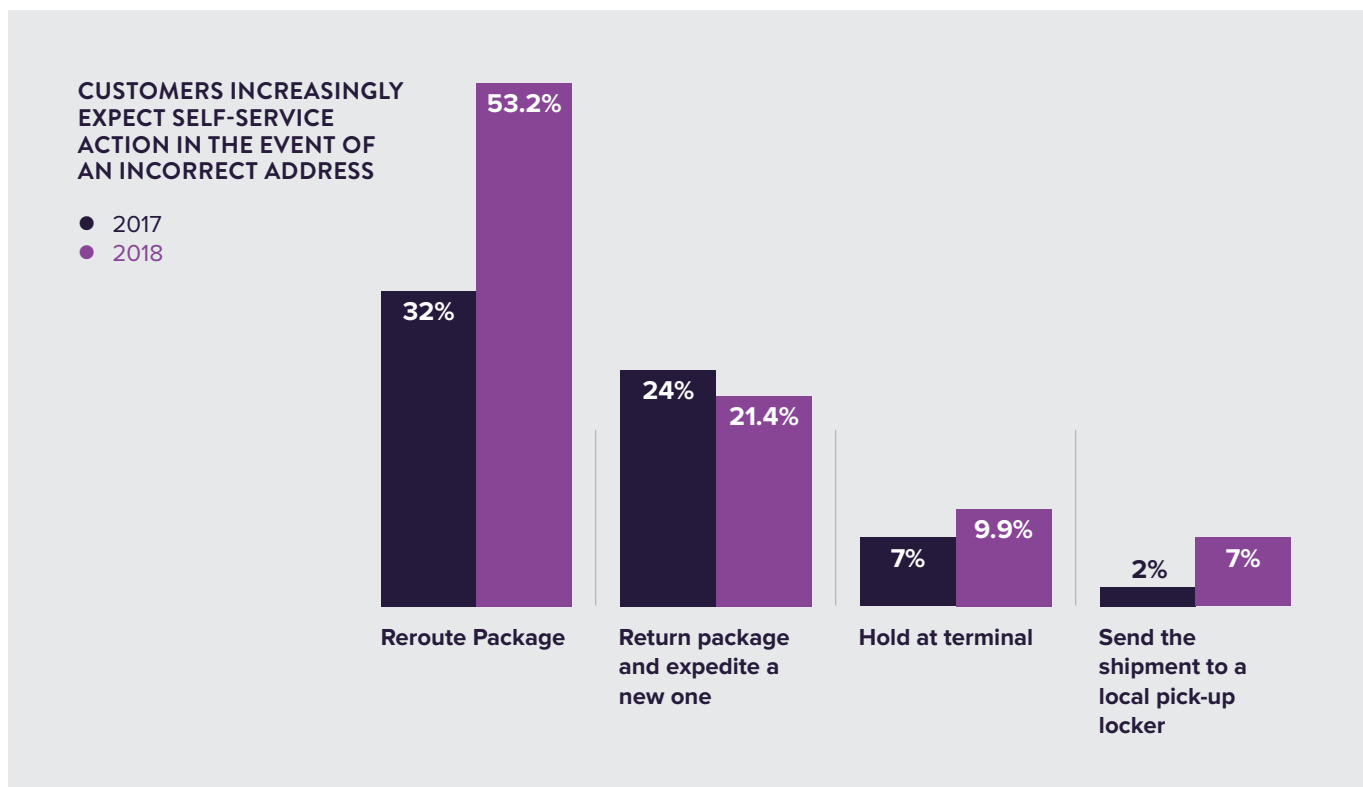
## Shoppers Clamor for Routing Capabilities

Shoppers increasingly expect the ability to make changes to their in transit shipments and the ability to do so equates to more positive perceptions of the overall experience. In the event of an incorrect address only 8.5% of shoppers **did not** expect for the brand to allow for some kind of intervention, though most brands struggle to enable consumers to correct an in transit address error.

*In the event of an incorrect address only 8.5% of shoppers did not expect for the brand to allow for some kind of intervention.*

Year-over-year, the percent of shoppers who expect to be able to make some kind of routing change, whether it be to a new address, to a terminal or to a pick up locker, **increased 70.7%**, from 41% in 2017 to 70% in 2018. Unsurprisingly, the clear preference is the ability to reroute to a new address which saw an increase of 66%, from 32% in 2017 to 53.2% in 2018.

Additionally, loyal shoppers are more likely to expect a proactive response to shipping issues. Those who prized previous experiences as the top factor for delivery were **72.5% more likely to say they would expect a brand to let them reroute an address**, or expedite a new shipment -- for free.



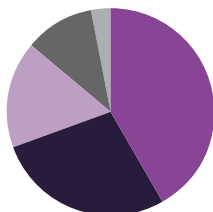
## Customers Prefer Private Channels for Negative Feedback

All shoppers (97.5%) expect the ability to self-serve, or interact with their brand to resolve delivery issues, and **89% expect to be able to provide feedback when they have a negative delivery experience**<sup>5</sup>. Surprisingly, however, most customers prefer to do so privately. Only 2.8% indicated that social media was their preferred method of providing negative feedback, far less than the 11% who preferred not to contact the brand at all.

Those who weight the delivery experience as highly important to the overall brand experience are **1.4X** more likely to want to contact brands privately. Today, brands who do choose to use social media as their primary feedback channel not only risk negative reviews and attention, but also miss a crucial opportunity to gain visibility and take action on systemic problems within their logistics network as they scale.

### CUSTOMER PREFERRED CHANNELS FOR NEGATIVE FEEDBACK

- Email: 41.9%
- Customer Service Line: 27.8%
- Online Form: 16.5%
- No Contact Necessary: 11.0%
- Social Media: 2.8%



## Customers Speak Out: What Expectations are You Prepared for?



EXPECT THE ABILITY TO  
SELF-SERVE OR INTERACT TO  
SOLVE DELIVERY ISSUES



EXPECT TO BE ABLE TO PROVIDE  
FEEDBACK WHEN THEY HAVE A  
NEGATIVE DELIVERY EXPERIENCE



# How Supply Chain Teams Can #SaveRetail

Delivery expectations have clearly increased year-over-year and show no signs of letting up. Amazon continues to raise the bar and customers are taking the bait.

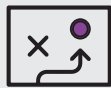
Retailers and brands that want to thrive in this era cannot leave the critical last mile -- the delivery experience -- to chance. At this stage, it's clear that just tracking a package is not enough to win customer loyalty. Investments in people, processes and tools to positively impact customer deliveries should be top of mind for supply chain, logistics and eCommerce leaders.

## Key Considerations



### SELF-SERVICE

Enable routing and delivery appointment scheduling



### PROACTIVE EXCEPTION MANAGEMENT

Get ahead of delays, damages and other issues



### FULFILLMENT SOLUTIONS

Speed up delivery without increasing cost such as forward stocking inventory



### INTEGRATIONS

Personalize fulfillment by connecting customer data and delivery systems



### VISIBILITY SOLUTIONS

Provide insight into transportation's impact on the delivery experience, CSAT and NPS



### CUSTOMER CARE

Speed response time to WISMO related calls



### COURIER PARTNERSHIPS

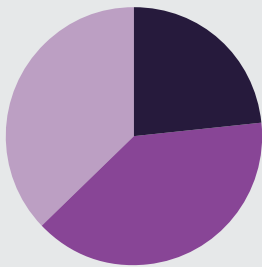
Enable same day delivery and other courier functionality

*Now is the time to invest and transform your last mile if your brand aims to meet these growing delivery expectations.*

## About the Research

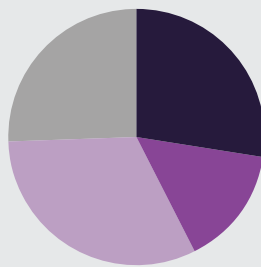
Convey recently conducted a survey of 1,508 people on delivery expectations and preferences with the goal of understanding what aspects of delivery consumers found most important. This survey was completed with Google Consumer Surveys.

## Survey Demographics



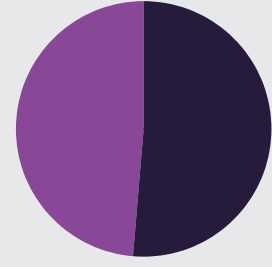
**PERCENTAGE OF EACH AGE GROUP REPRESENTED**

- 18-34 years of age: 23.6%
- 35-54 years of age: 38.1%
- 55+ years of age: 41.5%



**PERCENTAGE OF EACH US REGION REPRESENTED**

- Midwest: 27.6%
- Northeast: 15.1%
- South: 32.0%
- West: 25.3%



**PERCENTAGE OF EACH GENDER REPRESENTED**

- Male: 52.5%
- Female: 47.5%

# 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](http://www.getconvey.com)

