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5 Ways COVID-19 Has Changed Last Mile Deliveries Forever

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With social distancing now being the norm throughout the world, businesses that -- in the past -- have relied on inbound foot traffic to move merchandise, food, groceries, drugs, medical supplies, and other items are now scrambling to get into the game of “last mile” deliveries so they can compete.

In the past decade, the Amazon-effect was retail’s disruptive force, defining customer’s expectations for last mile deliveries; in 2020, the COVID-19 pandemic is further disrupting the supply chain, transforming the way that record quantities of items are being delivered.

It’s also setting new customer expectations and shifting consumer behavior -- it’s no longer good enough to be free, quick and on demand -- they must now be “safe,” or contact-free.

In just weeks, the Coronavirus has shaped the landscape of last mile deliveries forever. Learn five ways that the pandemic has altered the world of delivery:

1. Deliveries Will Grow Exponentially.

The percentage of last mile deliveries has and will increase exponentially as more people in the United States make social distancing a way of life in the future to avoid becoming ill. Additionally, customers are becoming accustomed to the ease of deliveries; this is a marked change from the past, where the U.S. has lagged considerably behind China in deliveries.

According to the March 2020 Harvard Business Review (HBR), China has been leveraging dispatch management technology long before COVID-19 hit. HBR said in 2019, “China’s e-commerce penetration had, by one estimate, reached 36.6% of retail sales, with 71% of Chinese consumers transacting online at some point, mostly via smartphone apps.” In comparison, only 16% of 2019 sales in the U.S. were delivered.

Fast forward to March 2020, and there’s a different story unfolding: Digital Commerce 360 reported that in mid-March, sales and deliveries of one wine producer/retailer doubled in one day, and is continuing to peak. That is one example, but other markets are also surging.

Deliveries are predicted to increase further, even after the pandemic is over because consumer behavior regarding deliveries has forever changed as a result of the crisis.

DELIVERIES DOUBLED in March 2020



2. Drivers Will Be More in Demand Than Ever.

Driver shortages will continue to climb as the demand for deliveries increases through COVID-19 and beyond.

According to an article in Quartz, delivery jobs are on the rise. Julia Pollak, an economist at ZipRecruiter, said demand for workers in transportation appears to be holding strong and growing amid the pandemic.

Food delivery and package delivery driver jobs rose in the second week of March and are likely to rise further as people shift more of their shopping online. Job postings related to food delivery have risen by 78% since 2017, and for transportation, 36%. Overall, the largest share is in the transportation industry.

In response to the driver shortages, a number of forward-thinking technology firms have developed features that allow companies to augment their drivers with crowdsourced services such as Uber, Lyft, Postmates and more. Businesses can connect directly with those who use their own transportation to make deliveries. The freedom to make on-demand and scheduled deliveries also ensures that customers are home at the time of delivery, if necessary — eliminating the need for a second (or third) attempt.

In addition to crowdsource technology, advanced dispatch technology allows couriers to begin to float their fleet throughout a city and fulfill pickups and deliveries as they are requested. A floating fleet is essentially a fleet where drivers are not dedicated to a single customer or source location. These drivers can therefore deliver on-demand for businesses that need help with their daily deliveries.

A floating fleet will increase efficiency as drivers are delivering on-demand during their dead hauling and downtime. While businesses are presented with more delivery options, couriers are able to supplement their contracts with on-demand deliveries to greatly increase revenue.

**78% INCREASE IN
JOB POSTINGS**
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3. Contact-Free Deliveries Will Be the Norm.

Consumer behavior is shifting, and customers now view safe, contact-free deliveries as important as quick, free and on demand services.

“Contact-free” has quickly become a common term in last mile deliveries as more consumers prefer to have a package left outside their doors, ensuring no contact between them and the delivery driver.

Some advanced dispatch software allows for contact-free delivery, while still offering a proof of delivery by attaching a photo of the delivery as POD.

While contact-free is heavily available in the restaurants and food delivery services, consumers are expected to prefer it for any deliveries as an alternative to signing for packages.

4. “Free” Delivery A Continued Challenge.

The number of last mile deliveries is growing and the cost of “free” shipping is mounting.

According to Business Insider, the last mile is the most expensive leg of the journey, accounting for upwards of 53% of the total costs of the delivery. Businesses shoulder that cost and are looking at ways to keep the costs down so it's profitable to deliver.

Given that, it's not surprising that retailers, grocers, logistics providers, and other businesses may be wary of expanding their existing delivery services or launching new ones.

But with this pandemic, consumer demand is rising, and if customers aren't offered the delivery options they want, they'll shop elsewhere. Businesses can't neglect deliveries; the only question for them is how to perfect those deliveries and ensure they help, rather than hurt, profit margins.

TECHNOLOGY =
Lower Costs and Higher Profits



As such, many are looking for technology to lower their costs and drive process improvements. Companies must strive to avoid excess fuel and driver expenses. This means companies must ensure that their route optimization, vehicle capacity, and timing are all properly calculated.

5. Autonomous Delivery Vehicles Will Grow.

With more goods being delivered than ever before, new modes of delivery will be used. Expect drones, robots, and autonomous vehicles to play a significant role in the delivery of the future,

depending on where the customer resides. For example, drones are expected to dominate rural areas, and robots are already making a splash in food deliveries in certain urban settings.

According to Supply Chain Dive, Neolix, a self-driving delivery vehicle startup in China, is using automated cargo shuttle and drone delivery technologies to transport goods, while minimizing human contact in Wuhan, China. Once the vehicle reaches its destination, it transmits a code to a customer's cellphone, allowing the customer to retrieve it.

In addition, Road/Show reported that Neolix has been working overtime to build more of its autonomous delivery vans amid the quarantines. According to a Bloomberg report, Chinese companies have booked orders for 200 of the vehicles.

With the demand for alternative modes of deliveries, especially during these times of great need, the push to test autonomous vehicles of all types and drones will grow.

In Summary

While it's late in the game, there are still some steps businesses can take now to quickly jump into the delivery world and get their products moving. This includes making sure whatever delivery technology they use is ultra-agile, responsive and takes them into the future. For those businesses that have invested wisely in a technology partner during these tumultuous times, they will most assuredly stay in the game of last mile deliveries as those partners are already engaging in future-ready features. For those who haven't yet invested, it's not too late, but it is time to research and move forward to stay in the game.

LAST MILE DELIVERIES fueled by customer expectations



Last mile deliveries started with consumer demand a decade ago, and they will continue to be fueled by customer expectations, which will most likely evolve and grow during the pandemic. This means that new technologies will be introduced to save time, reduce operational costs, and enhance the customer experience.

Resources

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