Change The World
How Holiday Delivery is Different in 2020

ELITE **EXTRA**™

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Do you remember the first time you heard about coronavirus? Officially it is "severe acute respiratory syndrome coronavirus 2" (SARS-CoV-2), or COVID-19. When you first heard of it did you say to yourself "from this moment on, my life will not be the same?" Probably not, but the reality is, the virus has changed the world. Millions of cases, hundreds of thousands of deaths. It has crushed economies, destroyed industries, disenfranchised millions of workers. The worldwide political, economic, emotional, and spiritual damage is enormous. But this isn't the whole story.

As we approach the final months of 2020, it has been cynically described as the "year of the COVID," or the 10-month train wreck. There are countless humorous memes describing the constant challenges end of the year.

We are coming into the holiday season and it will be different from past years. Holiday spending is expected to rise a modest 1% to 1.5%, but because of the pandemic, there will be less traveling this season, and fewer and smaller gatherings. Stay at home practices will result in fewer shoppers in brick and mortar stores and people will be searching for alternatives. This means online ordering and delivery or curbside pick-up services will be increasing beyond the current, and already elevated levels. Estimates have online sales increasing by 25-30% for the holiday season, on top of the already high levels of online buying.

RETAILERS CAN EXPECT FAR LESS FOOT TRAFFIC IN THEIR STORES

Salesforce found nearly two-thirds of 1,000 adult shoppers surveyed (62%) planned to do all their holiday shopping online. While another recent survey from Consumer Pulse found fewer shoppers (42%) planned to shop exclusively online. But whatever the actual number works out to be, retailers can expect far less foot traffic in their stores and far more online traffic to their websites.

ONLINE SALES INCREASING BY 25-30% FOR THE HOLIDAY SEASON

EARLIER HOLIDAY SEASON

Retailers have already been planning for this change. Online events such as Amazon's Prime Day event in mid-October, online sales, and making Black Friday into "Cyber Season" have swept the nation, reminding us of the changed environment. Retailers are enhancing virtual showrooming to drive online purchasing to replicate the deals, encouraging impulse buys, and creating excitement that typically occurs in physical stores on Black Friday.

The online platform means that retailers can more easily change specials from day-to-day, or even hour-to-hour to create interest and stimulate impulse buying. Email notifications help to encourage repeat visits, and the pressure to encourage early buying will hopefully relieve the last-minute buying surge. Retailers plan on using shipping surcharges and shipping cut-off dates to avoid last-minute purchases and reduce fulfillment strains during the busiest weeks of the year for deliveries. Also, to reduce shipping costs, retailers are going to push in-store pickup services, and rely more on last-mile carriers through the gig economy.

INCREASED DELIVERY DEMANDS

Needless to say, this is a boon to the delivery industry. Average daily package volume at UPS hit 24.4 million during the second quarter, almost 92% what it was during the 2019 fourth-quarter holiday peak. Adding 25% more onto that load will challenge the delivery system. The USPS announced its first-ever holiday surcharge - joining UPS and FedEx. This will result in an estimated $40 billion worth of delivery surcharges between Nov. 15 and Jan. 15 worldwide.

Retailers using alternative delivery options may cloud precise predictions of revenue and volume. Whatever the net result, the industry will need to rely heavily on all available tools to accomplish deliveries effectively. Of increasing importance is the increase in customer expectations. Customers are learning to depend on timely deliveries, with notification of delivery windows and actual delivery.
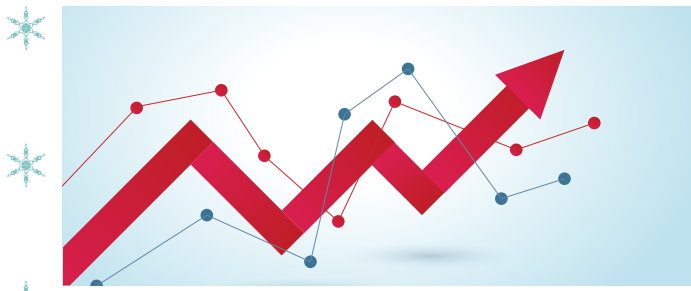
$40 BILLION WORTH OF DELIVERY SURCHARGES expected between Nov. 15 and Jan. 15, worldwide

Customer Experience

It's a catchphrase, and often an intangible part of business. How often has someone made the statement "We need to improve the customer experience?" The next question is the hard one, "Does anyone know what customer experience is?" Everyone knows it needs to be improved, but it is hard to fix when you don't really know what it is.

The fact is, it is every touchpoint that you have with your customer. It can be broken down into three parts: the buying journey, the fulfillment experience, and the post-purchase experience. It starts with their very first contact and doesn't really end because there is always a hope that a consumer will come back and make a purchase again.

There have been thousands of studies researching the buying decision. It is a complex process, starting at the initial desire to purchase something, investigating choices, initial contact, studying options, decision, and order. Each one is fraught with places for the customer to drop out. Once the gauntlet is cleared, and the order is made, the fulfillment portion begins.

During the delivery process, customers want to know the progress of the order, when they can expect their delivery to be completed, and real-time notification of delivery. Finally, the post-purchase stage is evaluating the product and overall experience. This stage is key to encouraging repeat business.

The increased demand for deliveries, increased customer demands, shortened time windows, and price competition all push the need to maintain operational efficiencies. Dispatch software created the ability to generate optimized routes with the simple click of a button. Routes are instantly built according to customer time windows, traffic, proximity, customer preferences, optimizing VIP customers, and much more to get routes dispatched to drivers as effectively and efficiently as possible. These same products can provide tracking deliveries, in some cases making progress available via online web portals, email or text ETA's, and other delivery notifications. It also frees up time spent by sales and counter staff answering questions about estimated delivery or service times. Advanced dispatch removes the headache of "how" to accomplish this by providing real-time tracking to customers via text or email. The alerts and tracking give customers insight into exactly when their product will be delivered or what time a service will occur.

Key Delivery Features

ETA Alerts

Time Windows

Complete Visibility

The post-purchase experience is all about creating brand awareness. After a product or service has been fulfilled, it is imperative to keep your business top-of-mind in each customer's thoughts. Through marketing, customer followup, and support, you can ensure that the next time that customer needs a product your business is first to come to mind. The fulfillment experience is the largest driver of repeat business for almost any retailer. On average, it is six times more costly to attract a new customer than it is to re-engage a past customer. Past customers understand the fulfillment experience of your business, and they know what to expect.

According to Capgemini, a global leader in consulting and technology services, 73% of consumers believe that receiving a delivery in a convenient time slot is more important than receiving it quickly. It ultimately comes down to a question of time vs. money. Sometimes customers are willing to pay for a product to be delivered in a few hours, and other times they'd rather save money and receive it in a week. Retailers have to focus hard on what consumers think is important during this year of the pandemic.

RETURNS, THE SECOND DELIVERY SEASON

It is expected that up to 700 million packages will face potential shipping delays this holiday shopping season because orders are on track to exceed shipping capacity by 5%. In addition, online and mobile purchases could help spark an increase in returned merchandise. In total, $280 billion in online purchases are expected to be returned globally — 30% of all purchases made, according to Salesforce.

"To reduce return rates, retailers should use store associates to help guide online buyers to the right purchases via communication tools like live chat and digital concierge services," the company said. eCommerce websites should also be revamped to provide comprehensive product descriptions, product reviews, videos, clear and accurate fit guides, inventory availability, and expanded shipping options to minimize returns.

HAVE A LITTLE HOPE

We are approaching the end of a year like no other and although the pandemic is not over, there is light at the end of the tunnel. New technology has surfaced that will help with all of the fulfillment challenges that have presented themselves during COVID times and beyond. And the technology industry is here to help.

Embrace the season. Celebrate. Rejoice. Find the courage, stay safe, and defy 2020 and "the COVID".

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