

2023 Bringg Barometer

State of Last Mile Delivery

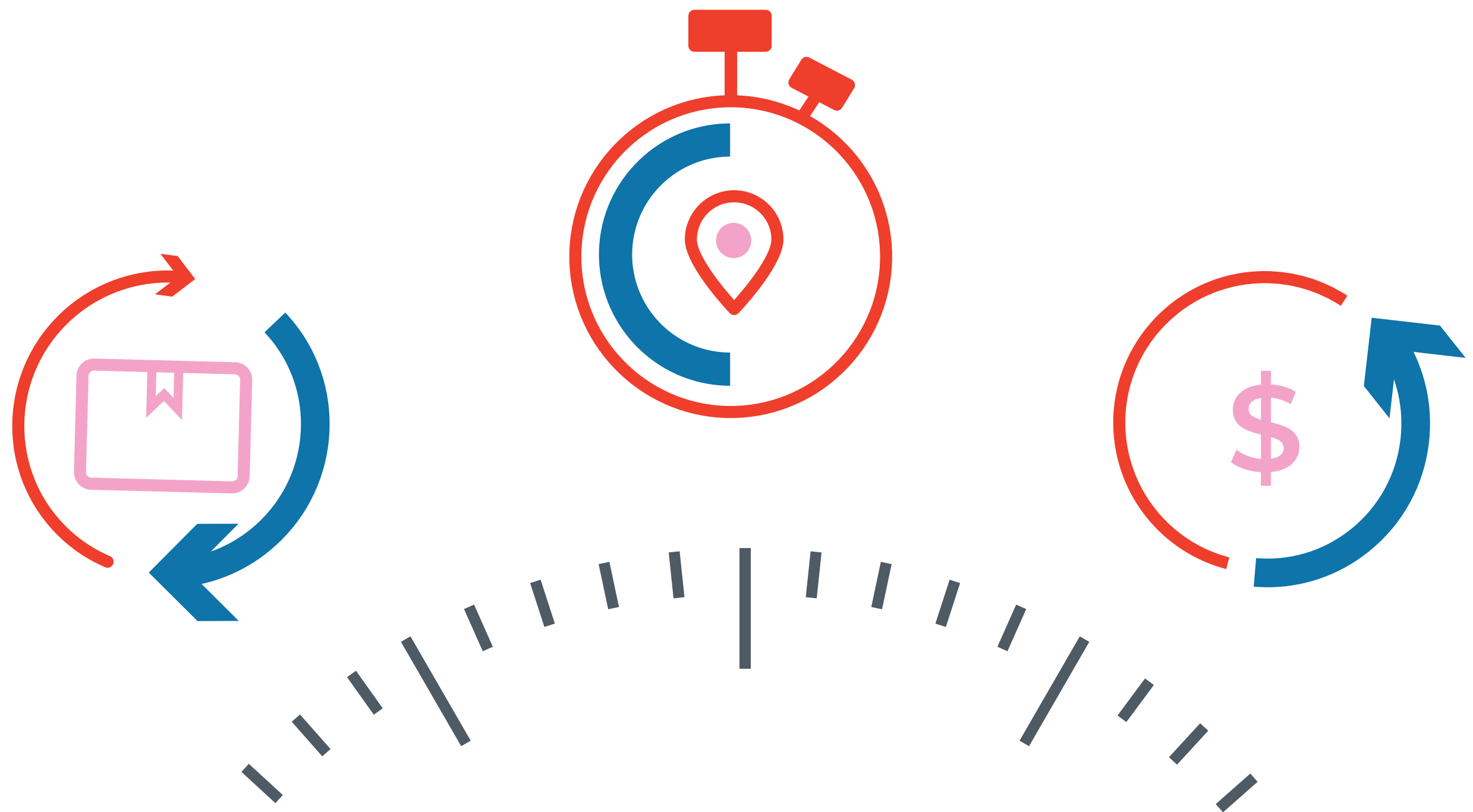
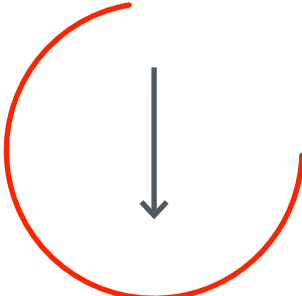




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Introduction and Key Findings



Introduction & Methodology

Retailers are dealing with rising inflation and fuel costs, which are negatively impacting companies' ability to adequately address order fulfillment for last mile operations. Covid-19 initiated a series of disruptions – transportation shortages and delays, lack of available stock, and all on a backdrop of a rise in ecommerce spending.

Today, the need for ecommerce fulfillment is still strong, but consumers in the midst of an inflation are careful where they spend their money, looking for omnichannel fulfillment that best combines cost and convenience. Retailers are re-evaluating what they need as the rate of growth in online orders has slowed, and retaining customers and reducing delivery costs have become more important than ever.

This report shines a light on the state of last mile delivery for retailers as we enter 2023. What are the greatest pain points and challenges in last mile operations and deliveries? Are retailers able to meet customers' growing expectations? Can they provide much-needed transparency and flexibility without negatively impacting their own margins?

Survey Analysis

We commissioned a survey of 500 full time employees from the USA, managers or more senior employees in supply chain operations, change management and digital roles, in Retail and ecommerce.

Based on the survey results, this report provides critical insights for simplifying the complexity around last mile delivery options while reducing costs and increasing customer satisfaction.

Introduction and Key Findings

Key Findings

1

Retailers focusing on cost efficiency for 2023

The top cost-related pain points for last mile operations in 2023 are working with carriers (42%), reliance on manual processes (41%), and driver retention (41%). Price is also an inhibitor (25%) in implementing self-scheduling and delivery subscriptions for customers. **Solutions will be based around adopting technologies and strategies that increase efficiency and improve delivery services without raising costs.**

2

Retailers struggling with a disconnected, complex last mile

89% of retailers say they're struggling with last mile delivery operations, with the top reason being the complexity of their tech stack (37%). Over 1 in 3 struggle to manage multiple fulfillment channels through disparate technologies and are lacking transparency and control across the last mile. **To create more cohesive last mile operations that impact the bottom line, retailers need to consolidate their last mile operations and resources into a single delivery management solution.**

3

Digitization and automation key to retail growth in 2023

With capacity being a growing issue, retailers are working with multiple fleets – and this integration became a critical challenge. This is reflected in retailers' inability to provide transparency on delivery options to customers. **Retailers that automate their last mile operations, including integrations with external resources, will create both internal visibility and greater efficiency, as well as transparency for customers and a better experience during shopping and checkout.**

4

Lack of variety and visibility around delivery options leads to cart abandonment and customer churn

Just 34% of retailers say they can offer real-time, accurate delivery options. However, lack of clarity into delivery options is a primary cause for cart abandonment, as well as competition offering more delivery options. **Retailers need to work on providing a greater number of flexible delivery offerings, alongside enabling visibility into these delivery options.**

5

Retailers are struggling to manage delivery costs and capacity via carriers and drivers

Nearly 1 in 4 retailers say a lack of available vehicles and drivers is the top challenge to delivering on time, while 42% say it's the main reason for the increase in last mile costs. 49% of retailers are lacking flexibility during peak season or prime hours of the day. 37% are unable to scale back on drivers which prevents implementation of necessary cost cutting measures. **Retailers need greater flexibility managing drivers, internal fleets and external carriers based on the optimal balance between the cost and time of delivery.**

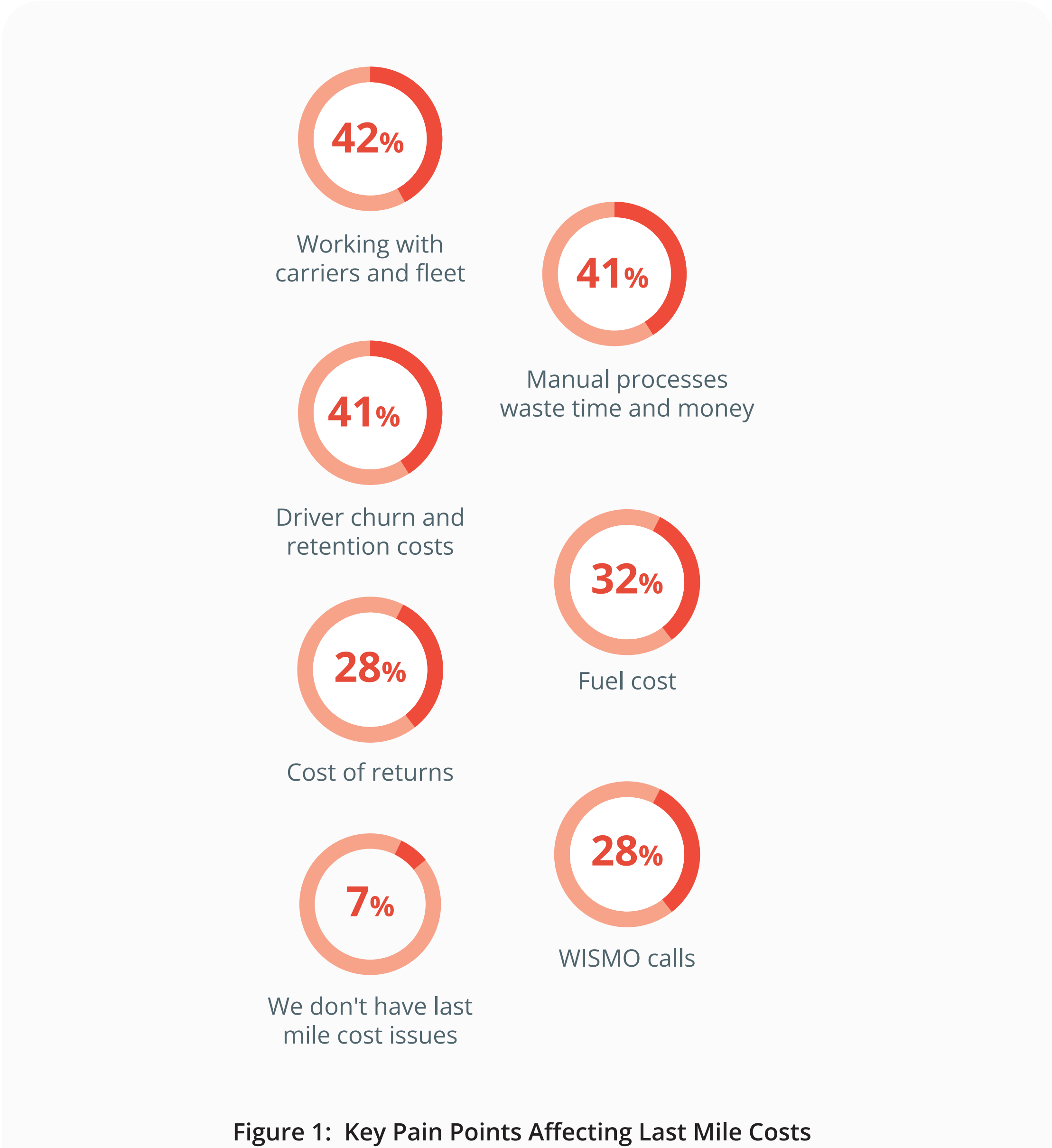
Last Mile Delivery is All About Cost

3rd Party Delivery, Manual Processes and Driver Retention Lead Last Mile Costs

The three leading pain points affecting last mile costs reflect a need to simplify and automate management of drivers, third party delivery providers, and the last mile process.

Fuel costs can be mitigated by reducing mileage through route automation and selecting fleets or drivers for delivery based on their distance from the delivery destination.

Retailers can significantly reduce last mile costs by adopting better technology solutions that simplify and automate delivery management, such as automating the process of working with carriers and managing driver assignments.



Last Mile Delivery is All About Cost

High Order Volumes
Affecting Delivery
Experience and Cost

WISMO (where is my order) calls is a challenge that heavily impacts last mile costs for 28% of respondents. For those with 100k+ orders per month, the number jumps to 39%.

Companies with larger order volumes may not have scaled customer support enough to meet the surge in order volumes seen over the past few years.

Automated delivery management and customer communications can support businesses to increase delivery accuracy and efficiency, thereby reducing the need for WISMO calls in the first place.

Sending automated updates to customers at the various stages of fulfillment will reduce the number of support calls.

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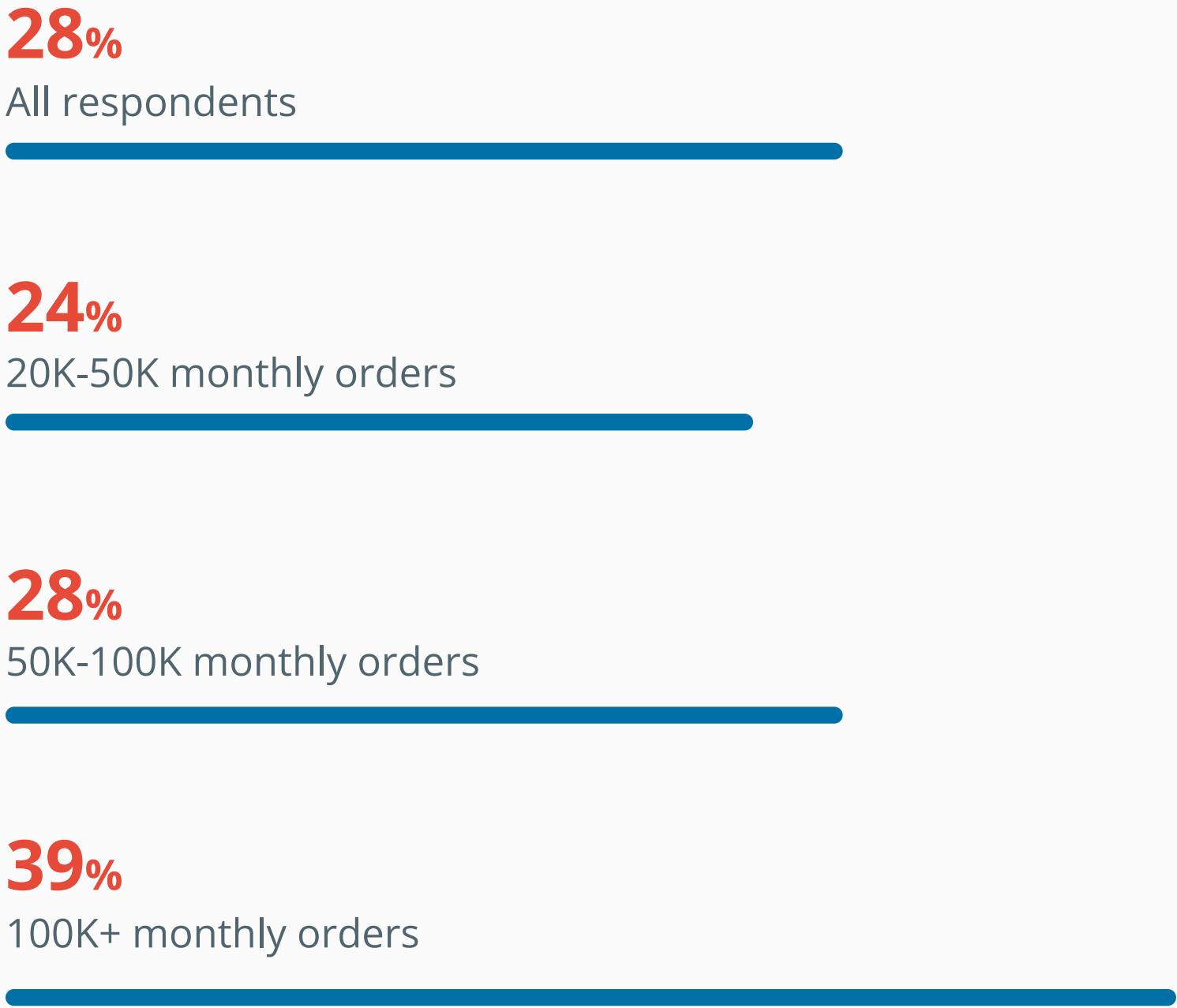


Figure 2: WISMO Pain Point by Number of Monthly Online Orders

Customer Experience

Focus in 2023: Customer-Centric Delivery

Consumer rating of the delivery experience was the top feature adopted by over half of the retailers surveyed, while 72% have real-time delivery tracking, or are planning to offer it in 2023.

Customer demands for a convenient delivery experience are as high as ever. As a result, delivery experiences are as competitive as ever. Annual delivery subscriptions are an important service to encourage repeat orders, while lowering the price of delivery to customers and reducing costs for retailers.

Retailers recognize a need to do more with less by automating delivery scheduling and allowing customers greater control over the scheduling process. Self-scheduling will be offered by 61% of companies in 2023, resulting in lowers costs, and less reliance on internal staff.

25% of the companies are not planning on implementing self-scheduling or subscription models due to cost considerations.

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Figure 3: Delivery Options and Services Offered to Customers

Customer Experience

Reducing Online Cart Abandonment Rates

87% of survey respondents admit to issues with digital cart abandonment.

The top issue is a lack of clarity into delivery options prior to check out (44%). Customers have gone through a long process to get to check out, and at that point they may find out that their items aren't available within the time frame they need.

Delivery options and delivery cost are part of the buyer's intent and must be clear and transparent.

Providing transparency into delivery options during the shopping process requires strong integration between ecommerce, point of sale, delivery management solutions and external providers.

Coordinating operations through a single centralized platform and automating the last mile delivery process will enable better visibility for shoppers and reduce cart abandonment.

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Figure 4: Top Reasons for Online Cart Abandonment

Customer Experience

Delivery Options Key to Improving Customer Retention

Customer retention is a function of delivery options even more than it is about price, or the overall omnichannel experience.

Beyond visibility into their delivery models, retailers also aren't providing enough competitive delivery options to satisfy their customers. To maintain their margins, retailers need to find ways to add more delivery options to meet customer demand, without taking on additional last mile costs.

Connecting with additional carriers can help expand available delivery options. Digitizing and automating last mile management can ensure greater efficiency while keeping costs down, allowing retailers to potentially reduce cost of delivery for customers.



Figure 5: Top Reasons for Losing Customers

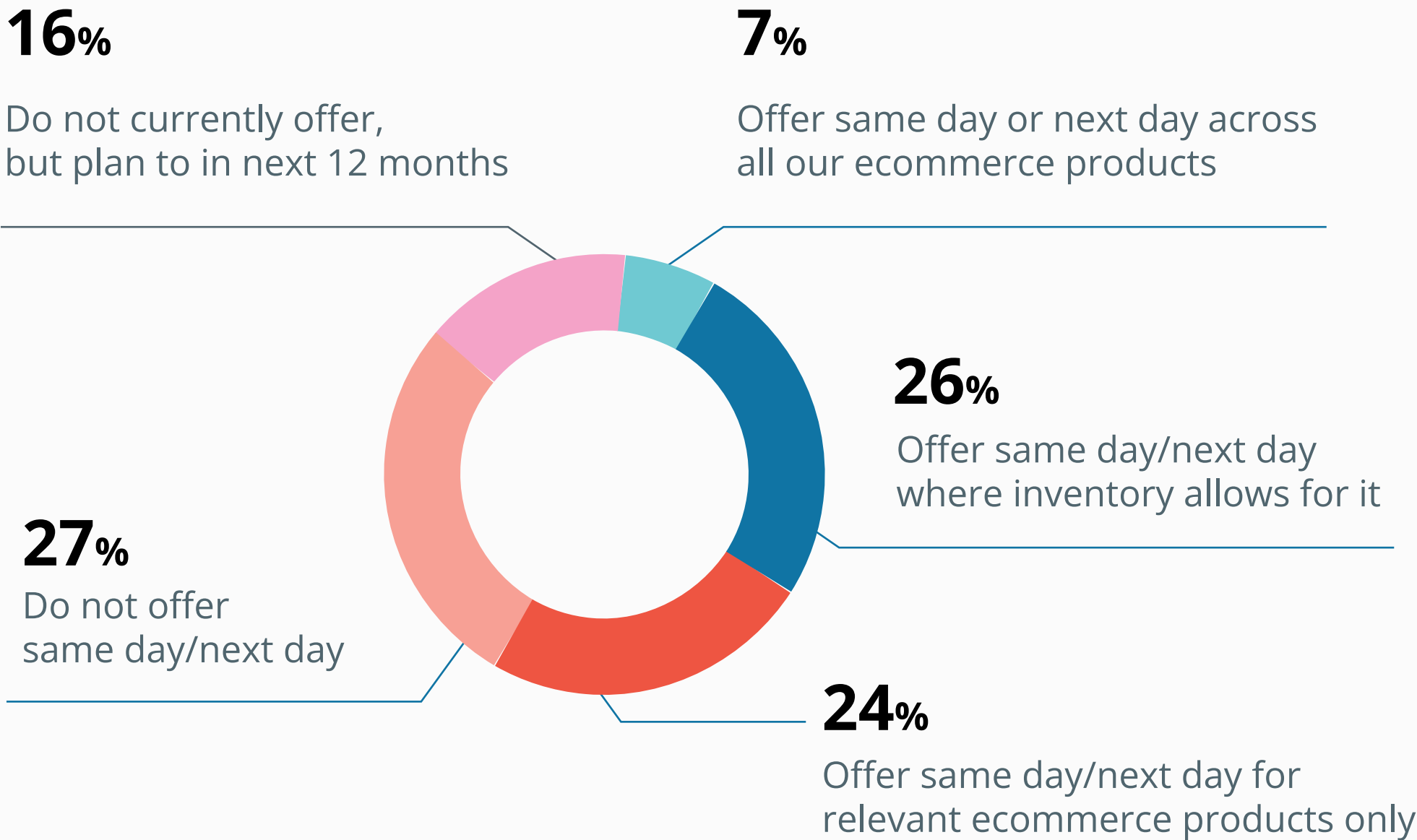
Customer Experience

Same-Day and Next-Day Delivery

57% of companies are already offering same-day or next-day delivery. 26% do so reactively based on inventory location, and 24% do so proactively based on the relevance of individual items in stock.

Being able to offer the right delivery options for each product is critical, as it is too risky and costly - and often unnecessary - to offer all products available for local fast delivery.

Providing the option for same day or next day delivery alongside transparency into delivery options for the consumer will enable more competitive delivery options, without potentially wasting stock or other costly resources.



57% Offering same day/next day delivery

Figure 6: Availability of Same-Day and Next-Day Delivery Options

Customer Experience

Supported Models for Shipping and Returns

We asked survey respondents which models for shipping and returns they currently support.

The top model is pick up from local convenience stores, yet this is still only offered by 44% of companies. This is followed by returns via other retailers' delivery services (39%) and returns at other retailers' stores (34%).

Returns as a percentage of online shopping is growing. As more items are being returned, it becomes even more critical for retailers to get returned items back on the shelves for resale and provide a satisfactory return experience for customers.

Most retailers still don't offer pickup or returns from local convenience stores and just 39% offer returns via other retailers' delivery services. This is a missed opportunity to make returns more convenient for customers, more profitable for retailers and to facilitate faster, flexible and less costly returns management.

Retailers that pool resources for deliveries and returns, including, both drivers and brick-and-mortar stores, can provide competitive flexibility that customers appreciate. Collaboration between retailers can also reduce last mile costs and offer lower prices for consumer sby bundling deliveries and offering pickup of multiple items from a single.

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Figure 7: Supported Models for Shipping and Returns

Automation and Flexibility are a Must for Managing Delivery Capacity

Lack of Capacity to Blame for Not Delivering on Time

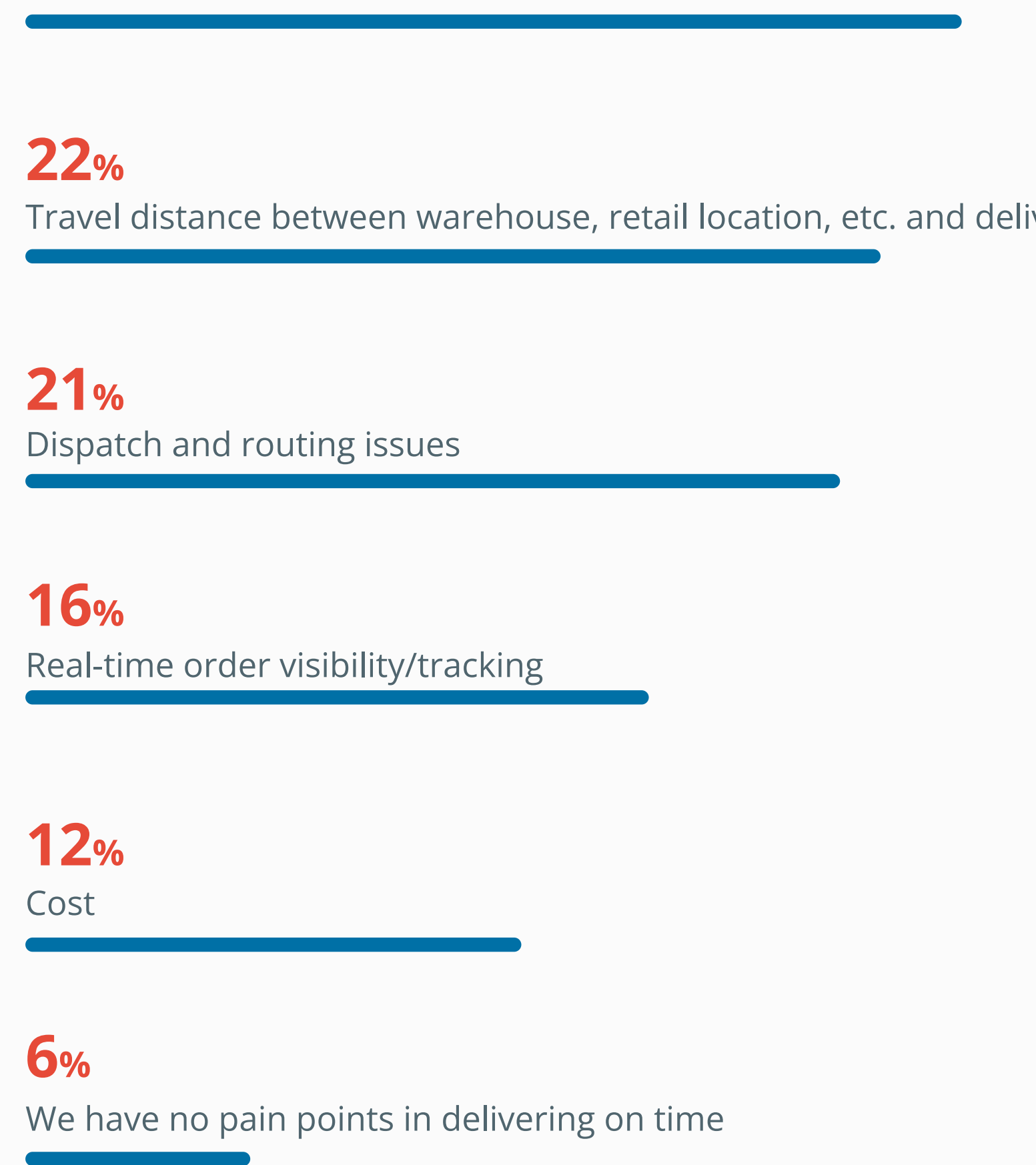
Delivering on time is essential for brand reputation and customer satisfaction. According to our survey, the main obstacles for achieving on time delivery are the number of drivers or size of fleets available to make the deliveries (24%), the travel distance between warehouse or retail location and delivery point (22%), and dispatch and routing issues (21%).

Partnering with other retailers and batch ordering to drop off at a physical store provides more flexibility for on-time delivery. The customer can then pick up packages whenever they want, and the retailer is more likely to achieve on-time delivery than moving from home to home on a tight schedule.

Retailers need a delivery management solution that automates fleet and driver selection based on the time to deliver, including route optimization technology to solve distance and routing issues.

24%

Number of drivers/size of fleets available to make the deliveries



22%

Travel distance between warehouse, retail location, etc. and delivery point

21%

Dispatch and routing issues

16%

Real-time order visibility/tracking

12%

Cost

6%

We have no pain points in delivering on time

Figure 8: Biggest Pain Points in Delivering on Time

Automation and Flexibility are a Must for Managing Delivery Capacity

Lack of Flexibility with Delivery Capacity Costs Retailers

Most retailers struggle to match capacity with demand in two cases: Adding capacity during peak season and reducing capacity in the off season to save on last mile costs. Only 6% of respondents said that they have full flexibility.

As we saw earlier (figure 1), 42% of retailers say their biggest pain point around cost is managing multiple carriers and fleets, and 41% say it is managing driver retention and churn.

Use a flexible delivery network platform to scale up and down as necessary according to demand, ensures that there will be enough drivers when you need them, without paying for resources that negatively impact margins.

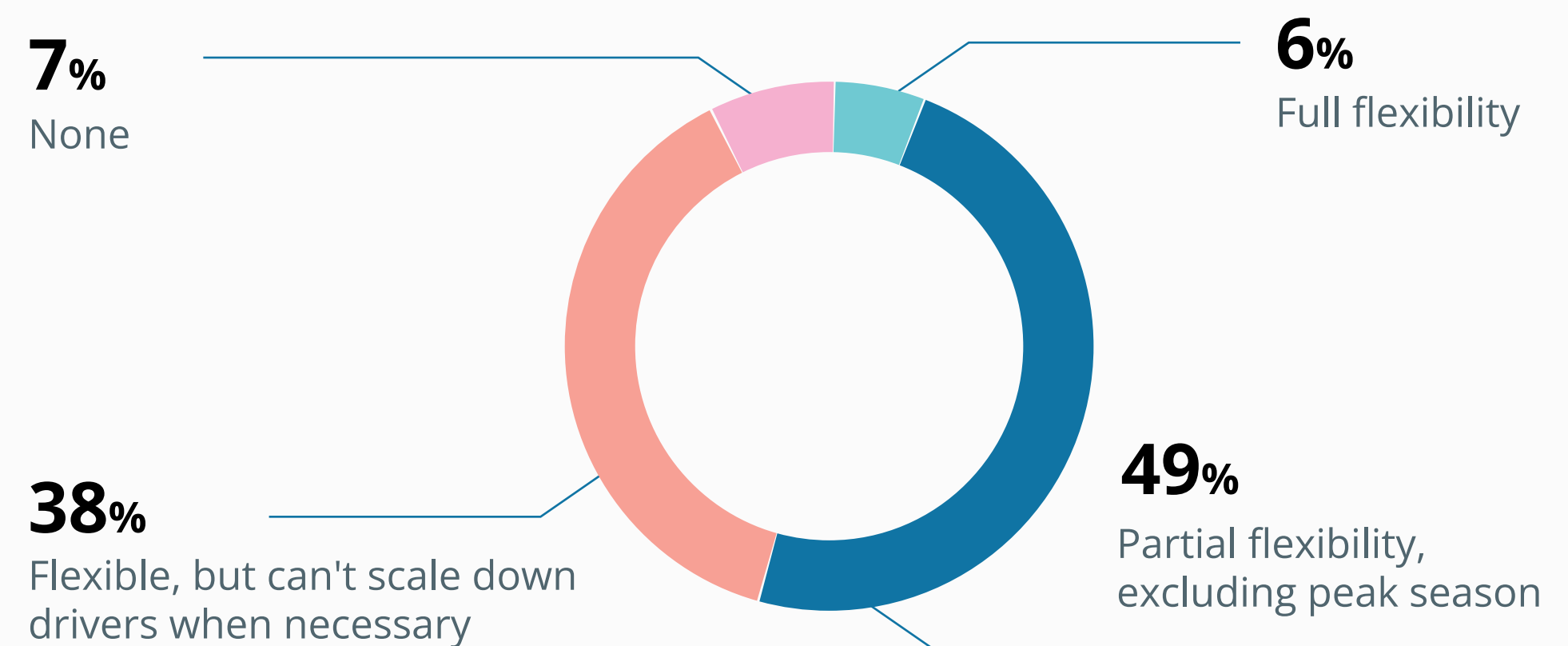


Figure 9: Flexibility to Match Driver Capacity with Demand

Automation and Flexibility are a Must for Managing Delivery Capacity

The Need to Automate Third Party Delivery Management

Retailers find integration with their third-party delivery providers an even greater challenge than lack of visibility, costs, or issues around brand control.

For those working in digitization or ecommerce roles, the difficulties around the lack of integration becomes even more acute, causing lack of real-time delivery options, which greatly affects cart abandonment and customer churn.

This goes back to delivery options and the challenges around transparency and flexibility for the customer.

Working with a delivery management platform that digitizes and automates the process of integrating and managing multiple fleets, results in high level of visibility before and after the delivery process begins. The same platform can enable routing of orders to different fleets automatically based on delivery costs.

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	All respondents	Change management	Digital ecommerce	Order fulfillment	Supply chain operations
Integrating with multiple fleets	32%	29%	42%	27%	31%
Lack of visibility	19%	21%	24%	19%	16%
Cost	18%	12%	16%	20%	21%
Lack of brand control	18%	18%	11%	21%	19%
We have no pain points with them	9%	21%	7%	7%	8%

Figure 10: Top Pain Points of Working with Multiple 3rd Party Fleets for Delivery

Last Mile Technology:
Challenges and Opportunities

Same-Day Delivery Held
Back by Fragmented Delivery
Operations

In last years' [report](#), we saw that the inability to provide transparency of available delivery options was cited by just 13% of the respondents and came in last in the list of challenges. However, this year it is taking the top spot at 37%.

There is growing recognition that the biggest challenge today is knowing where and when same day or next day delivery is an option and communicating that to potential customers in real-time.

Transparency of available delivery options has become a competitive differentiator. Offering same day delivery options relies on data technologies including tight integration with delivery providers and connectivity with fleets.

The last mile delivery management platforms help connect the dots and offer visibility and control to make same day delivery work for both consumers and retailers.

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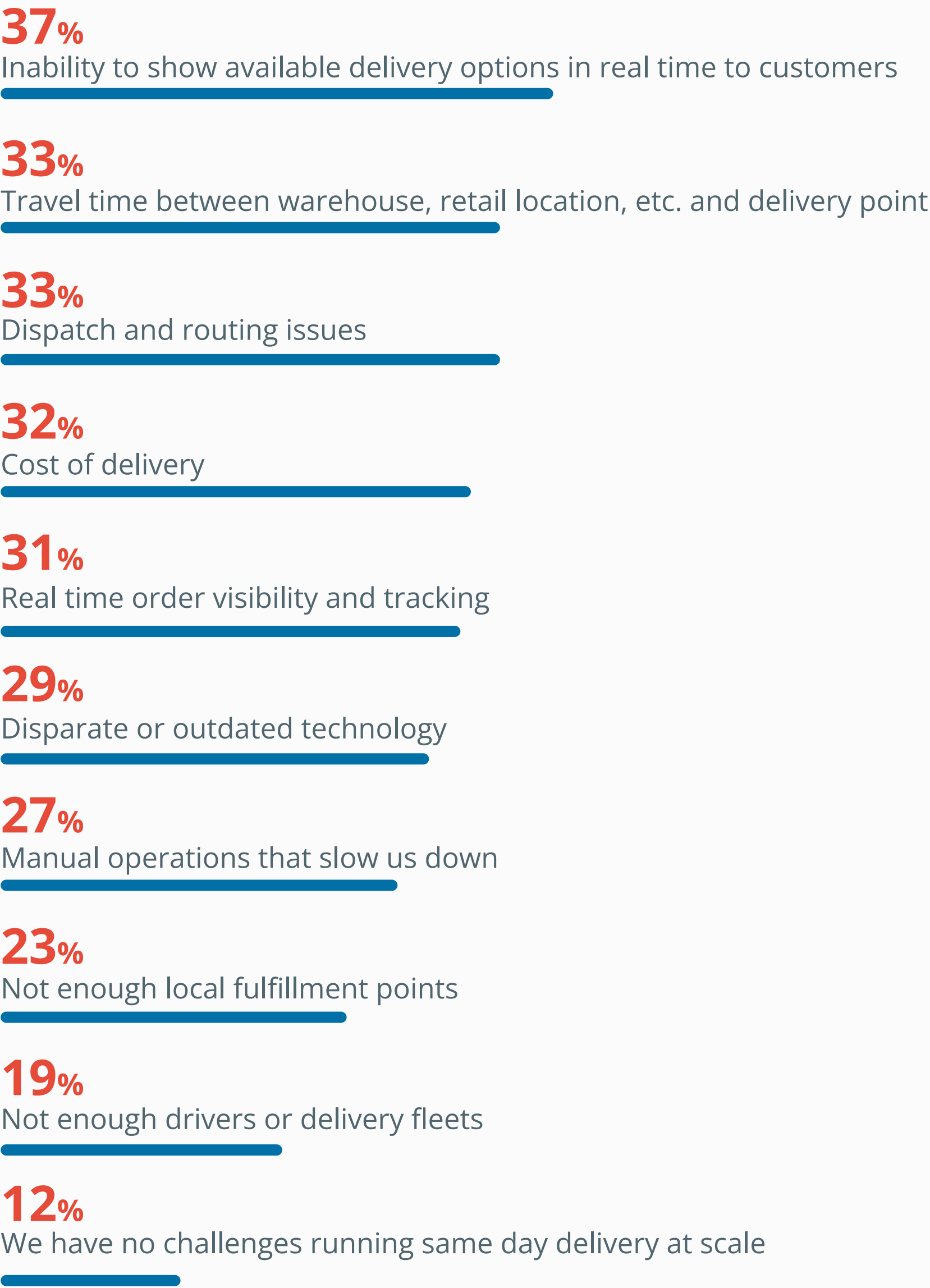


Figure 11: Top Challenges Running Same-Day Delivery at Scale

Last Mile Technology:
Challenges and Opportunities

Complex Tech, Rising
Costs and Lack of Visibility
Challenge Operations

The top pain points for brick-and-mortar retailers managing last mile delivery are the overall complexity of tech stacks (37%), rising delivery costs (36%), and lack of real-time visibility after placement of the order (35%).

The top pain points for pure ecommerce retailers are rising delivery costs (39%) and working with multiple delivery fleets (34%).

These companies have the most reliance on third parties for fulfillment, so the need to outsource delivery creates fewer cost reduction opportunities. That is why retailers with both physical locations and ecommerce operations struggle more with manual last mile processes.

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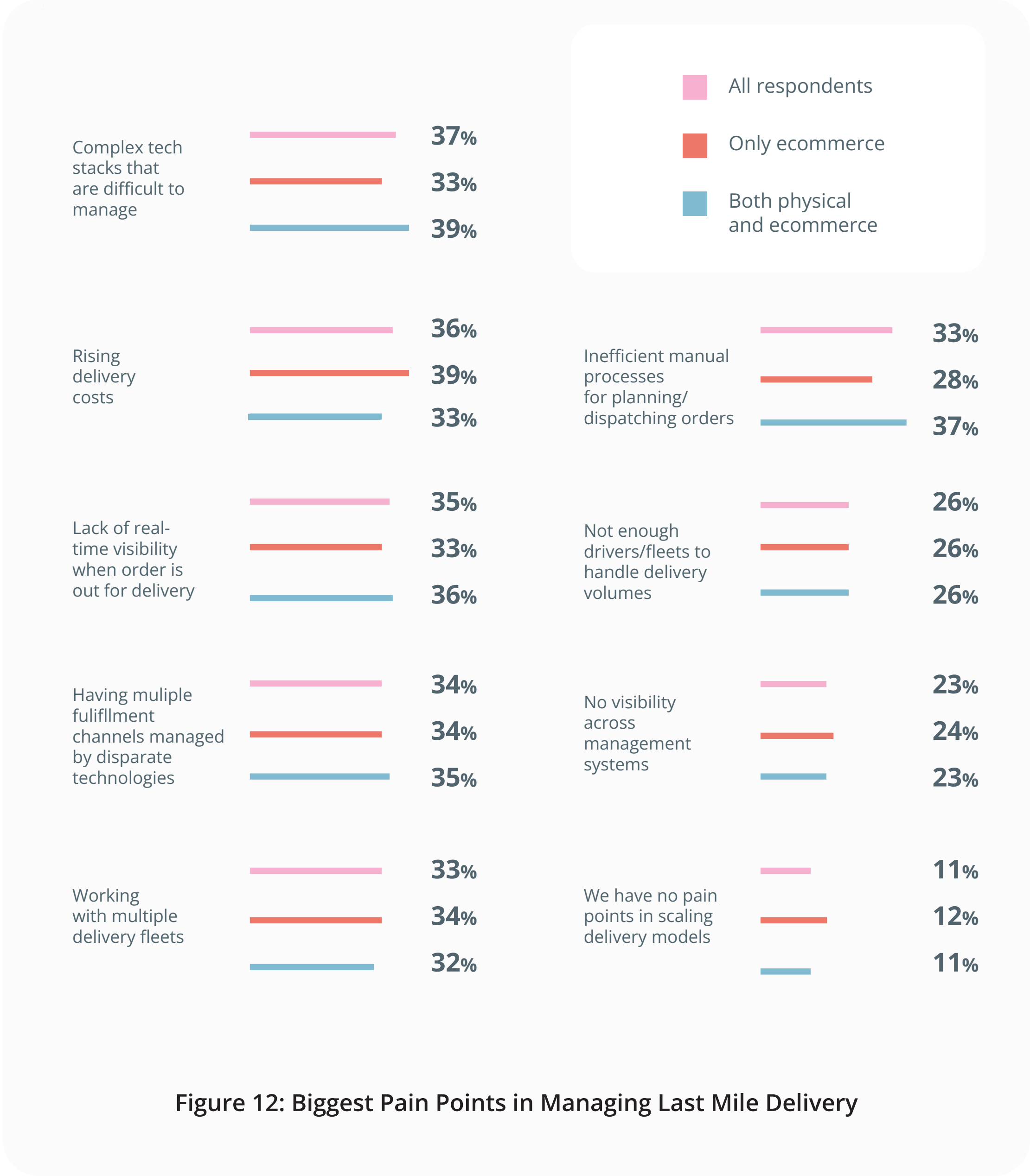


Figure 12: Biggest Pain Points in Managing Last Mile Delivery

Last Mile Technology: Challenges and Opportunities

Single vs. Multiple Last Mile Management Solutions

Over half of retailers have multiple solutions to manage their last mile delivery operations, using either in-house or third-party service providers. This adds to the complexity of last-mile operations.

31% use a mix of in-house and third-party solutions to manage last mile delivery operations. Only 28% are managing last mile operations via a single third-party delivery management platform.

Retailers that digitize, connect and automate their last mile operations via a single delivery management platform can better manage deliveries across internal and external resources, while providing competitive levels of transparency to customers.

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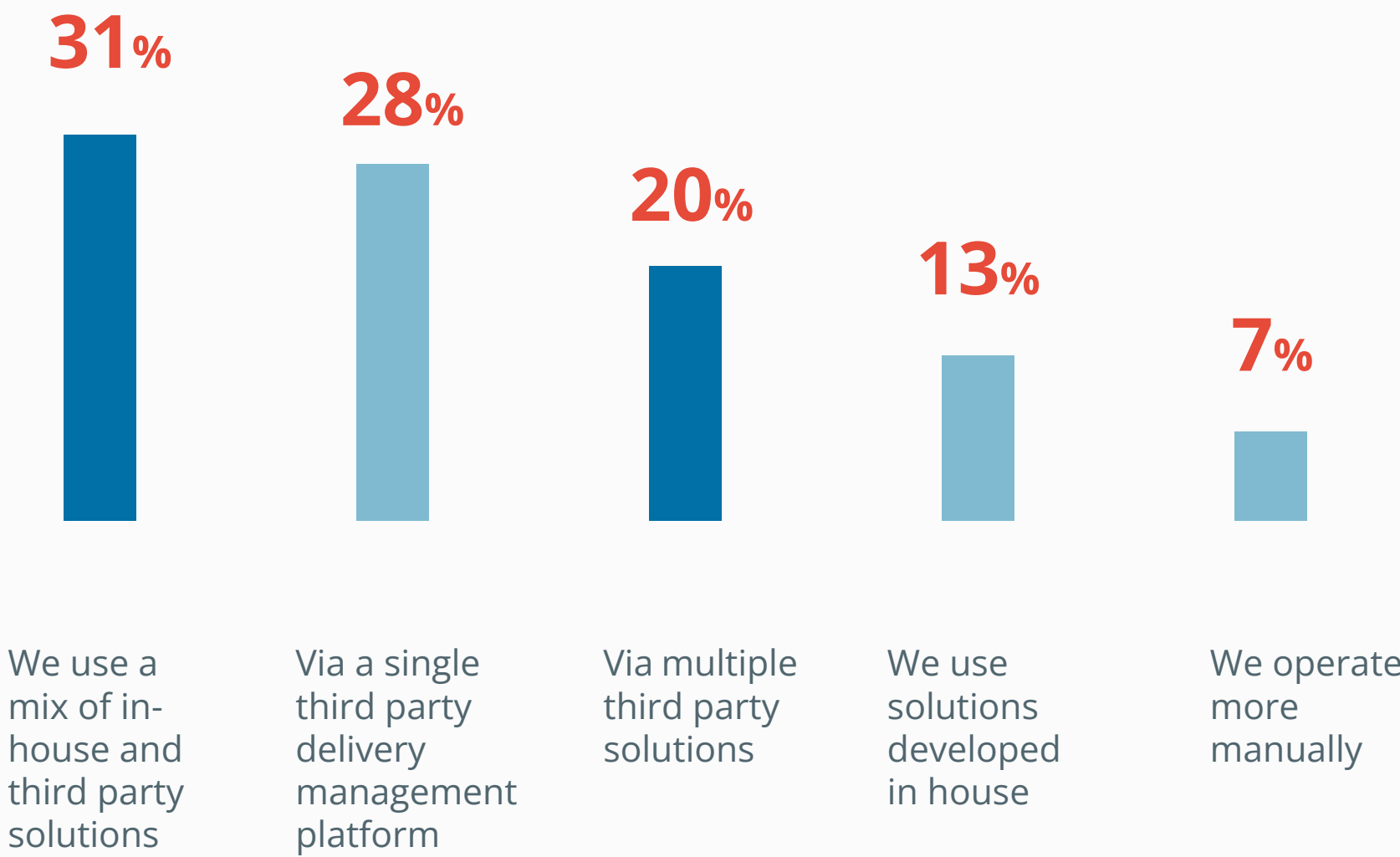


Figure 13: Last Mile Delivery Operations -In-house vs. 3rd Parties

Demographics Revenue, Monthly Orders, Retail Models, Segments

Figure 14: Company's Annual Revenue

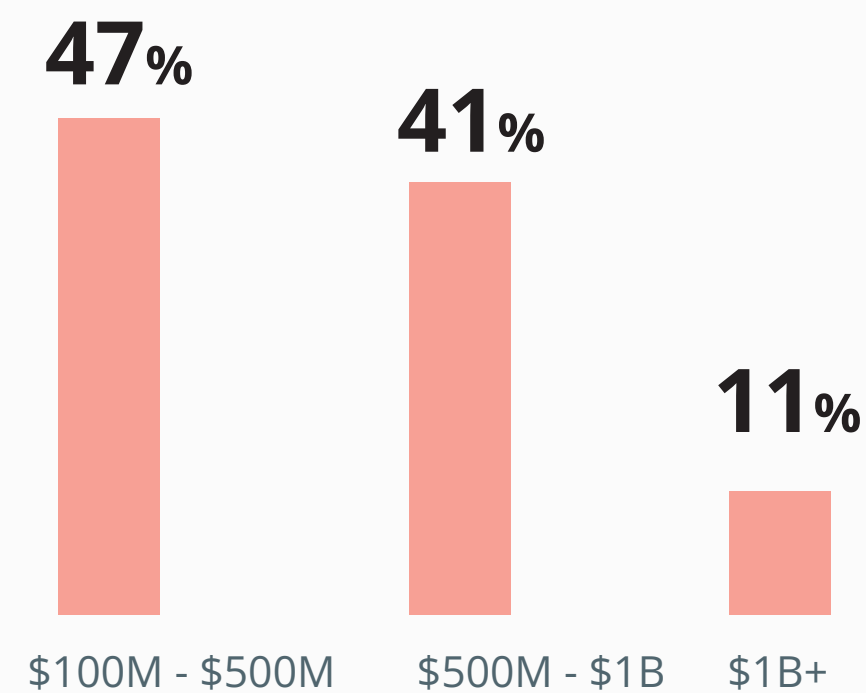


Figure 15: Monthly Order Volume

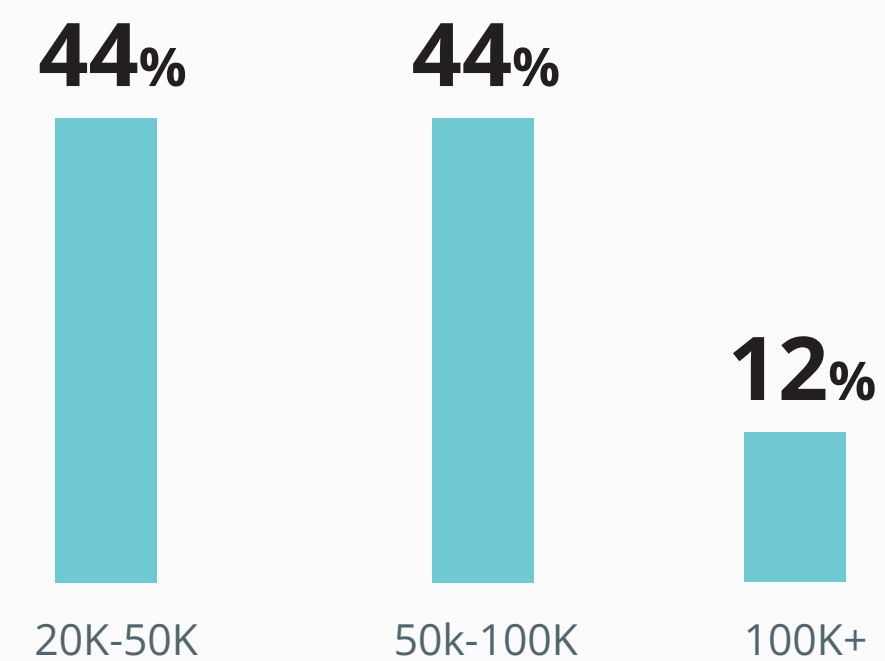


Figure 16: Retail Segments

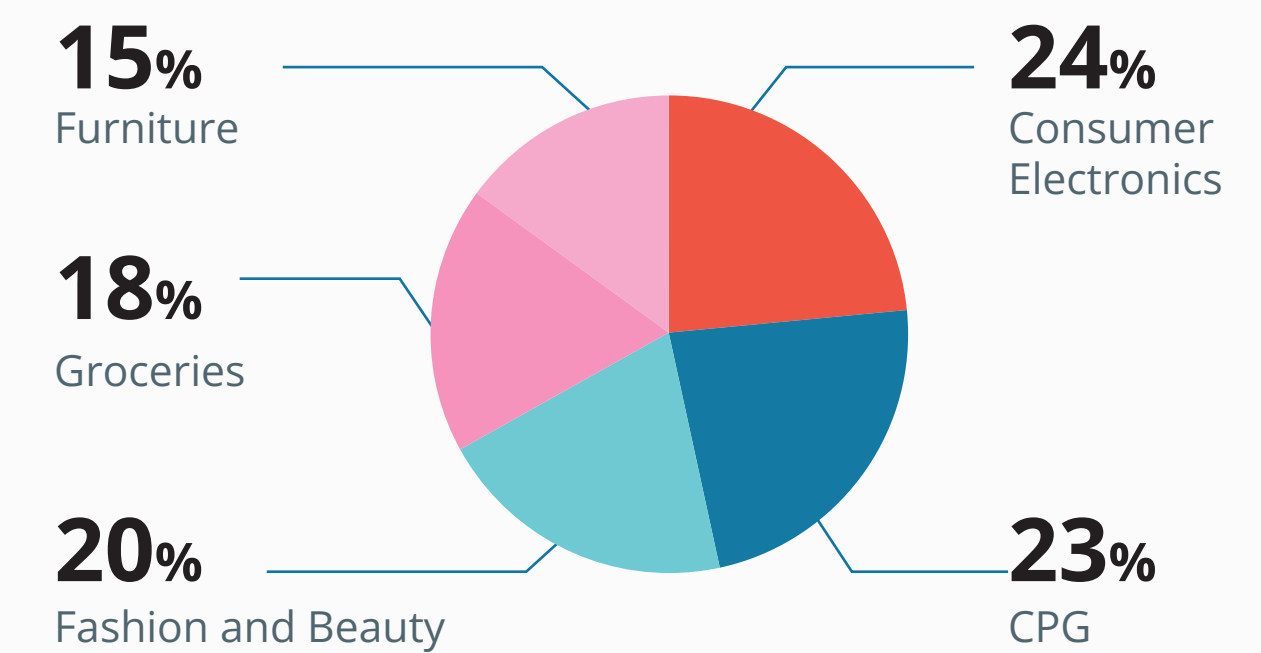


Figure 17: Retail Model

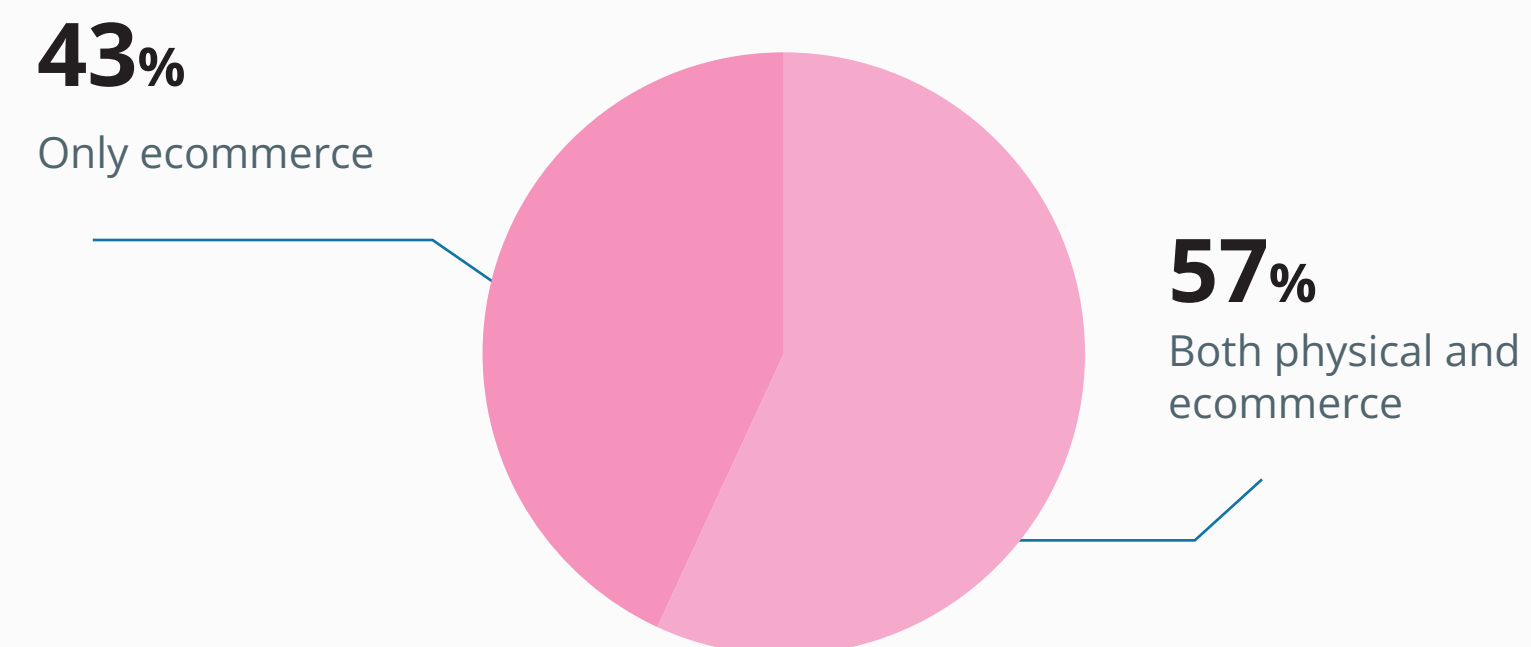
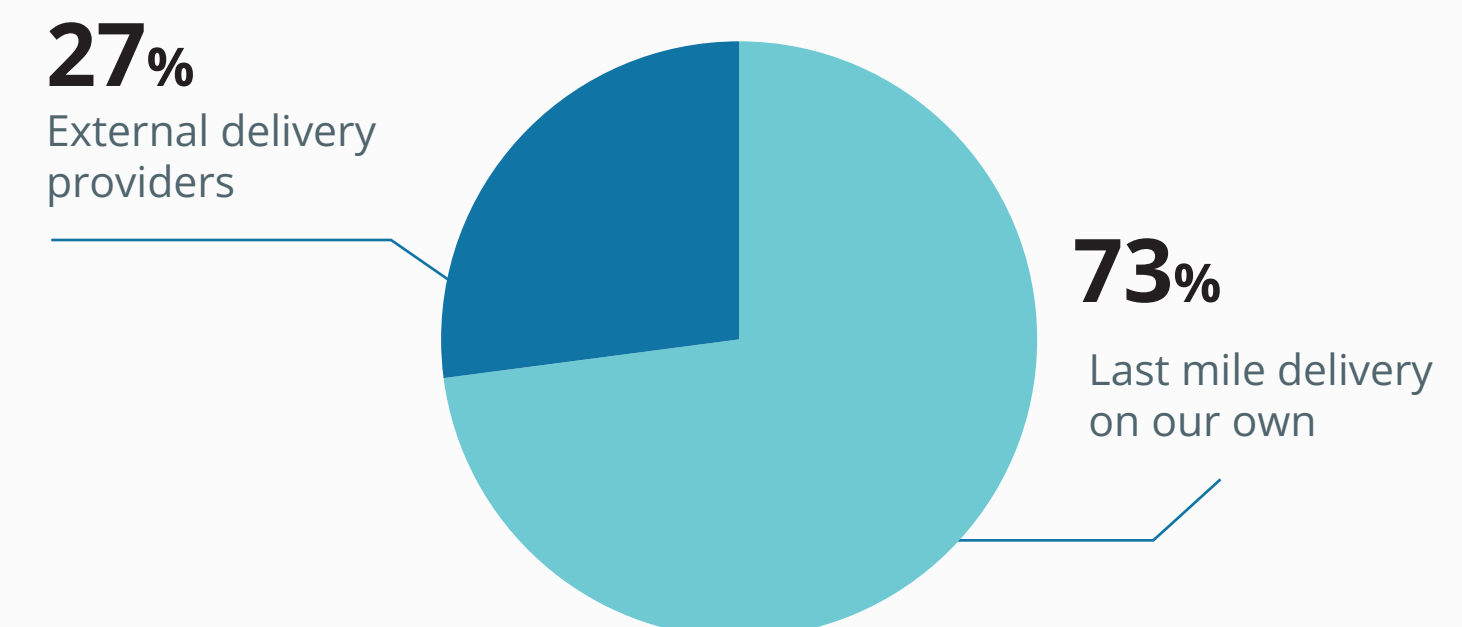


Figure 18: Marketplace Model



Demographics Job Seniority and Function

Figure 19: Job Seniority

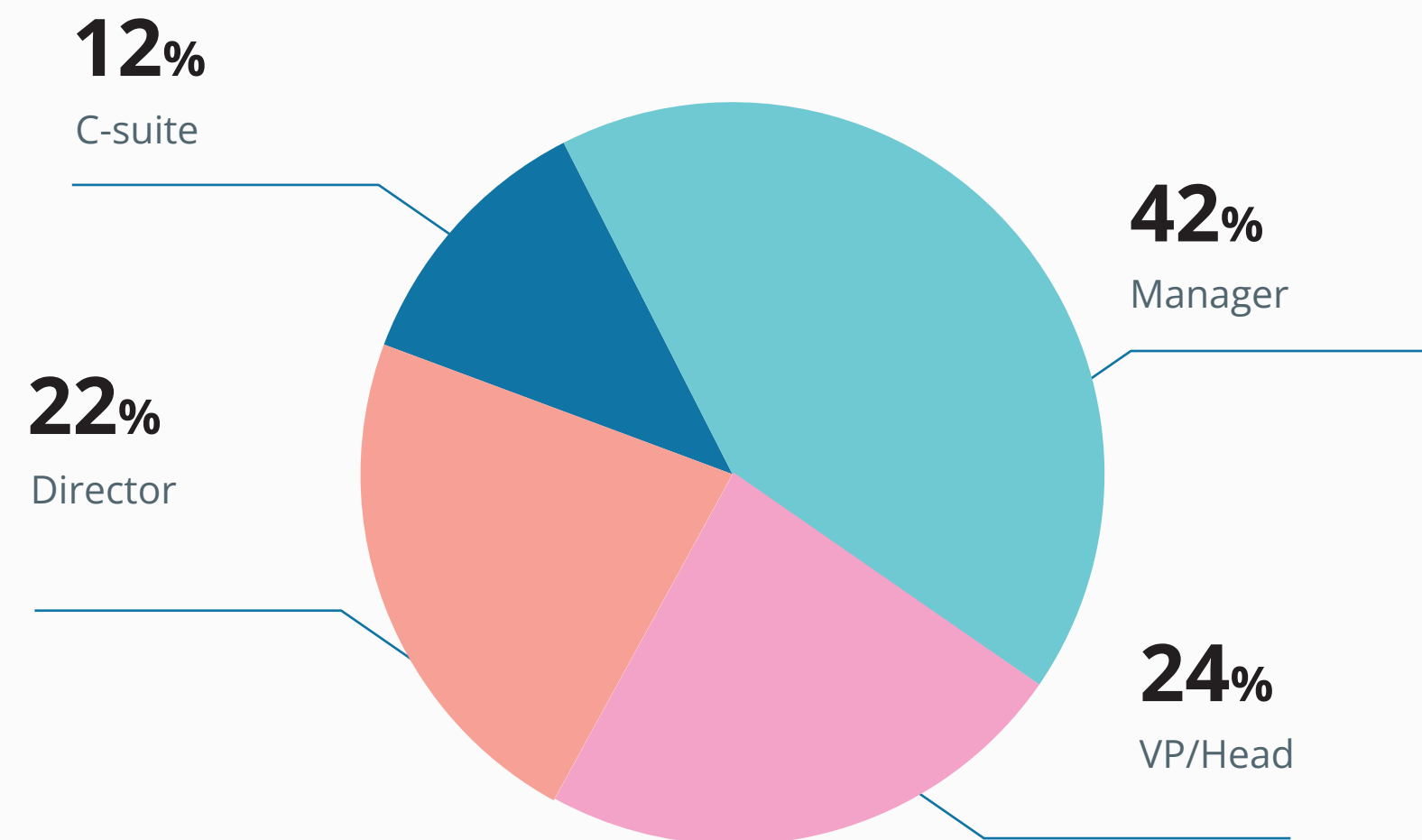
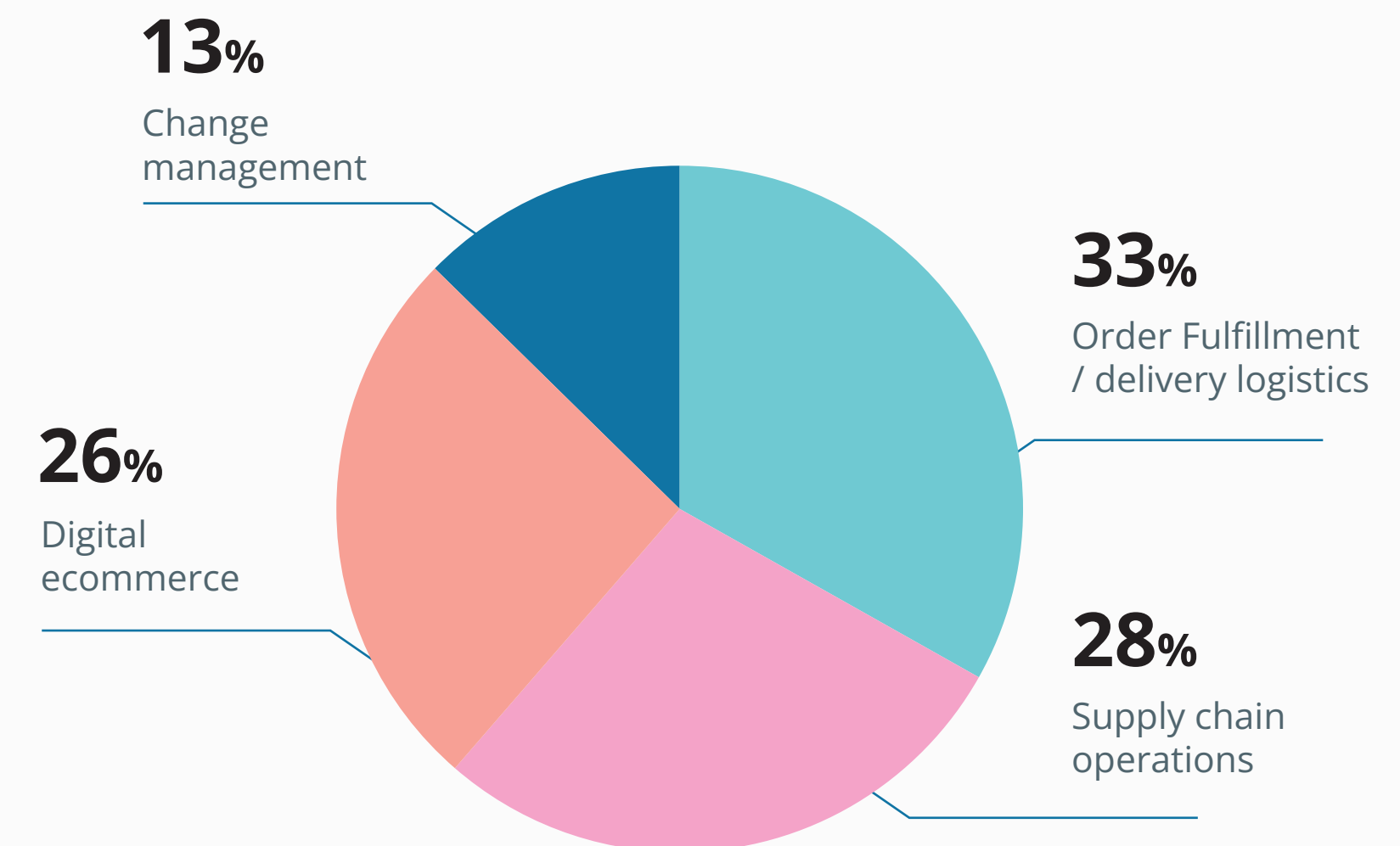


Figure 20: Job Function





Bringg is the leading delivery management platform provider, serving over 800 customers globally.

Bringg manages and unifies last mile delivery, fulfillment and returns, empowering enterprises to manage and grow their delivery capacity, reduce cost and provide branded customer experiences.

Bringg's open SaaS platform and robust network of over 250 delivery providers, enables enterprises to offer customers any delivery option, whether using internal drivers or external delivery providers, including 3PL, carriers, crowdsourced fleets or independent gig drivers.

