



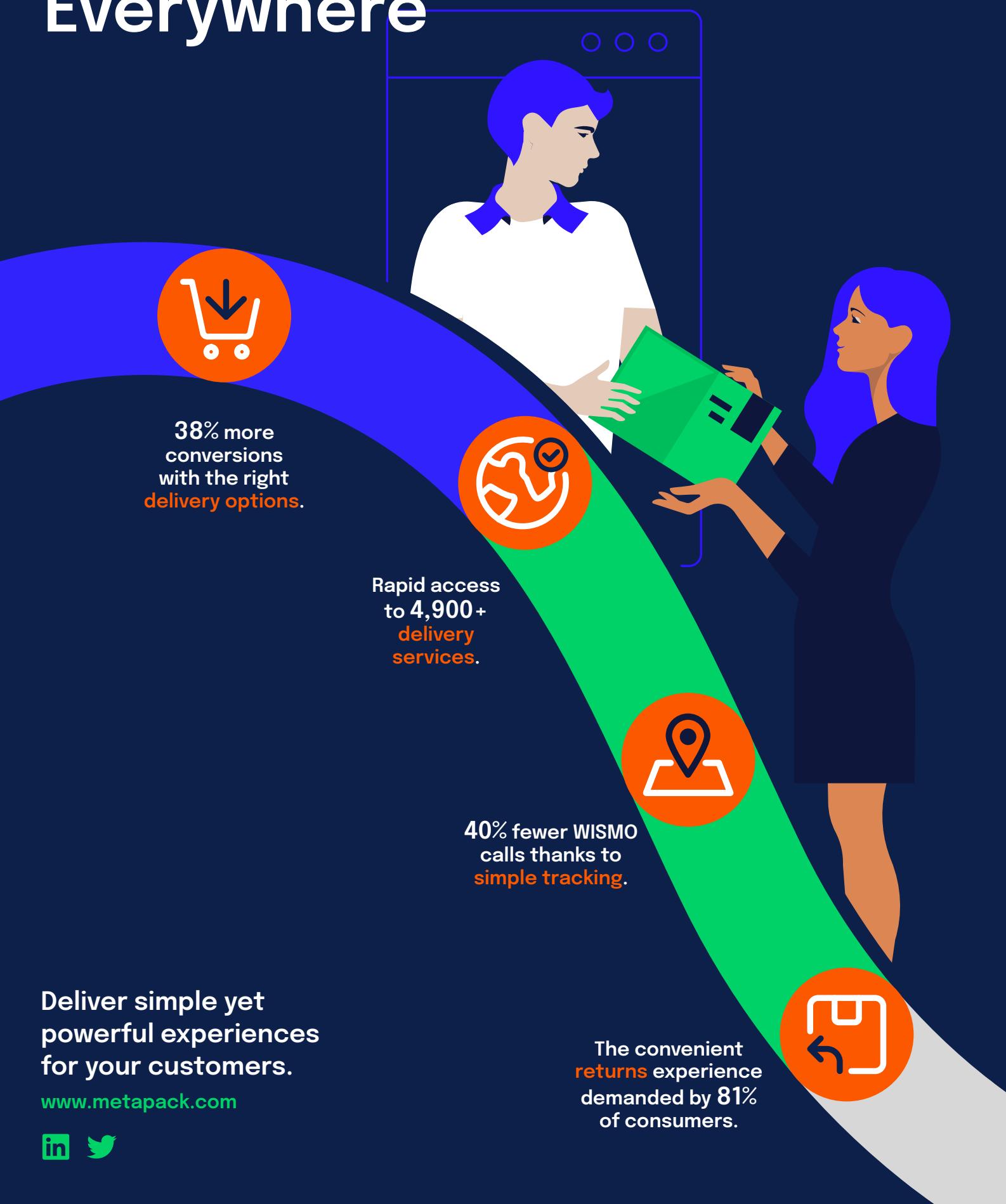
Ecommerce Delivery Benchmark Report 2021

Thriving in the
All-Delivery economy

Research powered by
 RETAILX

Effortless Ecommerce Everywhere

METAPACK





Thriving in the All-Delivery economy

Steady ecommerce growth is something retailers have been counting on for years. At the beginning of 2020, online retail [was expected to grow 16.5%](#). Fast forward to the end of Q1 and it had exploded by nearly 28%. In some parts of the world, we saw 10 years of ecommerce growth in just three months.

The coronavirus may have fast-tracked the so-called All-Delivery economy, but it can't take credit for the long-term growth ecommerce will almost certainly retain. Online shopping will remain popular for the same reason it always has: because it's convenient. New and infrequent users have [increased their activity by 169%](#). After trying online shopping for the first time during the pandemic, well, it turns out they had a pretty good experience.

In 2021, as we allow ourselves to ponder life after Covid-19, what matters most is how consumers will behave long after the lockdowns have lifted. This question is at the heart of the report you're about to read. As you flip through its pages, you'll see that many consumers plan to stick with ecommerce post-pandemic, with 31% expecting fewer visits to the store in future.

We're living in an ecommerce boom right now, but that doesn't mean the spoils will be equally divided. During 2020, many consumers discovered they liked online shopping, but their individual shopping experiences weren't necessarily as positive. As you'll see in this report, 81% of consumers had a bad delivery experience last year. That's five times more than the year before. While consumers were understanding of shortages and delays at the beginning of the pandemic, that patience is now waning.

What's more, topics which took a back seat at the beginning of the crisis, like sustainability, are coming back to the fore. As this report has shown, 32% of consumers say they value sustainability more than practical factors such as cost and speed.

Competition is growing at the same time as retention is shrinking. In the All-Delivery economy, delivery experience is the most important differentiator. In this report, 64% of retailers told us that post-purchase experience is a high priority for them in 2021. Accurate delivery timeframes, a range of delivery options (including more sustainable ones), user-friendly tracking and convenient returns - these have long been important factors for customers, but in 2021 they will be indispensable to retail growth. As for those retailers lucky enough to have acquired new customers during the pandemic, these factors will be crucial to retaining them.

We're living through an ecommerce boom, but we're also entering an age of delivery experience. Coming into 2021, this will be the most important competitive lever for ecommerce retailers looking to win new customers and keep them. Now more than ever is the time to get delivery right.

Bruce Fair
Metapack CRO

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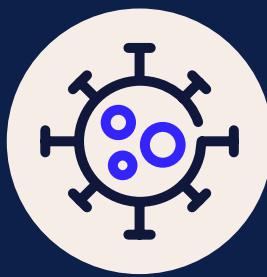
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Methodology

This report is based on two surveys conducted by our partner RetailX. The first survey looks into consumer attitudes to delivery in 2021. It involved 10,000 consumers across five major geographical regions: US, UK, Germany, France and the Netherlands. The second survey involves Internet Retailing subscribers, looking into the top priorities and approaches for retailers in 2021. Both were conducted at the end of 2020. We've supplemented them with interviews from top retailers like Pandora, Interflora and Holland & Barrett.



Consumer survey: key takeaways



Covid-19 has moved customers online... for good

78% of respondents say they have shopped more online since the pandemic. And much of that shift is predicted to stay, with 86% saying they will continue to shop online after the pandemic.



Bad online experiences on the rise

81% of consumers surveyed had a negative delivery experience in the last 12 months. That's a 5-fold rise on last year's survey. It could signal lost customers and irreparable brand damage.



Sustainability still front-of-mind

Even during COVID-19, 32% of shoppers value sustainability more than practical factors like cost and speed. And yet some customers respond negatively to being charged more for green delivery.



Tracking no longer nice-to-have

Tracking is overwhelmingly valued by respondents, with 86% saying it's "important" or "very important" to them. Email is clearly the most popular channel for consumers to receive updates.

Thriving in the All-Delivery economy

Retail has entered an age where online shopping rules and delivery experience is indispensable to growth. Factors which have always been important – accurate delivery timeframes, a range of delivery options (including more sustainable ones), user-friendly tracking and convenient returns – these are now essential in the All-Delivery economy.

86%

will continue to shop online more after COVID-19

5X

rise in bad online shopping experiences

32%

value sustainability more than cost and speed

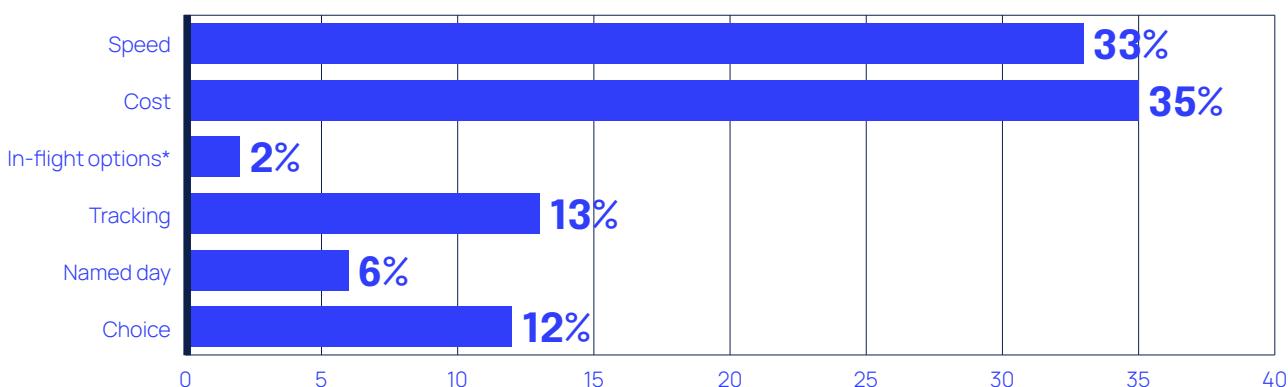
86%

say tracking is "important" or "very important"

The Ecommerce Delivery Benchmark 2021

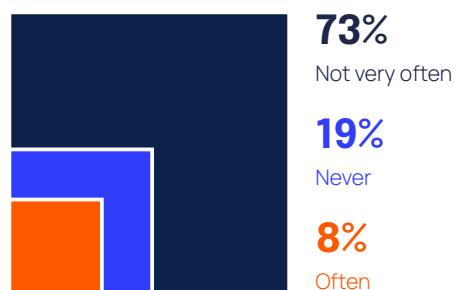
Consumer survey

- What do you **value most** in your deliveries from online retailers?



*(changing time or address of in-progress delivery)

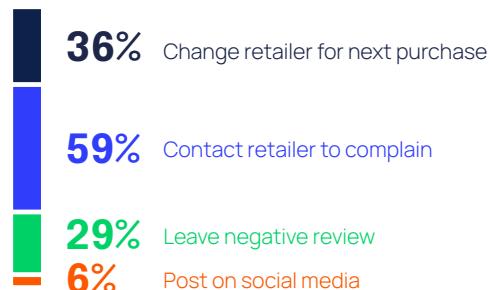
- How often do you have a negative delivery experience?



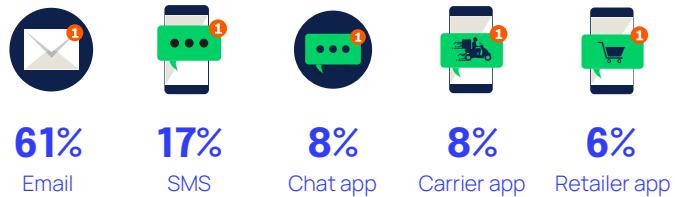
- What is your preferred **fulfillment channel** for receiving online deliveries?



- What actions will you take after a negative delivery experience?



- What is your preferred **channel to receive communications** about deliveries?



- Have you increased the amount you **shop abroad** during the pandemic?

Yes **26%** No **74%**

- Will you make **fewer visits to physical stores** in the future?

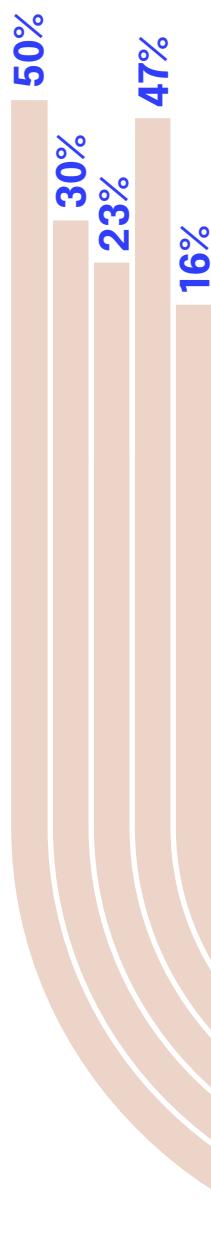
Fewer **31%** The same **64%** More **6%**

- Have you had more **negative delivery experiences** during the pandemic?

Fewer **26%** The same **60%** More **14%**

The Ecommerce Delivery Benchmark 2021

Consumer survey



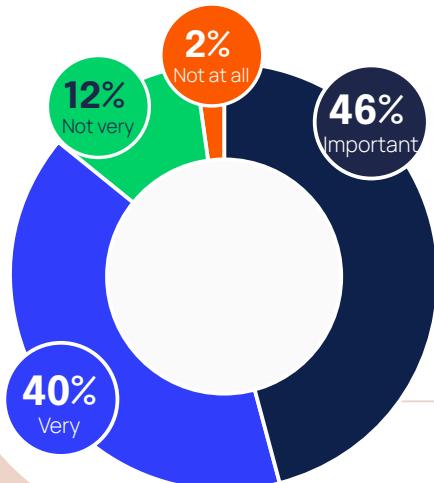
- What would make you **less likely to return** items?

54%
Better product description
43%
Better product images
18%
Sustainability concerns
27%
Small fee for returning items

- To make your delivery **more sustainable**, which of these would you consider?

47%
Longer delivery time
 23%
Higher cost
 48%
Single day for all deliveries

- How important is **tracking** when you are waiting for a delivery?



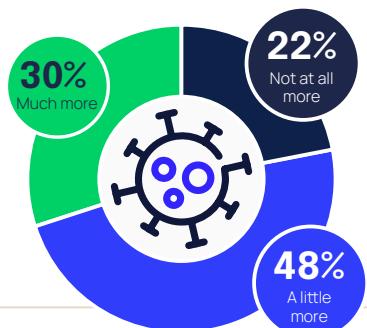
- Which factors** do you consider most when shopping online?



- Which factors make **tracking more important** for you?

Specific carrier
Speed of delivery
Delivery channel (ie click and collect, home delivery)
Type of product
Value of product

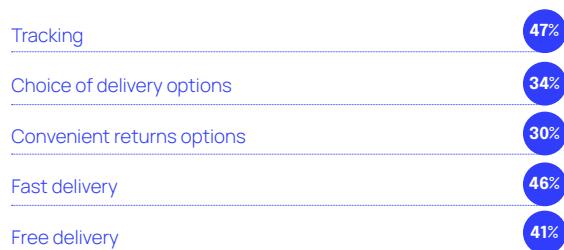
- Have you **shopped more online** during the pandemic?



- If yes, will you continue to do so?

Yes **86%** No **14%**

- Which of the following have become **more important to you** during the pandemic?

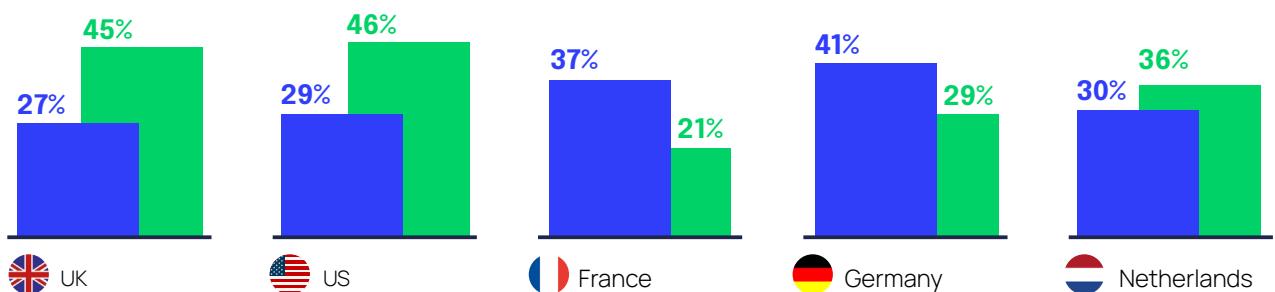


The Ecommerce Delivery Benchmark 2021

Consumer survey: country highlights

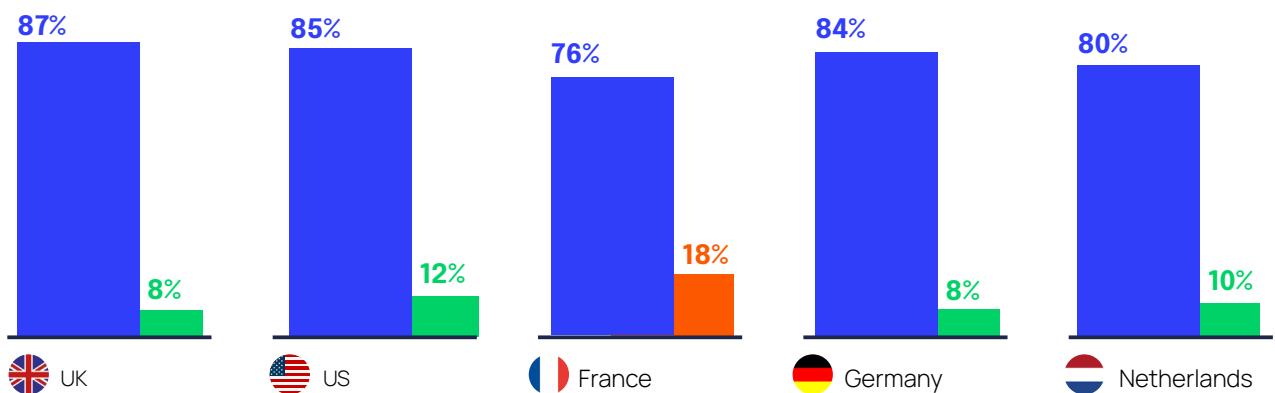
Key delivery considerations

Speed Cost



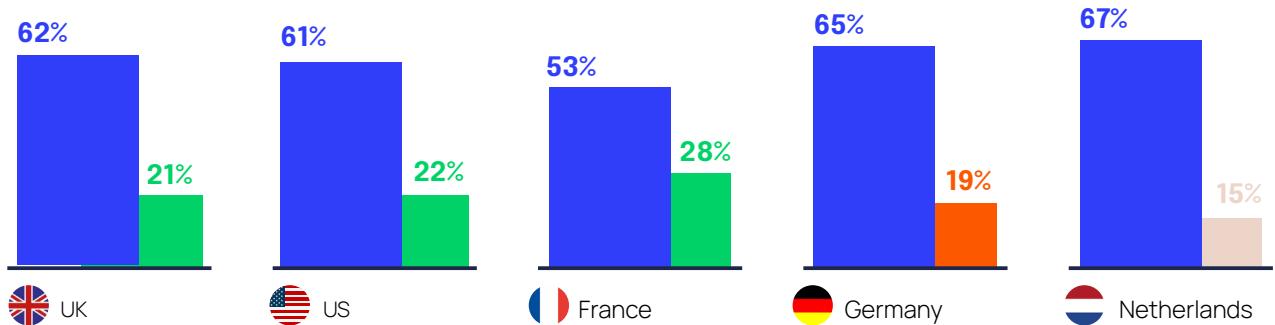
Preferred fulfillment method

Delivery Store collection Collection point



Preferred communication channel

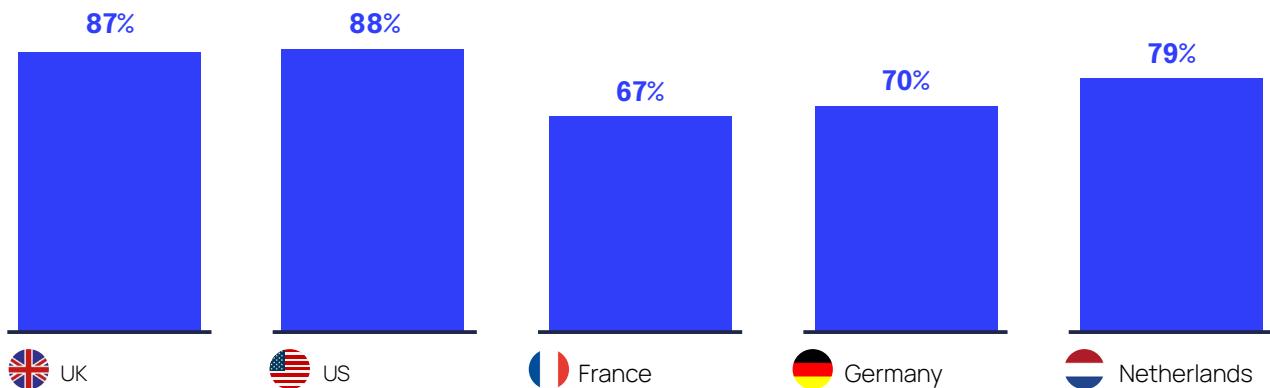
Email SMS Carrier app Chat app



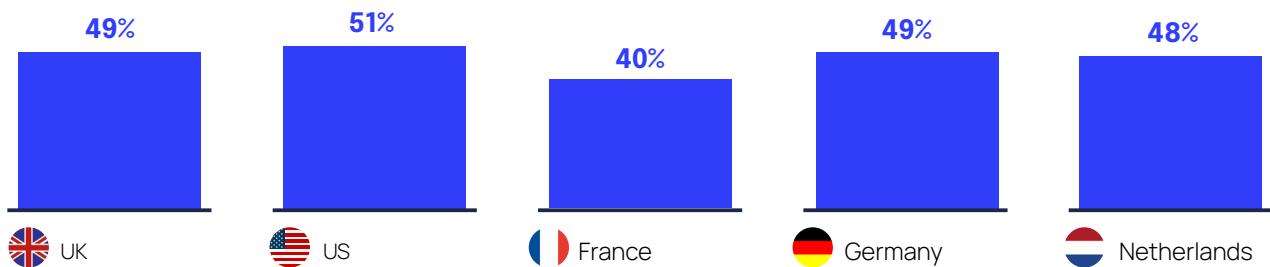
The Ecommerce Delivery Benchmark 2021

Consumer survey: country highlights

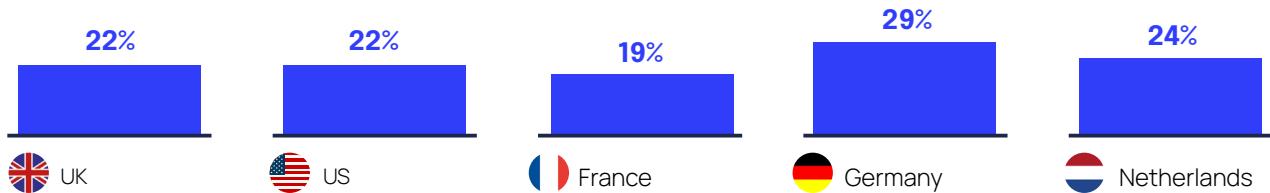
Have shopped online more during pandemic



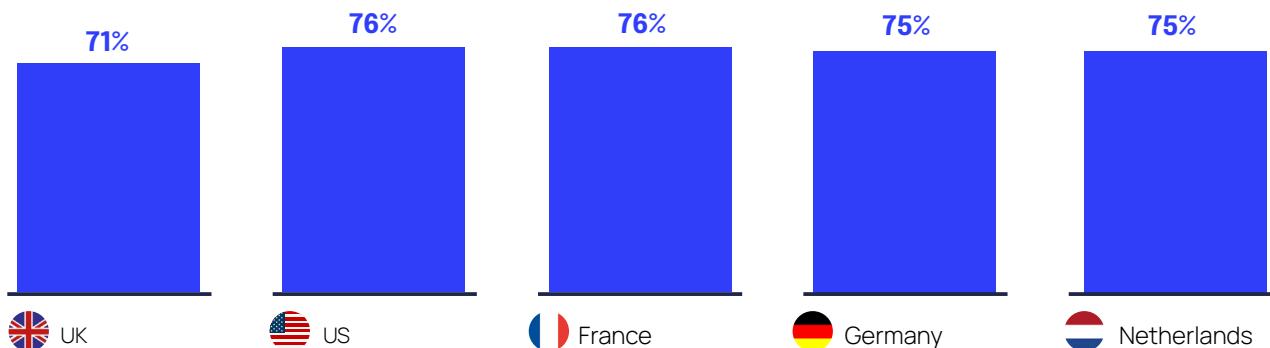
Willing to consider longer wait for more sustainable delivery



Willing to pay more for more sustainable delivery



Have returned a product in the last month



Retailer survey: key takeaways



COVID-19 drives shift to flexible delivery networks

75% of retailers say it's a top priority for them to create a flexible logistics network, incorporating greater scalability and multiple options. Building carrier redundancy has been a major theme.



Post-purchase top priority post-pandemic

64% of retailers say post-purchase is a "high priority" in 2021. Asked which approaches they were taking, more than a third (36%) cited better communication with customers.



Cracking the returns conundrum

The frequency of returns is expected to rise as retail moves online. 89% of retailers say they are collating and analyzing the reasons behind returns, while 42% are taking action against serial returners.



Building more sustainability in the last mile

Retailers, carriers and consumers agree on the need to reduce the environmental impact of delivery. 73% of retailers plan to use electric vehicles, while 24% are interested in bicycles.

Flexing to meet unpredictable demand

The key word for retailers right now is scale. It explains why we're seeing so many brands pivoting towards more flexible logistics strategies. But scalability can't come at the expense of delivery experience, which is why post-purchase experience is also high on the agenda.

75%

say a more flexible logistics network is a top priority

64%

say post-purchase is a "high priority" in 2021

89%

are analyzing the reasons behind returns

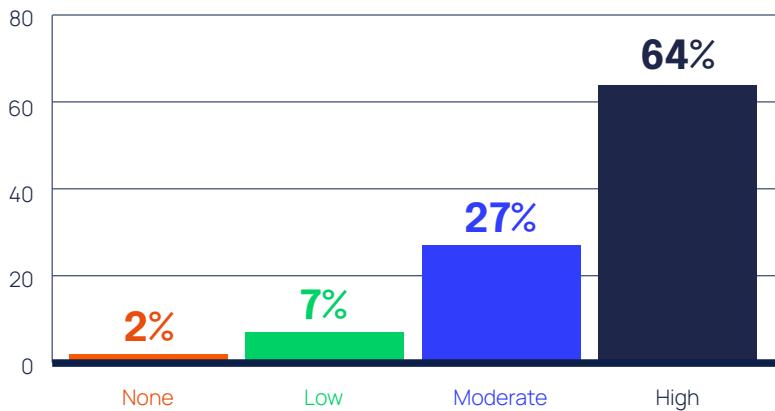
73%

of retailers plan to use electric vehicles in the last mile

The Ecommerce Delivery Benchmark Survey 2021

Retailer survey

- How much of a priority is **post-purchase experience**?



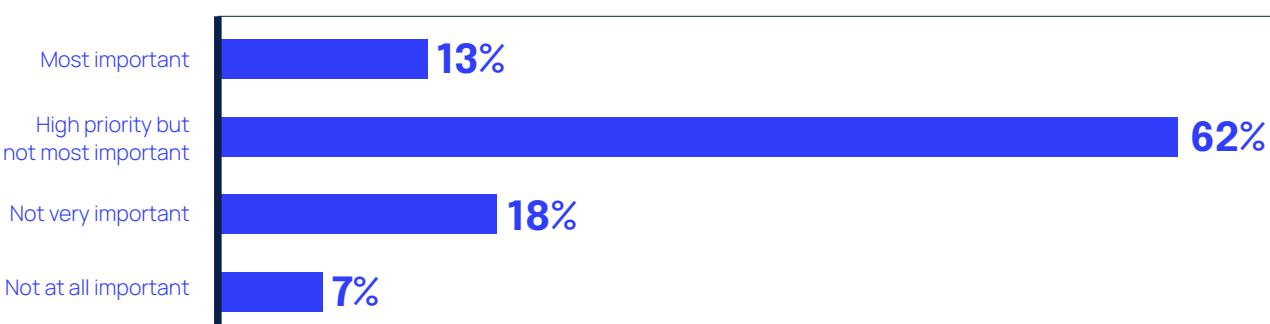
- Who do you expect to cover most of the **cost of greater sustainability**?



- Do you prefer **reusable packaging** to plastic?



- How much of a priority is creating a **more flexible logistics network**?



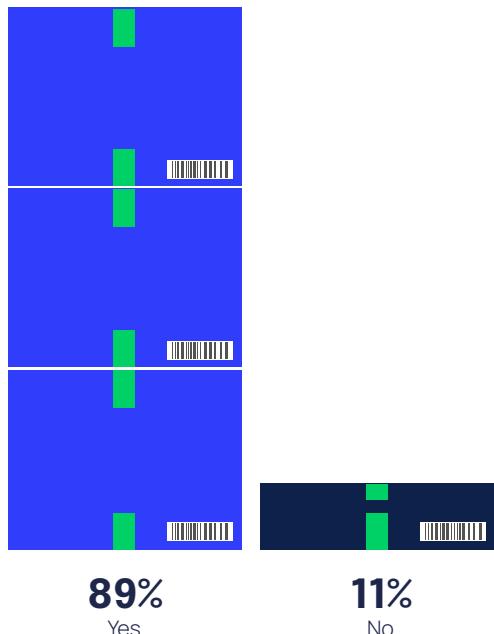
- What **diesel alternatives** are you planning to use? (1/2)



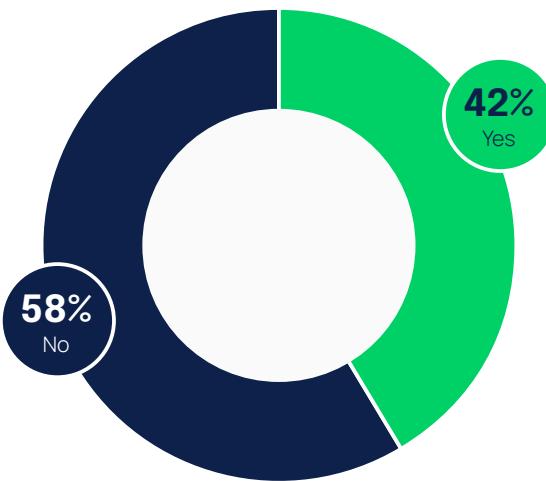
The Ecommerce Delivery Benchmark Survey

Retailer survey

- Do you collate/review the **reasons behind returns**?



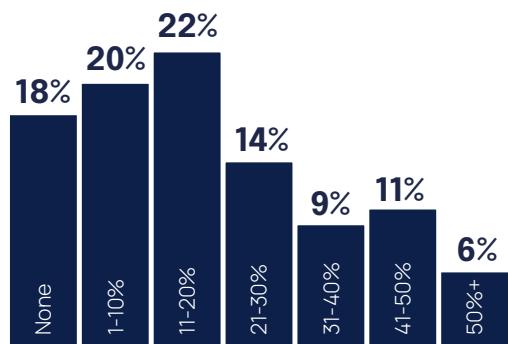
- Have you taken any action against '**serial returners**'?



- If no, are you considering or would you consider blocking 'serial' returners?



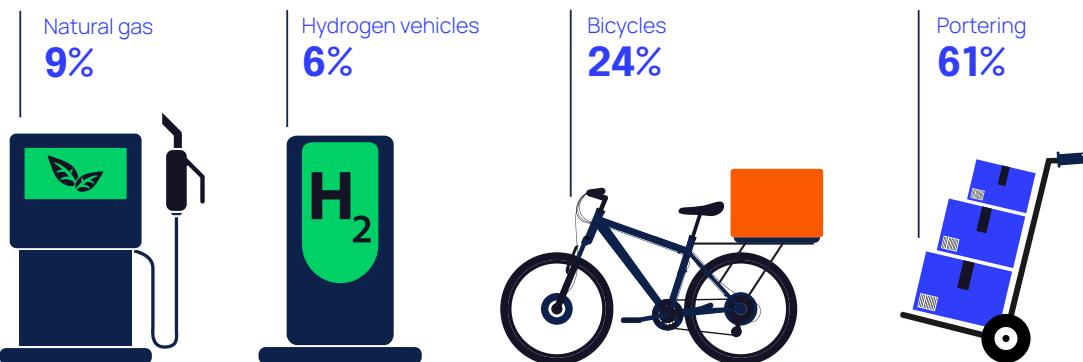
- How much do you plan to increase **investment in automation** this year?



- Overall, **how positive is your outlook** for 2021?



- What **diesel alternatives** are you planning to use? (2/2)



Trend 1

Physical stores lend a hand in the online boom

At the beginning of the COVID-19 crisis, the physical store – whose role has long been under scrutiny – seemed to have finally taken its ill-fated place at the backstage of retail. While online sales surged, store footfall plummeted as shops around the world were forced to close their doors. Fast forward to 2021 and the store has proved itself a critical lever in managing demand, and maintaining customer experience, throughout the crisis.

Many savvy retailers have seen the opportunity to leverage their physical footprint through multichannel services like ship from store and click and collect. According to our research, 36% of the European retailers surveyed now offer some kind of click and collect capability, an increase from 31% in 2019. In doing so, they have been able to make better use of their inventory, fulfilling orders more efficiently and in much speedier timeframes.

Before the pandemic, retailers' physical and online channels were still quite siloed in terms of inventory and processes. However, the recent shift to online has provided an incentive for retailers to break these silos down. While capacity was the original driver, retailers are now exploiting the new model to increase efficiency and improve customer service.

When integrated through a software interface, these two channels can work symbiotically. For the online channel, it offers new nodes in the supply chain and the potential for higher sales through greater stock availability. What's more, orders can be fulfilled from wherever is closer to the customer, instead of relying on dedicated ecommerce warehouses which could be miles away. This reduces transportation costs and makes it easier to offer faster delivery.

Many savvy retailers have seen the opportunity to leverage their physical footprint through multichannel services like ship from store and click and collect.



31%
will make fewer trips to the store in future

36%
of European retailers offer click and collect

\$17 billion
The global cost of lost online sales caused by product unavailability¹

¹ Internet Retailing. 'Holistic view of stock increases online product availability by 21%, new research reveals'

Trend 1

Multichannel fulfillment in action



Holland & Barrett is one of Europe's leading health and wellness retailers. Working with Metapack, the retailer expanded its click and collect capabilities and added the ability to fulfill online orders from stores. This capability took less than two weeks to implement and is now integrated into 75 stores. This adds considerable flexibility to the network, since stores can be activated and deactivated according to necessity. The number of stores shipping has ranged from around 20 during early December to roughly 50 now.

[Read the interview](#)

Pets at Home is a UK-based seller of pet supplies, including food, toys, bedding, medication and accessories. The brand has unified inventory across its stores and online distribution center. This has already enabled it to launch a one-hour click and collect service, where customers can place the order on the site and have it fulfilled from their chosen store within 60 minutes. As well as offering a better service to customers, Pets at Home expects to see efficiencies from reduced logistical costs.

[Read the interview](#)

DIY retail group Kingfisher, which owns Screwfix and B&Q, has pledged to put store fulfillment at the center of its plans going forward, hoping to tap into quicker timeframes². Kingfisher reported that the use of click and collect has more than tripled during the peak of the pandemic in the first half of 2020. In a strategic update, the company said 90% of online orders were now fulfilled using the service. Subsidiaries B&Q and Screwfix are able to offer click and collect within an hour, and in as little as a minute, respectively.³

^{2,3} Internet Retailing 'Kingfisher fast tracks multichannel investment after business bounces back online from Covid-19'

Leverage store inventory with Ship from Store

In the ecommerce boom, Ship from Store helps you leverage inventory in your physical stores. If you have inventory held in store, you can easily connect it to your ecommerce platform, then display it on your website to fulfill online orders. Increase your sales by selling inventory previously trapped in stores, cut shipping costs and reduce your carbon footprint by using locally held stock to fulfill orders.

[Learn more](#)

Trend 2

Accelerating the last mile

According to McKinsey, the last mile of delivery can be responsible for over 50% of the total logistics cost⁴. However, when done right, it's a worthwhile investment in long-term customer relationships.

The ecommerce boom has turned delivery into a key differentiator, adding further pressure on retailers to improve their propositions. As a quick-fix, many have embraced partnerships with disruptive third-parties like Deliveroo and Uber Eats. While effective for now, the relatively high delivery costs of these arrangements detract from their viability in the long term.

To establish regular and scalable last mile fulfillment, most retailers have looked to carriers and the discounts they can offer for larger volumes. Many retailers have been drawn towards a multi-carrier strategy, looking to serve different sectors of the market via a wide range of choices.

As our survey found, cost and speed are each important for different consumers. In the UK, the US and the Netherlands, cost is the most important factor, whereas in Germany and France the preference is for speed. On a global level, 46% of consumers say they value fast delivery more since the pandemic.

A multi-carrier strategy can also increase network flexibility. If fleet operators had a real-time view of drivers, they could be redirected while on their route, and the waste of both time and fuel could be averted.

The progress of automation is removing the need for operators to manually intervene in order to assign tasks to different drivers. This can be done automatically based on pre-configured rules, with tools available that can create a bespoke route for each driver, ensuring the fastest route between their deliveries and pick-ups.



46%
of consumers
value fast delivery
more since
the pandemic

50%
the proportion of
logistics cost
for which the
last mile can
be responsible⁵

65%
retailers in US, UK,
and Germany
say failed or late
deliveries are
a significant cost
to business⁶

^{4,5} McKinsey, 'Parcel delivery: The future of last mile'

⁶ Magento, 'Fixing Failed Deliveries: Improving Data Quality in Retail'

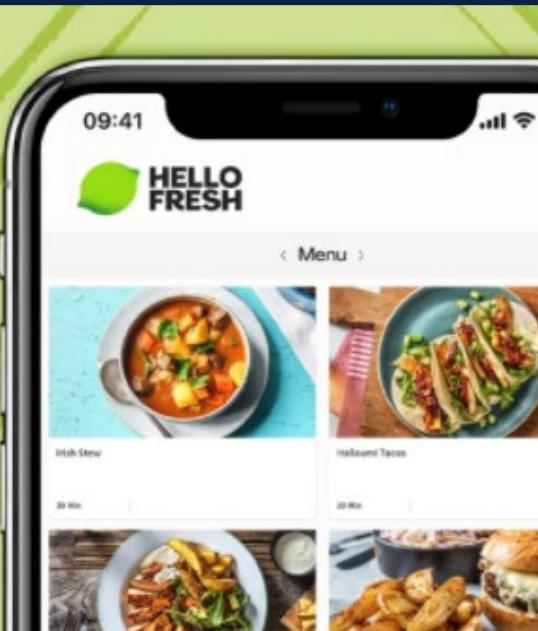
Trend 2

Accelerating the last mile, in action

Delivery as a differentiator

For online to be a long-term strategic asset rather than simply a short-term replacement for stores, retailers must be able to deliver on customer expectations. Factors such as delivery cost and speed have become key differentiators in choosing between similar product ranges. Brand values need to be communicated on the doorstep: a luxury brand needs to have a luxury experience.

For several years, the story has been ever increasing speed and decreasing costs for the consumer, with the likes of Amazon and Allegro raising customer expectations with more generous delivery offerings. Some customers now have the option of calling on one-hour delivery in certain areas.



HelloFresh, a meal box company which saw revenues more than double year-on-year in 2020, recently expanded its choice of carriers to over 400 using Metapack's Delivery Manager. The company will now be able to automatically select the best carrier for an order based on availability and requirements, without the need for individual onboarding.



Switch on your multi-carrier strategy

Metapack's shipping software helps the most successful retailers integrate with the world's largest network of 400+ carriers and 4,900+ shipping services. Delivery Manager helps you keep up with demand when it matters most, all while increasing efficiency and lowering costs, and most importantly delivering on your customer promise.

[Learn more](#)

Trend 3

Flexing to meet unpredictable demand

Product demand has always been tricky to predict. Now, the outbreak of COVID-19 has made the task even more complicated, with fluctuations in demand disrupting forecasts and creating bottlenecks in networks.

A study led by the University of Warwick found that 80% of products have experienced some sort of fluctuation in demand during the pandemic⁷. Meanwhile, the logistics sector in Europe is still feeling the ripple effects of the UK's exit from the European Union. While the dreaded 'no deal' scenario was eventually avoided, the agreement has still led to 20% of parcels being stopped at the border between the UK and France⁸.

With supply chains under pressure from both directions, many retailers have scrambled to introduce new warehouses in record time. However, the pandemic has proved a challenging time to seek warehouse space, with the UK Warehousing Association revealing that 90% of its members had reached full capacity by the first lockdown⁹.

Staff shortages have also been a major issue. In April 2020, a survey of logistics companies found only 10% were continuing operations as normal¹⁰. Sickness related absence has also been a challenge as frontline workers have been especially vulnerable to COVID-19. Surprisingly, the situation has strengthened the business case for physical automation, with hundreds of millions of dollars of venture capital flooding into robotics startups since March 2020.

Robots and 'cobots' are safer to operate in the pandemic, and offer a competitive financial alternative to staff salaries. For example, clothing retailer Superdry has deployed 20 Hikrobot carriers at its distribution center in Belgium and six at its distribution center in the UK, in Burton-upon-Trent.



With supply chains under pressure from both directions, many retailers have scrambled to introduce new warehouses in record time.

78%
of consumers have shopped more during the pandemic

82%
of retailers plan to increase their investment in automation

75%
of retailers say flexible logistics is a top priority

⁷ University of Warwick, 'New study provides insights into how retailers have responded to COVID-19'

⁸ eDelivery, 'UK logistics hit by perfect storm of Covid and Brexit'

^{9,10} eDelivery, 'UK warehousing capacity faces crunch as coronavirus scuppers retail shipping'

Trend 3

Flexible logistics in action



The Entertainer is the UK's largest independent toy retailer. In the early stages of the pandemic, the company saw huge spikes in demand for certain products, including "phenomenal volumes" in items like swing ball sets, sand, puzzles, games and craft items. A longer-term shift to online shopping also affects the types of items people are buying, for example from smaller to larger items. The company works with Metapack to flex between different couriers and ensure that the right items are shipped by the right carrier.

[Read the interview](#)



John Lewis

UK department store John Lewis automates the base level of demand throughout the year but also sets aside warehouse space to fit in more workers during peak period. Its larger national distribution centers receive the orders from suppliers and then dispatch the stock either directly to stores or to smaller 'customer delivery hubs', which distribute within a local area to shops or to customers' homes. One warehouse takes a 'semi-automated' approach, where the baseline demand is automated but more capacity can be added during peaks.

[Read the case study](#)

Effortlessly manage unpredictable demand

Metapack's shipping software helps the most successful retailers integrate with the world's largest network of 400+ carriers and 4,900+ shipping services. Generate fully compliant shipping labels and customs documents in lightning-fast speeds, and add new services effortlessly via one integration. Delivery Manager helps you react quickly to unanticipated rises in demand and handle massive volumes with ease.

[Learn more](#)

Trend 4

Delivery experience as a retention tool

With many retailers reporting record customer acquisition during the pandemic, the next challenge will be retaining them. This requires something more than just delivering customers the products they want – it involves providing an overall experience they wish to repeat.

As our survey found, over a third of consumers would change retailers after a negative delivery experience. And these have certainly increased during the pandemic – five-fold to be exact. By communicating better with customers, retailers can minimize the negative effect of delays while also providing the transparent and empowering experience customers want. It also reduces costly customer contact, which according to one study has risen 69% during the pandemic¹¹.

In response, many retailers are working to improve their tracking services. This usually includes updates at each stage of the parcel journey, but some have extended this to real-time, exact location tracking of a parcel, or even 'in-flight' options. Some retailers have also centralized the delivery tracking experience under their own brand. This allows the retailer's site to serve as a one-stop shop and means it does not have to rely on carriers to uphold its customer experience.

Returns is another area which tends to get overlooked, but nevertheless has a big impact on shoppers' overall experience. Retailers are taking measures to make the process of returning as simple as possible, providing branded portals where customers can choose the most convenient method. In some cases, retailers are looking to improve the experience by avoiding unnecessary returns altogether. In our survey, 54% said better product descriptions would make them less likely to return items, while 43% said better product images would help.



By communicating better with customers, retailers can minimize the negative effect of delays.

5x
rise in bad online shopping experiences

86%
say tracking is important

89%
of retailers say they collate and analyze the reasons behind returns

¹¹ PR LOG, 'Covid-19 Resulted In A 69% Increase In Customer Service Call Volumes For Resultscx Retail Clients'

Trend 4

Delivery experience in action



Pandora



Pandora is a Denmark-based retailer of jewelry, with \$3.76 of annual revenues in 2019. The company has been taking steps to create a consistent brand experience online. In particular, the company thinks that digital should be about “recreating the very best of the in-store shopping experience”¹². The company offers full order tracking visibility as well as choice over packaging, including gifting and environmentally friendly options.

[Read the interview](#)

¹² Internet Retailing, 'INTERVIEW
Pandora brings digital in-house to reconnect with customers'

Boost retention with branded Delivery Tracker

With Metapack Delivery Tracker software you can take control of your tracking experience, rather than relying on third-party websites to keep your customers informed. Quickly launch your own branded tracking page with easy-to-understand updates. With Delivery Tracker, you can improve your customer experience and reduce costly customer contact.

[Learn more](#)

From returns to return customer with Returns Portal

With Metapack Returns Portal, retailers can boost loyalty by offering hassle-free returns and exchanges. The process can be managed self-service through a branded online portal. Customers select the most convenient returns method, choosing from paperless labels, collection, drop off point and express. You can even offer easy exchanges, helping to retain the revenue in the process.

[Learn more](#)

Trend 5

Calculating the cost of sustainable delivery

While COVID-19 has taken the spotlight away from other pressing issues, sustainability remains a massive priority for consumers. A survey in 2020 found that 57% of UK online shoppers worry that the rise in online shopping is a significant threat to the environment¹³. As the pandemic eventually fades, sustainability will reclaim its place at the top of the consumer agenda.

However, as our survey shows, when consumers are asked if they are willing to dig into their own pockets to pay the gap for more sustainable delivery, there is less enthusiasm. According to consumers, the responsibility lies with retailers and their carrier partners. And yet, according to our research, 46% of retailers say consumers should pay.

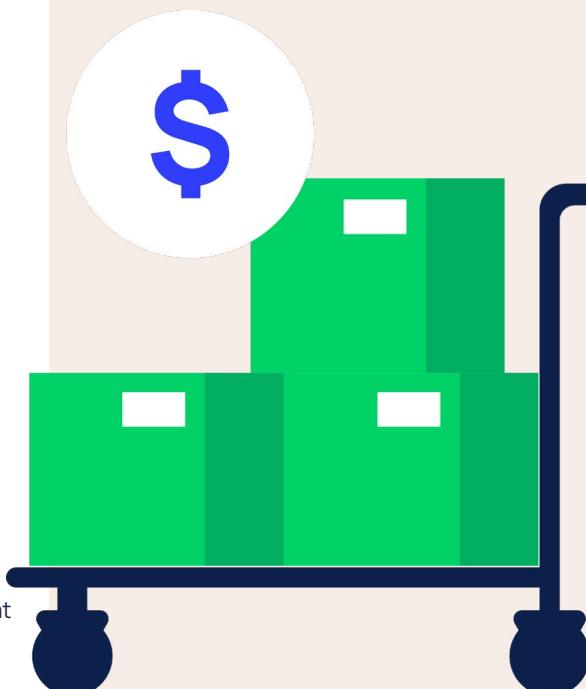
Many retailers are rising to the challenge anyway. Much of their energy so far has focused on the last mile, as the most emission-heavy zone of logistics thanks to its large number of stops. According to analysis from the World Economic Forum, emissions from last mile deliveries are on track to rise 30% between 2020 and 2030¹⁴. Sustainability and many other challenges in the last mile will likely be solved through greater efficiency.

The key goal is to increase the drop density of routes. Through more efficient planning, drivers can fit extra stops into a day's journey with little extra fuel usage.

As part of this shift, carriers are adopting bicycles and electric vans at pace. These technologies have much lower emissions but also a much more limited range, making them particularly suitable for this part of the journey. There are also unique challenges posed by the rural final mile, where sparsely distributed homes and the wide areas served by distribution centers act to reduce the efficiency of routes.

For intra-logistics, as well as the rural last mile, the solution is somewhat more complicated. Electric vehicles have limited battery life and hence are unsuitable for carrying large volumes of goods over long distances. Longer distance freight has similar problems, while planes are unlikely to be able to move away from fossil fuels at any point in the near future.

However, a greater shift towards other less emissions-heavy modes such as rail and maritime freight could help resolve this. Several retailers and carriers are trialing hydrogen vehicles as a solution. Although emissions-free, they are capable of delivering the power needed to transport cargo for long distances over multiple terrains. The UK's incumbent parcel carrier, Royal Mail, recently began trialing a van which uses both diesel and hydrogen for power, while supermarkets such as Asda, Carrefour and Colruyt are also currently exploring the technology.



30%

rise in emissions from last mile deliveries predicted by 2030¹⁵

23%

would pay more for sustainable delivery

47%

would wait longer for more sustainable delivery

¹³ Internet Retailing, 'Increasing online shopping is driving consumers to worry about sustainability, studies show'
^{14, 15} World Economic Forum, 'The Future of the Last-Mile Ecosystem'

Trend 5

Sustainable delivery in action



Focusrite

Focusrite®

Looking to the future, Focusrite's Operations Manager Marcus Cook identifies sustainability as a key customer priority. He sees the future of sustainability as a collaboration between retailers, carriers and customers, expecting that customers will be offered the ability to offset the carbon emissions from their purchase at checkout. The company continues to minimize product waste, reselling end-of-life products through its eBay store.

[Read the interview](#)

Cater to environmentally conscious consumers with Delivery Options

With Metapack Delivery Options, you can offer customers the sustainable options they want, with ease. Increase conversions by offering environmentally friendly delivery options like electric vehicle or bicycle, as well as out of home collection options like Click & Collect, PUDO's and lockers. Your customers see accurate delivery timeframes displayed on the product page, as well as delivery options that take into account your stock availability and location, so you never make a delivery promise you can't keep.

[Learn more](#)

Trend 6

The responsive supply chain: forecasting demand

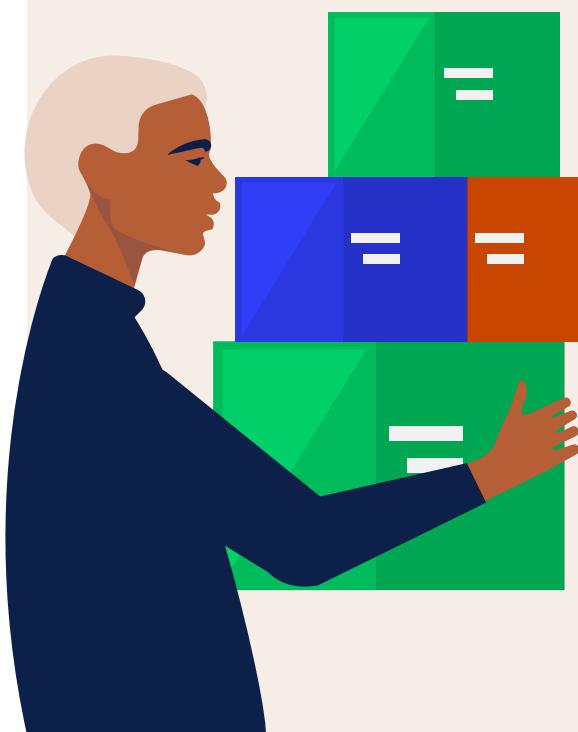
There's one single capability that would go a long way to address retail's most pressing challenges. Responding to fluctuating demand, enabling faster delivery services, ensuring sustainable growth online – all of these struggles call for real-time inventory data.

By monitoring networks centrally, retailers can use historical and real-time data to forecast future sales and ensure that stock is in the right place to fulfill orders. It's also crucial to flexing stock levels up and down in times of variable demand. Collecting real-time data about buying patterns allows retailers to reduce inventory levels, or shift them to the locations where they're needed most.

For example, German retailer Otto has installed an AI-powered demand planning system which generates day-to-day forecasts of purchasing orders. When introduced, the system led to a 40% increase in forecast accuracy and a 20% reduction in overstock¹⁶.

Forecasting capability will be especially important for retailers that base their offering around fast delivery. Enabling services such as same-day delivery requires retailers to have a good idea in advance about what's going to be purchased and where.

Better collection and analysis of data will also allow retailers to communicate better with customers. It's important that data about product availability is accurate when customers shop online, with many retailers now allowing customers to check what stock is available in any given store. As well as collecting that data, retailers will need software platforms that can aggregate, store and present it. This will also come in handy for sharing data with third parties such as carriers and manufacturers.



40%
increase in
forecast accuracy
achieved by Otto
with demand
planning¹⁷

46%
say fast delivery
has become more
important during
the pandemic

64%
view post-
purchase
experience
as a high priority

^{16, 17} Internet of Strategy,
'Replenishment Optimization
at Otto'

Trend 6

Responsive supply chain in action



Interflora is a flower delivery company operating across 140 countries. The company connects consumers with local artisan florists, providing a wide range of delivery options. Its distinctive distribution model is based on a national network of florists. Using Interflora's website, the customer places their order and through a series of complex API services, the order is directed to the recipient's local florist, where the bouquet is created and delivered. Real-time order status and delivery confirmation is provided between Interflora and its florists.

[Read the interview](#)

AO is a retailer primarily of home appliances. The company offers free next-day delivery, allocated time slots and a service that covers 98% of UK postcodes, delivering seven days a week. The pandemic has seen AO focus heavily on the technology underpinning its network. The company built most core systems in-house, but also uses external specialist supply chain technology which boosts analytical capabilities and manages inventory. AO uses some route optimization tools to maximize the drop density and efficiency of its delivery routes.

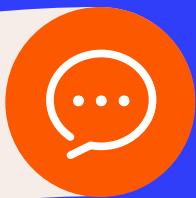
[Read the interview](#)

Bloom and Wild is a flower delivery company which partners with Ocado and independently offers same-day delivery in Paris and London. Offering same or next-day delivery means that the stock needs to already be in place at the distribution site when customers place the order. Bloom and Wild uses historical data to predict this, while using marketing campaigns to raise the prominence of available stock. The retailer was well placed to capitalize on growth during the pandemic and recently closed a \$4 million funding round in 2020.

Gain insight into your supply chain with real-time Delivery Analytics

With Metapack Delivery Analytics, retailers can obtain a single source of truth for delivery. The solution is powered by actionable data and proprietary algorithms based on over 8 billion transactions. It helps you gain visibility into the full customer delivery experience and proactively resolve issues to fulfill delivery promises.

[Learn more](#)



Retailer interviews

RetailX conducted in-depth, exclusive interviews with major retailers about how they adapted to the immediate effects of the pandemic and beyond

Retailer Interview

Holland & Barrett

Sector: Healthcare, food

Founded: 1870

URL: www.hollandandbarrett.com

Holland & Barrett is one of Europe's leading health and wellness retailers, with over 800 stores in the UK and Ireland. The company offers a broad range of specialist food, vitamins, supplements, sports nutrition and ethical beauty brands. The company has both a physical and online presence, with the latter hugely increasing in importance during the pandemic.

As a specialist food and supplement retailer, Holland & Barrett was allowed to stay open during the pandemic by being classed as an essential retailer. Demand for products remained high, especially in an increasingly health-conscious populace. However, footfall fell and many customers moved online.

“COVID-19 sped us up but it didn’t alter our course.”

The company has made several major transformations to its network during the pandemic, with its original 12- to 18-month omnichannel roadmap being implemented in a matter of weeks.

“COVID-19 sped us up but it didn’t alter our course,” explains Paz Khorana, Head of Multichannel Operations, praising the retailer’s internal technology team for their performance during the pandemic.

In the early stages of the pandemic, the primary focus was on expanding capacity to meet the surge in demand. Working with delivery management software provider Metapack, the retailer expanded its click and collect capabilities and added the ability to fulfill online orders from stores.

This capability to ship online orders from stores took less than two weeks to implement.





Holland & Barrett also added a pop-up fulfillment center with carrier DHL as an additional support channel for online fulfillment, while tapping into on-demand app Deliveroo's network for additional delivery capacity.

Since these changes took place early in 2020, the UK has seen restrictions loosened over the summer before being strengthened again during November and again in late December.

In the relatively normal periods between full lockdowns, the retailer has been able to not just focus on capacity but on "serving customers better". This was measured partly according to the contact center, with one KPI being how many customers were getting in touch compared to the number of orders that were being placed. The other KPI was how well the customer promise was being met.

With the customer in mind, the changes around shipping from store were taken further. The Metapack solution is now integrated into 75 stores. This adds considerable flexibility to the network, since stores can be activated and deactivated according to necessity. The number of stores shipping has ranged from around 20 during early December to roughly 50 now. Khorana views delivery as a key ingredient in differentiating in the online space.

"It's great having a fantastic online experience but you need that fulfillment proposition to back that up."

We will follow customers' leads as shopping habits change."

Khorana expects shopping will probably not return entirely to the way it was prior to the pandemic, with at least some of the online demand staying in place. However, he expects that the high street will continue to play a key role in retail.

"One of our USPs is how our colleagues are experts in the product, trained to A-level standard in terms of advice and the offering," he notes. One future goal is to bring this unique connection between customer and retailer that is forged in stores into the online world.

"We want every touchpoint with our brand to serve in a uniform way so that however they interact, they get the same level of experience."

He thinks customers' priorities will change slightly considering more people will be working from home. Throughout this, the company's multi-carrier strategy with Metapack will remain crucial to its future plans, possibly to add further agility in where orders are shipped from.

"Given the times we are in, health and wellness are going to be at the forefront of people's minds over the next year to eighteen months. We want to be in a position where we can help the nation in that," says Khorana of the retailer's future strategy.

"It's great having a fantastic online experience but you need that fulfillment proposition to back that up. We will follow customers' leads as shopping habits change."

Focusrite

Sector: Audio equipment

Founded: 1985

URL: www.focusrite.com

Founded in 1985, Focusrite is a manufacturer and seller of specialist audio equipment. Its audio interfaces convert analog signals from microphones or electric instruments into a digital signal for use on a PC. The company sells via its own ecommerce site, through wholesale retailer partners, and on marketplace eBay.

The company went public in 2014 on the AIM market. Since 27 March 2020, its share price has risen 145%.

Operations Manager Marcus Cook attributes this success to “pretty impressive increases” in demand for its products during the pandemic. As well as Focusrite’s traditional customer base of musicians expanding their usage while unable to perform and rehearse, new customers have begun buying the interfaces for the surge of video calls.

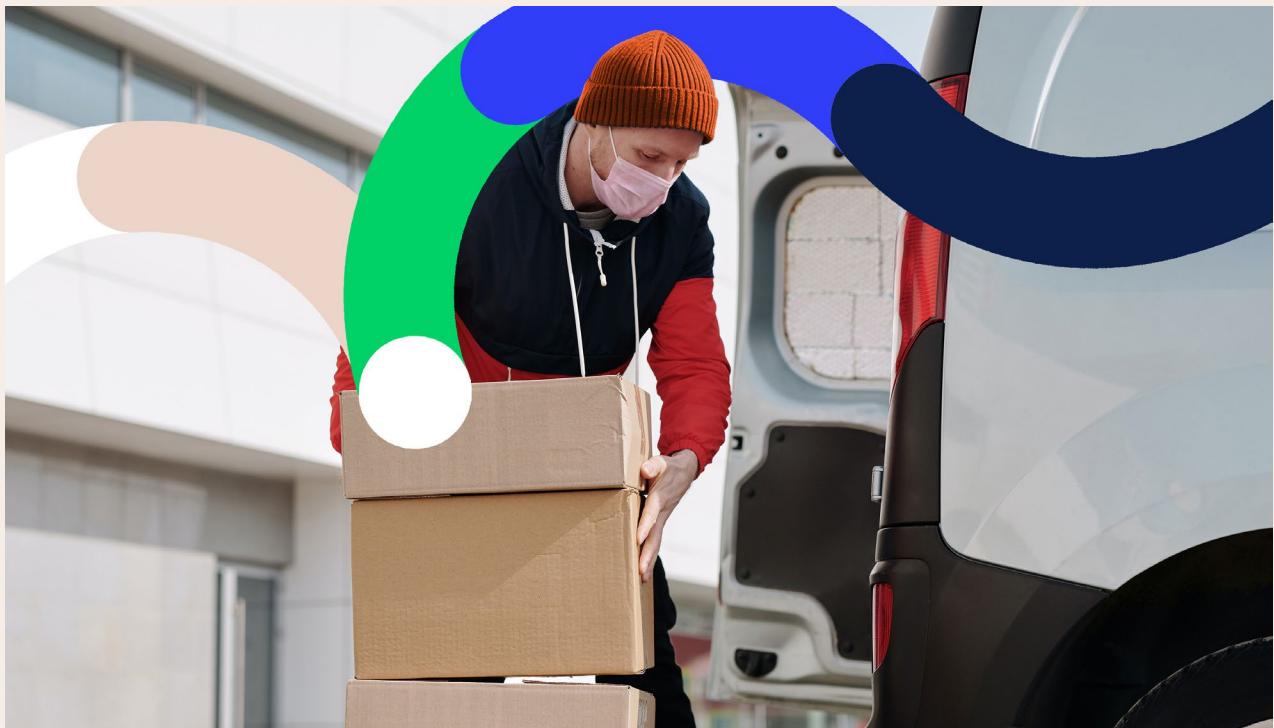
While Cook views the picture as positive overall, there are headwinds in the form of Brexit and the additional barriers this has generated in shipping goods beyond borders. The company has been preparing for the UK’s exit from the European Union for two to three years, including acquiring a business that could support the company in the EU.

Cook says that while the company has “tackled” the functionality of getting its products into Europe, there are still delays that need to be ironed out.

“We’ve got a short-term vision that we’re in a healthy position for continued supply into Europe.”

As the market leader for its product category, the company benefits from customer loyalty, meaning that a slower fulfillment time will not necessarily push a customer to a competitor. However, Cook still views it as a priority to maintain delivery times down to one or two days.





One of the impacts of Brexit has been that certain carriers have cut off serving the continent due to the increased complexity of various customs processes. In the retailer survey for this report, Cook said that building a more flexible network was a key priority for the business. One aspect of this is building in resilience through a multi-carrier strategy. Focusrite uses Metapack to be able to quickly change between couriers "within five minutes if a courier is down or unable to provide the service we're after." The company wants to look into using a wider range of carriers, including possibly Amazon Logistics.

With the majority of its manufacturing based in China, the need to serve demand quickly meant that some freight had to be shifted from ocean to air, or as Cook admits, from the "most efficient to the least efficient" mode of transport.

The company has responded with greater carbon offsetting through DHL's Go Green initiative. However, the company has adapted to the changing levels of demand, with Cook saying it has "learned more in the last year than the last ten years about supply chain forecasting." The crisis has reinforced the importance of the "ability to adapt and scale".

"We've realized the potential of our supply chain and we've been in a position where we can meet a surge in demand without having to worry about internal limitations. Using third parties is a godsend."

Plans for the future may include adding a new third-party logistics (3PL) company in Europe as well as potential consolidation between businesses. "We didn't want to make any immediate reactions until the dust has settled and we can see how the land lies," explains Cook.

Another long-term impact of COVID-19, as with many companies, is that Focusrite has moved to more remote collaboration within the business; Cook expects this to continue.

"It's taken something like this to change the mindset of collaboration and office space," he notes.

Looking ahead to the future, Cook identifies sustainability as a key customer priority. He sees the future of sustainability as a collaboration between retailers, carriers and customers, expecting that customers will be offered the ability to offset the carbon emissions from their purchase at checkout.

The company continues to minimize waste and destruction of products, reselling end-of-life products through its eBay store.

The other aspect he foresees as a key priority for consumers is the speed of transaction, which he views as going hand-in-hand with sustainability. Cook believes the efficiencies that will allow faster service will also help customers get products more quickly.

"We've realised the potential of our supply chain and we've been in a position where we can meet a surge in demand without having to worry about internal limitations. Using third parties is a godsend."

The Entertainer

Sector: Toys
Founded: 1981
URL: www.thetoyshop.com

Founded in 1981, The Entertainer is the UK's largest independent toy retailer, operating 173 shops across the UK. It also operates two websites: thetoyshop.com and the Early Learning Centre (elc.co.uk).

The company offers a range of delivery promises, including next-day delivery and free standard delivery on orders over \$55.66 (£39.99). It offers several collection options, including from its own stores (when open) and from Asda and MyHermes parcel shops.

Gary Grant, Executive Chairman and Founder of the retailer, says that the initial COVID-19 lockdown and the dramatic move of customers online "turned [the business] upside down at great pace."

His business prides itself on offering great customer service and the stores are a key part of this.

The toy sector is a highly seasonal business, with half of the year's turnover in the final quarter of the year. Classed as a non-essential retailer, The Entertainer was forced to close stores for over four months from March through to Christmas. 40 of its shops were closed at short notice during the busiest week in the run-up to Christmas.

"I don't think customers will put up with long lead times – they are expecting an outstanding level of service".

In the early stages of the pandemic, the company saw huge spikes in demand for certain products, including "phenomenal volumes" in items such as swing ball sets, sand, puzzles, games and craft items. Grant describes this as "five years' volume in just 12 weeks".

At the same time, social distancing measures compressed the available working capacity at warehouses. Grant says that if he could have planned for the pandemic with hindsight, key changes would





have been preparation with carriers to predict volumes and setting up extra working spaces in advance for social distancing.

While the crunch in capacity had an impact on delivery promises, Grant says that customers were accepting of these challenges in the initial stages of the pandemic.

One such challenge has been the rapid changes in the virus and restriction situations, leading to an inability to plan significantly in advance. This includes uncertainty now, not only about when restrictions will be lifted, but about when customers will actually be confident enough to return to stores. These quick changes hamper the business's ability to forecast both sales and parcel volumes.

Grant likens the process of moving online to "turning an oil tanker into a speedboat", with far more adaptability required. More packing capacity, for example, had to be added in October to support the peak demand.

"We offer customers the same prices whether in-store or on the website." But when shops are closed, the process can become effectively instantaneous; promotions can be added or adjusted instantly, with the ability to turn volumes up or down. Examples could include tempering promotions on a Monday to reduce volumes when there is a weekend backlog of orders to work through.

"[When the stores aren't open] there are so many levers you can pull to try and make sure you're not over or under capacity in the warehouse via the different things you are doing."

However, when stores are open, there are knock-on effects. An example is that there can be less divergence between prices: a customer could buy items online through click and collect and then see it

cheaper in store when they come in to collect.

As the pandemic has continued, there has been a shift from simply handling capacity to offering better service. Grant says that unlike in the first lockdown, "I don't think customers will put up with long lead times – they are expecting an outstanding level of service". He says that the primary focus in 2021 is "how we take the volumes we have and go back to offering the same level of service we would have expected to offer customers in pre-Covid-19 times."

Grant expects that high street shopping will return to a degree when consumer confidence returns, but the internet will not go back to pre-COVID-19 levels. "This does leave retailers with a challenge if [physical] turnover is lower, with the establishment costs stores face."

A longer term shift to online shopping also affects the types of items people are buying, including a shift from smaller to larger items.

The relationship with couriers will be key here, Grant says. The company works with Metapack to flex between different couriers and ensure that the right items are shipped by the right one – items such as sand-pits, for example, are "a courier's nightmare". This flex is used to ensure that express deliveries are fast-tracked and that the oversize items are moved by capable couriers.

"I think we're talking to couriers an awful lot more than we were a year ago," says Grant.

Watch the full panel discussion featuring Gary Grant at The Delivery Conference 2021

Retailer Interview

Pandora

Sector: Jewelry

Founded: 1982

URL: www.pandora.net

Founded in 1982, Pandora is a Denmark-based retailer of jewelry, with £2.7bn of annual revenues in 2019.

The site first launched its online store in Europe in 2011, with a US site launching in 2015. While 13% of sales took place online in 2019, this rose to 21% of revenue by Q3, constituting year-on-year growth of 89%.

In 2019, Pandora announced Programme NOW, which seeks to improve the company's brand position while reducing costs and boosting its presence in the digital space through personalization and customer data. In early 2020, the company set up a new dedicated team of digital experts in its Digital Hub in Copenhagen.

"Our goal is to always deliver an amazing shopping experience to customers where and how they prefer," says Line Hildebrandt Smith, Pandora's Vice President EMEA Operations. "Customers today, and especially the younger generation, travel very easily between different channels and platforms. So whether it is that they shop in one of our 2,700 stores, online or at other points of sales, we want our customers to have that seamless experience across all touchpoints."

The company has been taking steps to create a consistent brand experience across digital. In particular, the company thinks that digital should be about "recreating the very best of the in-store shopping experience".¹⁷

This year has led Pandora to expand its supply chain focus beyond cost and towards reliability, flexibility and resilience.

"So I would say we try to balance the two [cost and resilience], but following COVID-19, we have seen an increased need and the benefits of a resilient supply chain," says Hildebrandt Smith. "As a gifting retailer, we have a very high trading spikes around certain calendar events such as Christmas, Valentine's Day

and Mother's Day. Our ambition is to be 'at our best, at our busiest'."

The company has standard and express delivery options to choose from, combined with a range of omnichannel delivery options.

There are also gifting options such as SmartGift, which allows customers to send gifts as well as unwrap gifts via text, email, and other digital platforms.

"Our goal is to always deliver an amazing shopping experience to customers where and how they prefer."

The company offers full order tracking visibility as well as choice over packaging, including gifting and environmentally friendly options. Pandora uses a multi-carrier setup at most distribution centers in order to secure carrier capacity through peak periods and to serve as risk mitigation in case of further pandemic-related constraints or other unforeseen challenges.

Pandora been expanding the range of services it offers to customers to include more omnichannel fulfillment options. These include click and collect, in-store returns and curb-side pick up, to "meet the evolving consumer behaviors and making sure that we are where the customer wants us to be."



¹⁷ [Internet Retailing](#), 'INTERVIEW Pandora brings digital in-house to reconnect with customers'

Retailer Interview

Interflora

Sector: Florist

Founded: 1923

URL: www.interflora.co.uk

Interflora is a flower delivery company that operates across 140 countries. The company is notable for connecting consumers with local artisan florists and for providing a wide range of delivery options, including premium services such as same-day and AM delivery.

The company can deliver gifts, including other items such as champagne, within three hours of purchase.

Interflora operates a distinctive distribution model in which it uses a national network of florists rather than central hubs serviced by courier companies. There are over 58,000 worldwide and its network in the UK offers over 900 points of distribution. Interflora's subsidiary brand, Flying Flowers, which it took over in 2012 through its acquisition of Flying Brands, uses a more traditional distribution model, where bouquets are created centrally and dispatched via Royal Mail and DPD.

Using Interflora's website, www.interflora.co.uk, the customer places their order and through a series of complex API services, the order is directed to the recipient's local florist, where the bouquet is created and delivered. Real-time order status and delivery confirmation is provided via technology solutions in place between Interflora and its florists. Head of Ecommerce Jim Clark explains that, by working closely with its florists and having a network of 900 distribution points, Interflora is able to provide same-day delivery services to around 90% of the UK's population.

Geographical catchment areas of the partnering florists differ in size depending on the number of people living in the area. Rural-based shops may serve a wider area to take in the same population as a smaller urban catchment area.

The individual florists manage their own route planning, combining orders from Interflora with their own orders. This combined approach enables local distribution efficiencies.





Interflora has recently developed its consumer proposition and has moved away from prescribed bouquets to launch 'Florist's Choice'. The artisan florists within the network are able to combine their individual design talents with the best and freshest stems they currently have in stock.

As Clark says: "Each gift is now truly unique and one of a kind, made for you. It's just like visiting your local florist. We manage the proposition through the website journey and make it clear to customers the uniqueness of what they are buying their loved ones".

The company uses its own in-house order management system to organize and distribute its orders to its florists. Each one is a separate business with its own delivery vans and drivers.

Interflora differentiates itself through its independent local high street florist network which provides a high level of quality, care and attention which, it believes, is often lost in scaling through central hubs.

Within wider ecommerce, Clark says, customers have been more forgiving in terms of their expectations around delivery lead times during the COVID-19 pandemic. But in the future, he expects customers will go back to wanting their orders immediately. He believes customers being informed about when a product is out for delivery and the ability to manage

orders in progress by changing addresses or dates will become more important in the medium term. As a gifting retailer, notifications about a delivery being completed are more important than in other sectors because the customer is often not the same as the recipient.

Interflora is well placed to be able to handle the anticipated changes. Because orders go to local florists, the orders aren't absorbed into a large courier network and the retailer has significant flexibility to send messages to the florists and use technology to change addresses.

As soon as orders are dispatched, florists make Interflora aware using the technology and Interflora sends an email or SMS to the customer, allowing customers to track the progress of their order.

The network has functioned extremely well during the challenging period of the pandemic as it does not have one single point of failure, Clark points out.

"Florists' sourcing and delivery operations are independent from one another. If one area is locked down and a shop can't be opened, florists in other areas of the country will not be affected.

"We might have an area where we are temporarily unable to deliver but it's not possible we'd ever have a full coverage issue."

Retailer Interview

AO

Sector: Appliances

Founded: 2000

URL: www.ao.com

AO is a UK-based retailer primarily of home appliances, founded as an online pure player in 2000.

The company offers free next-day delivery, allocated time slots and a service that covers 98% of UK postcodes, delivering seven days a week. It keeps over 100,000 products in stock, supplemented with a drop shipping capability.

Dave Ashwell, Head of AO logistics, says the company's delivery service is one factor that makes AO "stand out from the crowd."

"At every step of the journey, we always strive to put the customer first and our success is reflected in our NPS and Trustpilot scores."

The pandemic has emphasized the importance of having a resilient network and Ashwell says the company did not miss a single delivery during the pandemic.

AO differs from many retailers in that it owns a significant part of its own supply chain, even offering its delivery arm as a third-party service for other retailers. Its service consists of not just delivery but also includes installation and disposal of old appliances.

Throughout the lockdown, the company has expanded its coverage of the UK, increasing its number of depots to 24 across the country and over 1.3 million square feet of floor space, including in Kent, Berkshire and Staffordshire. These smaller depots, which ensure that AO is always within an hour of customers, are served from the company's main distribution centers in Crewe, Stafford and Stoke.

Having opened several distribution depots during the pandemic, Ashwell expects this to continue into the future, with more expansions planned to the network. AO's CEO, John Roberts, has previously commented that he expects new online customers to stay online rather than fully returning to brick and mortar stores. As well as physical space, the pandemic has seen AO focusing heavily on the technology underpinning its network. The company built most core systems in-

house, but also uses external specialist supply chain technology which boosts analytical capabilities and manages inventory. AO uses some route optimization tools to maximize the drop density and efficiency of its delivery routes.

Another piece of technology is voice-picking devices, of which Ashwell says there are now 120 used across AO's logistics operation.

The company has partnered with location service what3words which, rather than the address-postcode format, divides the world into a grid of 3 square meters, each of which can be identified by a unique combination of three words. Ashwell says this will help enhance AO's delivery proposition in rural areas.

In the next few years, AO plans to emphasize making fulfillment and delivery as sustainable as possible. Part of this has been focusing on the physical infrastructure of its network, including its recycling plant and green initiatives.

"At every step of the journey, we always strive to put the customer first and our success is reflected in our NPS and Trustpilot scores."



Pets at Home

Sector: Pet supplies

Founded: 1991

URL: www.petsathome.com

Pets at Home is a seller of pet and supplies, including food, toys, bedding, medication and accessories. Founded in 1991, it has both a physical and online presence.

Home delivery can take up to two working days, with delivery free for orders of over \$54.28 (£39). It offers a next-day click and collect option. If a customer spends over the minimum amount by 8pm, they can collect items free of charge in their chosen store from 2.30pm the following day.

The company has expanded different fulfillment offerings throughout the pandemic, adding the contactless delivery to car service.

Key to this has been its approach to omnichannel fulfillment by unifying sources of stock through a new order management system, which was implemented in late 2020.

Pets at Home has been able to unify inventory across its stores and online distribution center. This has already enabled it to launch a one-hour click and collect service, where customers can place the order on the site and have it fulfilled from their chosen store within 60 minutes. With more bulky items, they can order them for separate home delivery over a different time frame. As well as offering a better service to customers, Pets at Home expects to see efficiencies from reduced logistical costs.

Terry Siddle, DC Network Project Director of Pets at Home, sees a "strong correlation" between delivery quality of service and sales.

"We understand that customers are keen for a delivery service that closely matches their individual needs so we have developed a wide range of options and have built the necessary infrastructure to ensure the best quality service for all our shoppers' different needs," he says.

Siddle says that the company will focus on both enabling local fulfillment from stores as well as its centralized sortation capabilities. Pets at Home

"We understand that customers are keen for a delivery service that closely matches their individual needs so we have developed a wide range of options."

recently committed \$66.8 million (£48 million) to a new 670,000 square foot distribution centre. When completed in 2022, the highly automated site will be located in Stafford, alongside the M6. "This will give us the agility we will need to respond to the developing shopper demands and best support our valued customers."

Beyond the pandemic, Siddle believes there has been a long-term shift towards an "omnichannel way of shopping", which requires a "true" omnichannel approach from the retailer behind the scenes.

"As a result of this, we are working on further integrating our online and in-store propositions, using data and digital capability to integrate a well-invested store estate, fast-growing online business and a responsive supply chain into a single customer-centric platform which allows us to support our customers by offering them a seamless pet care experience," says Siddle.

At the same time, Siddle expects fulfillment to become "more agile and diverse", with more "customer-led" delivery options. Above all, he sees this as consisting of a "wide range" of delivery options, including options that are both more convenient and cheaper.

Underpinning all of this will be better technology, both internal and customer-facing. Pets at Home, Siddle says, is increasingly using sophisticated data analysis tools to ensure a smooth customer journey and manage complexity.



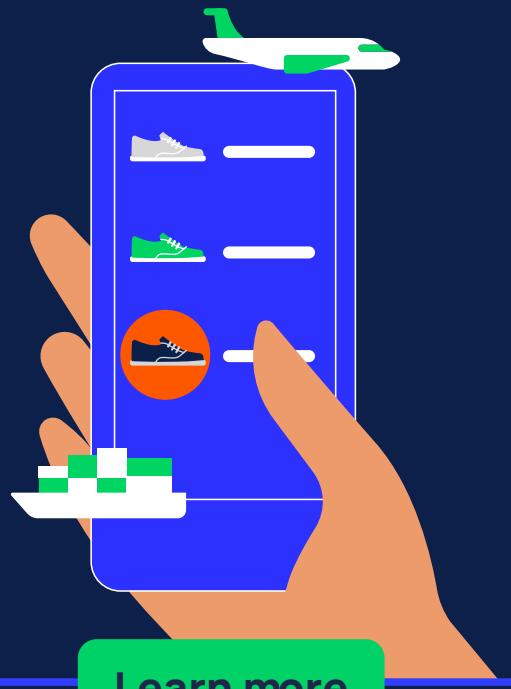
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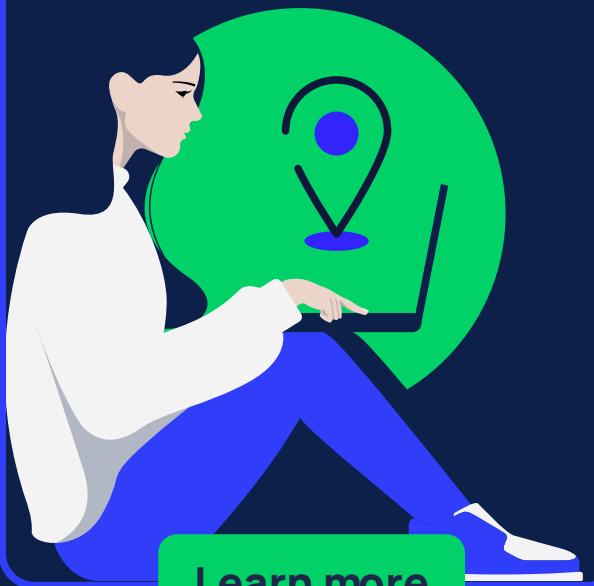
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