



2021 Bringg Barometer

# State of Retail Delivery & Fulfillment

# Key Findings

## **The Covid-19 impact will continue to shape 2021**

As consumers moved their shopping online, retailers rushed to meet the growing need for online fulfillment by investing in new fulfillment channels, such as BOPIS (60%) and curbside pickup (55%).

## **Manual processes are holding retailers back**

Only 49% of retailers are working with technology vendors to streamline their in-store fulfillment. 12.7% say their biggest issue with scaling delivery is inefficient manual processes. In 2021, expect to see a focus on replacing inefficient, manual processes with automated delivery and fulfillment.

## **Delivery capacity vs. shipping costs**

With delivery capacity an issue for 41% of retailers, many are turning to third party delivery providers. 29% say cost is the biggest issue when working with third party providers, but many retailers still do not optimize their use of these fleets for reduced shipping rates.

## **When scaling up delivery, lack of visibility is a central concern**

Lack of visibility is the biggest pain point to scaling delivery for 21% of retailers. That number goes up to 39% for retailers working with third party fleets. This data suggests that a root problem of scale - a lack of visibility - is not solved through additional fleets alone, and may even be exacerbated.

## **Retailers are making same-day delivery the status quo**

Two-thirds of retailers plan to offer same-day delivery by the end of 2021.

## **Sustainability as a method of reducing costs**

Reducing fulfillment costs is a strong driver of sustainability initiatives, with 40% of retailers working to incentivize eco-friendly fulfillment options.

# Introduction

The global pandemic of 2020 thrust eCommerce far forward of expected growth. Research reports state that the projected growth of eCommerce for the next 5-10 years took place within 6-12 months. In 2020, eCommerce experienced 30% year-over-year growth and is expected to hit 19.2% of all retail sales by 2024. <sup>1</sup>

As in-store foot traffic sank, retailers scaled up their eCommerce stores and order fulfillment services. Past the initial hype of the 'new normal', retailers and industry analysts agree: the fundamental changes in consumer behavior are not going away. The hastily-launched or expanded fulfillment models are now starting to show cracks. For 2021, retailers are planning to further digitize and expand their fulfillment options in order to profitably meet the needs of the growing online market.

## Survey Analysis

In December 2020, we conducted a survey of 1,000 enterprise retailers and brands on their delivery and fulfillment operations. Based on the survey, this report shares a glimpse into how retailers assess the current strengths and weaknesses in their online fulfillment capacity, variety of fulfillment services, and fulfillment costs.

The Bringg Barometer reports where retailers are prioritizing their deliver and fulfillment efforts in 2021, where the pain points lie, and how different technologies can help them bridge those gaps for greater ROI.

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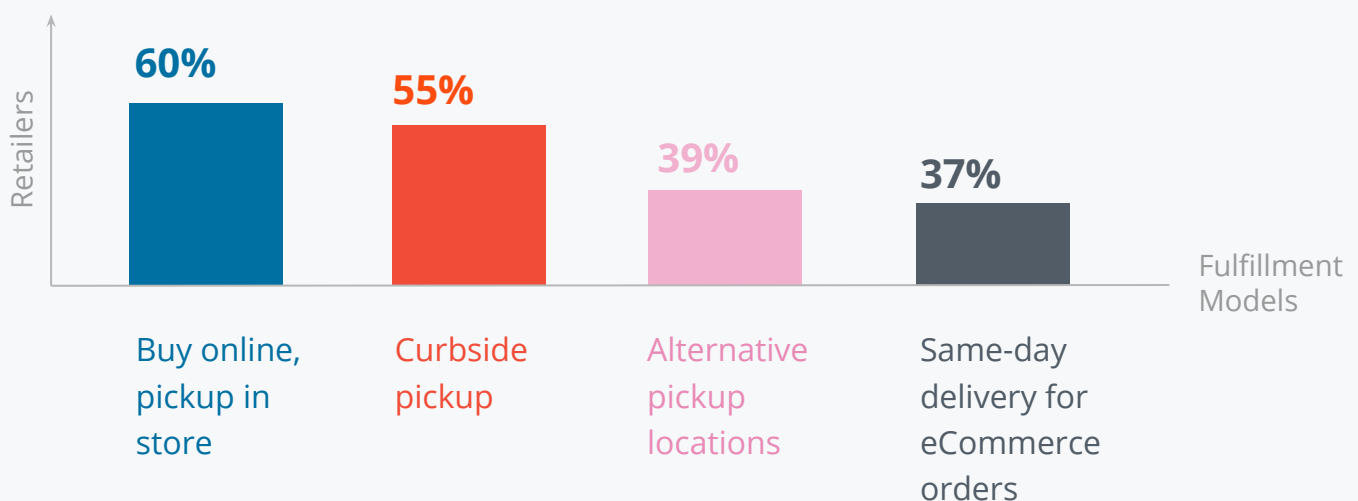
<sup>1</sup> eMarketer, US Ecommerce Growth Jumps to More than 30%, Accelerating Online Shopping Shift by Nearly 2 Years

# Alternative Fulfillment Channels: The #NewNorm

## Fastest growing fulfillment channels

Many retailers are turning to alternative fulfillment channels - including locker pickup, or pickup from convenience stores or other retailers - to offer additional convenience to customers while managing the extra volume coming in. 39% of retailers currently offer alternative fulfillment locations. In-store pickup leads the current fulfillment channels: 6 in 10 retailers offer this service to customers. While companies have quickly reaped the benefit of these fulfillment models, operational efficiency will become a greater focus as they look to more cost-effectively scale their online sales.

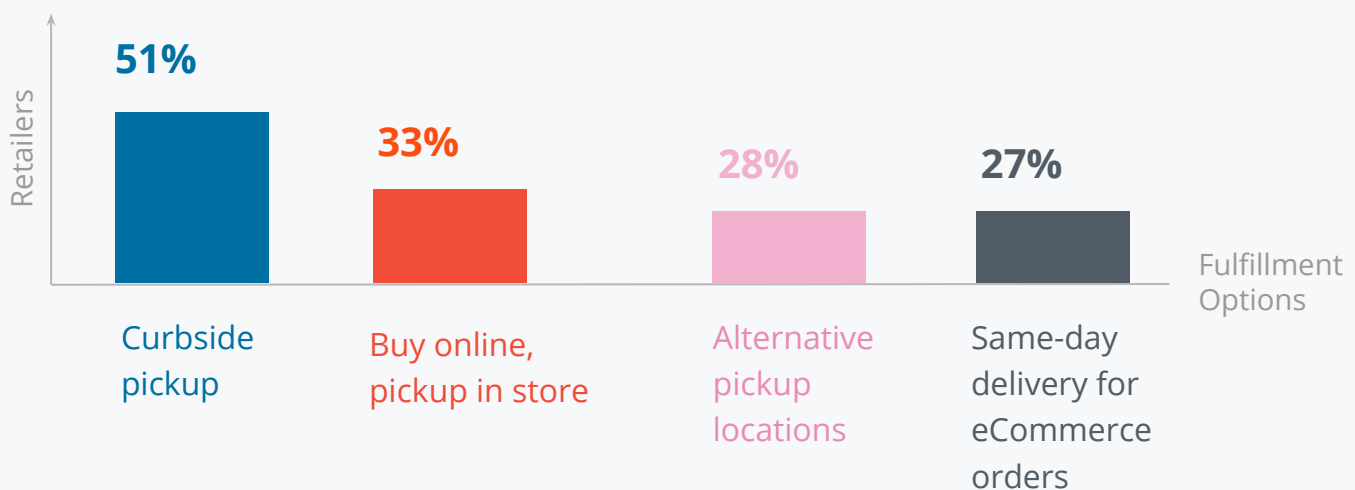
### Fulfillment models currently offered



## Covid-19 growing pains

After Covid-19 hit, consumer behaviors changed and customers became more demanding for order fulfillment on their terms, where and when they chose. Retailers rushed to ramp up fulfillment methods such as curbside pickup, with 51% adding it since the start of the pandemic, and BOPIS (buy online, pickup in store). BOPIS is a relatively mature model in comparison: half of retailers offering BOPIS had their operations in place prior to the pandemic. These newer curbside operations may be experiencing growing pains, and will require adjustments if they are to remain in place as a long-term answer to eCommerce fulfillment.

### Fulfillment options added since the start of the Covid-19 pandemic



## Just-in-time curbside pickup

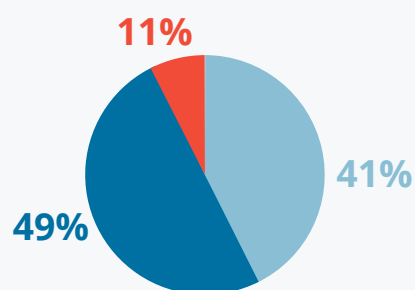
Curbside pickup requires careful orchestration between systems and stakeholders in order to work reliably for any volume of orders.

Bringg developed just-in-time order preparation to ensure that orders are ready just as customers arrive. The software syncs order preparation with customer location (as well as driver location in the case of a delivery) and real-time estimations of arrival to prevent unnecessary waiting and staging congestion, ensure inventory quality, and increase overall throughput.

## Fulfillment plagued by old, manual processes

40% of retailers rely on manual in-store fulfillment options, and 10% say they do not even offer in-store fulfillment services for online orders. Many of these companies find their pickup operations plagued by manual practices, **with fewer than half of retailers working with technology vendors to streamline their in-store fulfillment.** As these companies expand their fulfillment channels to more stores, creating efficient operations will become critical for success at scale.

## Manual in-store fulfillment operations vs. leveraging technology to streamline in-store fulfillment



- Retailer does not offer alternative fulfillment options
- Operate in-store fulfillment options manually
- Work with a technology vendor to streamline operations

# Real-Life Example: Unifying Delivery & Pickup for Scale

COVID-19 disrupted retail foot traffic and revenues in 2020 for a leading North American speciality retailer.

## Challenges:

Curbside, click & collect and deliver-from-store volumes outpaced the capacity of their manual solutions, resulting in poor customer experiences.

## Solution: A unified fulfillment platform

A unified platform that manages, automates and streamlines multiple delivery and fulfillment models, providing end-to-end visibility, performance insights and superior online order fulfillment experiences.

## The Results:

**60%**

Volume growth

**50%**

Lower cost to deliver

**4.8/5**

Customer rating

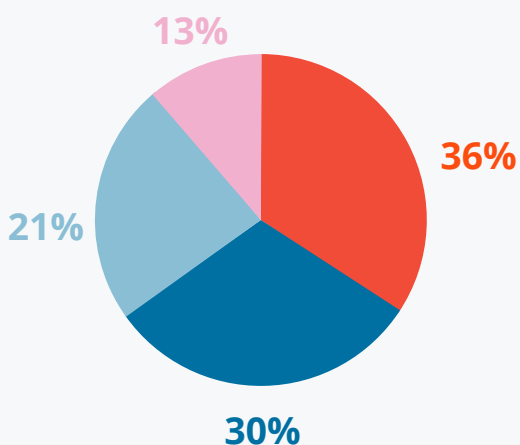
# Scaling Delivery: Pains and Opportunities

The complexity of managing multiple delivery vendors, an internal and external lack of visibility, and a struggle to deliver at the necessary capacity are the three greatest pain points around delivery today.

## Working with third party fleets

As online orders soar, so do the burdens on retail delivery operations. By far, retailers' biggest challenge with scaling delivery is working with multiple delivery fleets (36%). Almost one in three retailers said scheduling delivery times with customers was the biggest challenge of scaling; this issue relates to third party fleets as well, as retailers must coordinate their services at checkout with fleet availability.

### Biggest pain point when scaling delivery models



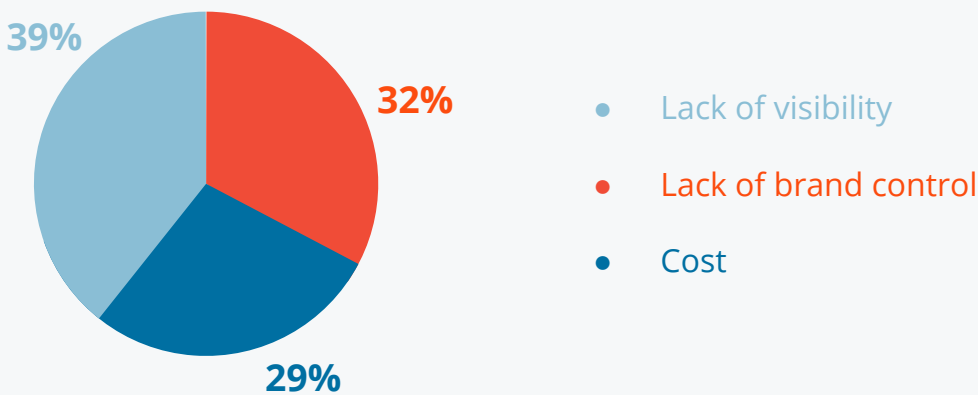
- Inefficient manual processes for order planning and dispatch
- Working with multiple delivery fleets (crowdsource, 3rd party, owned)
- Lack of real-time visibility on orders en route
- Scheduling the delivery times with customers



## Lack of visibility with owned and third party logistics providers

Lack of visibility is the biggest pain point for 21% of retailers - but that number nearly doubles for those working with external fleets for delivery (39%). This suggests that the solution to scaling delivery - working with external fleets - has its own complexities which must be solved before retailers will feel comfortable relying on it.

### Biggest pain point when working with external fleets for delivery



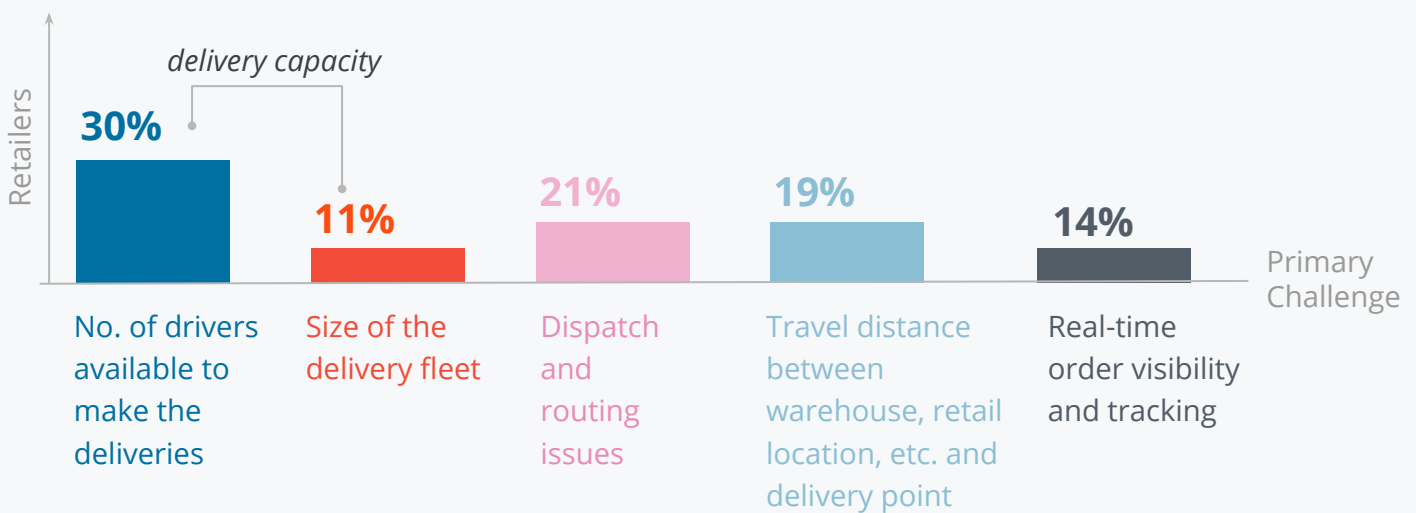
### Third party delivery hubs

Whenever demand exceeds capacity, retailers can add third party fleets in order to tackle volumes at scale. Bringg's Delivery Hub contains hundreds of carriers, crowdsourced fleets and logistics service providers. Retailers can easily and flexibly select, integrate with and manage new fleets as demand requires. Retailers take advantage of real-time visibility and performance reporting to compare fleet performance, and leverage these insights when selecting fleets.

## Reducing the cost to deliver

Retailers struggle to deliver on time due to issues of capacity, followed by dispatch and routing issues (21%). These issues, too, relates to capacity, as higher order volumes complicates them and can result in late deliveries. Despite delivery capacity being an issue for 41% of retailers, 14% are only using one fleet per region - and 13% aren't optimizing fleet selection at all.

### Primary challenge to delivering on time



Delivery costs are central issue for to both delivery capacity and operational decision-making. 36% of surveyed retailers manage fleet selection based on cost to deliver.

### How retailers prioritize selecting delivery providers for orders



## Reducing cost to deliver: automated fleet management

Retailers have an opportunity to reduce cost to deliver by better managing fleets and fleet selection. Automated, rule-based fleet selection allows retailers to define fleet selection based on their business rules and operational needs, including variables such as cost, time to deliver, and relevance for specific services such as temperature or size-specific deliveries that require specific vehicles.

## Same day delivery

Unlike in-store and curbside pickup, the drive for same-day delivery stems from customer expectations for speed and convenience. 38% of retailers currently offer same-day delivery, of which 27% added this delivery model after the advent of Covid.



# Real-Life Example: Automating to Reduce Delivery Costs

With the rise of COVID, a leading global grocery convenience retailer found itself losing market share to more digitally advanced competitors, and realized they had to shift focus from efficiency to rapidly scaling their delivery offering.

## Challenges:

Rolling out to hundreds of locations overnight while simultaneously transitioning from manual to automated dispatch and routing, resulting in low on-time-delivery (OTD) rates, alongside poor compliance and visibility with third party fleets

## Solution:

Moved to fully automated solutions and delivery flows that optimize efficiency and customer experience, enhance scalability and help maintain profit margins

Rolled out additional delivery providers, with real-time data and performance insights to understand and improve order pickup, delivery coordination and on-time-delivery rates

## The Results:

**3.2x**

average cart value

**40%**

faster delivery

**\$3M**

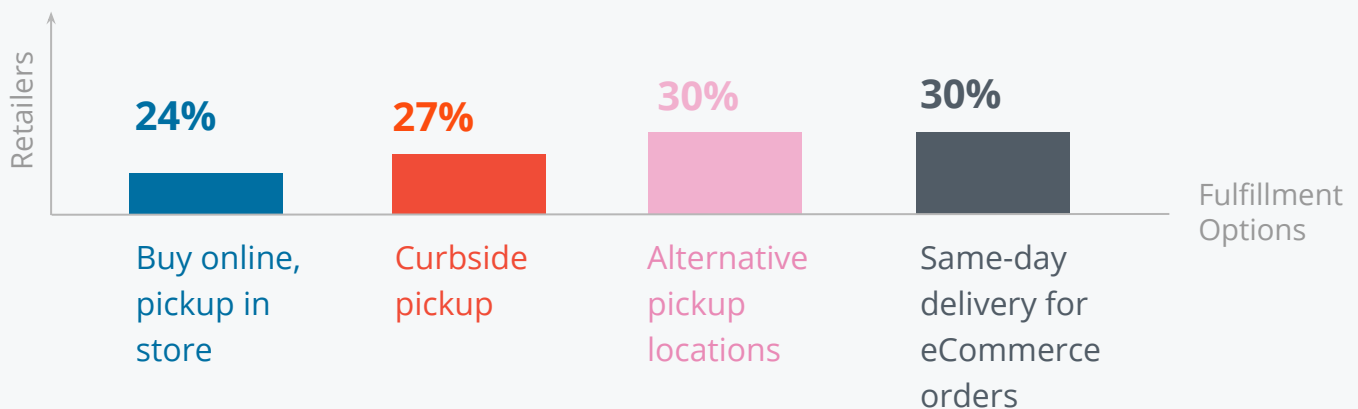
Saved with automation

# 2021 Priorities: Optimizing for Cost, Speed, and Sustainability

## In-store returns are on the rise

eCommerce shopping habits, including batching (buying the same item in multiple sizes) and impulse buying, are driving up the rate of returns. Given this, it is no surprise that buy-online, return-in-store is one of the fastest-growing fulfillment models; over half of the 61% of retailers who currently offer BORIS added it since the advent of Covid, and another 27% plan to add it within the next 6-12 months.

## Planned fulfillment options to be added within the next 6-12 months



## Differentiate through alternative fulfillment

Now that ordering online has become an ingrained habit with a large percent of consumers, retailers are looking to differentiate in 2021 through their fulfillment channels. More than 1 in 4 retailers plan to add curbside pickup, BOPIS and alternative pickup locations in the next 6-12 months.

## Same-day delivery will become the status quo in 2021

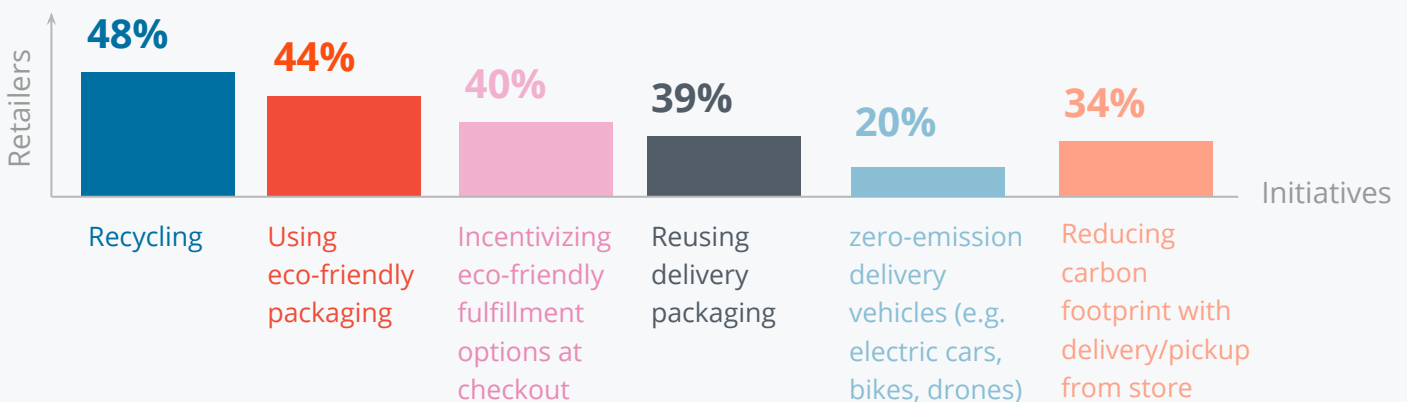
While retailers may choose to incentivize the more cost-effective fulfillment models (see above), they will also prioritize offering the most in-demand services, including same-day delivery and buy-online, return-in-store.

Fully 1 in 3 retailers plan to add same-day delivery services in the next 6-12 months. Including the 38% of retailers who already offer same-day delivery, this means that two-thirds of retailers plan to offer same-day delivery by the end of 2021. Retailers who have not created the infrastructure for same-day delivery by next year may find it difficult to retain customers looking for a fast, convenient delivery option. The question retailers should be asking is not whether to offer same day delivery, but how to implement it affordably, how to launch quickly enough to grab market share, and how to coordinate it efficiently as part of an omni-channel approach.

## Sustainability is a top priority for retailers

Reducing fulfillment costs is a strong driver of sustainability initiatives, with 40% of retailers working to incentivize eco-friendly fulfillment options (e.g. free pickup in store vs. paid delivery, or 5-day delivery vs. same day) at checkout.

### Sustainability initiatives underway in delivery operations



## Competing with Marketplaces

Retailers with brick-and-mortar presence in neighborhoods have a concrete advantage over pure eCommerce marketplaces in terms of fast fulfillment, and they know it. Expect stores and hyperlocal fulfillment to become an increasingly large part of retail's last mile fulfillment channels, with 34% working to reduce carbon footprint via ship from store and pickup from store. 20% are working to take this further with zero-emission delivery models that may include bikes, autonomous cars, and drones.





# Scale Up and Optimize, Fast.

Bringg helps retailers scale up and optimize fulfillment services to meet increased eCommerce demand with consistent omnichannel experiences.

Our data-led delivery and fulfillment cloud platform enables new fulfillment and delivery models that maximize customer satisfaction, optimize operations and scale up your business.



**Power New Business Channels**



**Deliver Exceptional Experiences**



**Drive Logistics Efficiency**



Scale up and optimize your delivery and fulfillment operations

learn more at [www.bringg.com](http://www.bringg.com)



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