

EXCEEDING CUSTOMER EXPECTATIONS

THERE ARE MANY fulfilment issues faced by retailers today. The biggest challenge – which encompasses a wide spectrum of related issues – is the provision of a service that is above all convenient to the consumer.

Whilst it was acceptable a few years ago to place an order, wait almost a week for it to be delivered (usually in a large brown box at a time when there was no-one at home to receive the parcel) and then have to collect it from the local courier depot only to find some items missing, consumers now expect a delivery to be on time, at a time that is right for them, in full and in pristine condition.

The economic environment, consumers' propensity to switch retailers and the swifter word-of-mouth networking through social sites makes this even more important this year, at Christmas and as a basis for growth once the end of the recession is reached.

HOLISTIC APPROACH

Facing up to this challenge requires careful examination of the whole process from inventory through to product returns and asset recovery.

Inventory - Retailers often fulfil orders from a central fulfilment warehouse; some use a traditional replenishment method within their existing warehouse, some from a high street store and some use their supplier to ship direct. Regardless of which method is employed, retailers can suffer from inaccurate levels of inventory resulting in orders being unfulfilled and the consumer being told at the point of despatch or the point of delivery (neither of which is acceptable in the consumer's eyes).

Delivery - The expectation starts when the customer exits the checkout and receives confirmation of their order. At this point the speed of order to the point of delivery is key. There are now many flexible delivery options available when placing an order and irrespective of which delivery option has been chosen, the customer has made a choice for a reason that suits them, so that is the service they expect to receive.

Condition of Goods - Whilst every effort has been made to ensure the goods have been delivered to the consumer at a time and place that is suitable to them, it will be wasted if the presentation of the

Mark Mearns, Head of E-Fulfilment at Unipart Logistics, explains some of the issues facing online retailers today as they ensure the basics are right in order to expand the fulfilment offering.

goods upon delivery is less than satisfactory. It is no longer acceptable to put a £300 dress in the bottom of an oversized brown cardboard box, fill the void with scrunched up brown paper and hope that the dress does not get creased.

Packaging - Whilst most people shop online for choice and convenience, the whole transaction from start to finish must be viewed as an experience (similar to that of traditional high street shopping). When the consumer opens their parcel, they don't want to be inconvenienced by having to find a knife, breaking their nails getting into a heavily sealed box, having brown tape stuck to them or trying to match the codes in the packing list to the goods in the parcel.

Consumers now want to be presented with their purchase in a neatly packed parcel, in a logical sequence with an easily obtainable invoice or packing list that makes sense. It is also important that any instruction on returning the product is included and easily understood

Returns - The growing numbers of returns is a problem for the retailer and is expected to increase in line with the growth of online retailing and the decline of the high street. Items are returned for various reasons; often the product is not suitable and can be resold. Goods are returned as damaged or may have been deemed as used. This raises a question of "no questions asked" customer loyalty. Processing returns is expensive and as retailers increasingly offer free returns or credits on future orders it puts pressure on other retailers to compete. It also increases the overall level of returns.

INNOVATE TO DIFFERENTIATE

With the basics in place and scalable to meeting rising demand at peak times, more innovative offerings can be implemented as value adds or service differentiators. ►



Free delivery over a certain purchase threshold - Some retailers are now finding that consumers are ordering a large basket to obtain free delivery and for retailers offering free returns, the consumer is sending the most expensive item back, using this loophole to obtain free delivery on a lower basket size. This purchase threshold is likely to decrease this Christmas as fierce competition for market share increases.

Variable delivery options, multiple delivery and collection streams - Convenience is king... Traditionally the carriers operate their delivery service at a time when most consumers are at work resulting in a card being delivered though the door. Retailers are now offering their customers multiple delivery choices, (next day, named day, same day, AM/PM etc) with options to change the delivery choice en route via the use of SMS. Some employers have put policies in place to prevent deliveries arriving at reception for staff. It is now possible using services such as drop boxes and drop & collect points to have the order delivered close to a place of work ready to collect on the way home. This works equally well for students in residence.

Later cut-off points for ordering - To gain an extra advantage, retailers are pushing their daily order cut-off points towards the end of the working day whilst still enabling the same guaranteed delivery performance to the consumer. Over the last few years the guaranteed next day delivery cut-off point has moved from around 2pm to around 6pm. Whilst pushing the cut off time to 6pm does demonstrate capability, it does not necessarily yield the same revenue as the lunch time trading hours. The next challenge is to push the cut off time further to 8-9pm to pick up sales from the evening spike.

Free return options - Whilst the UK falls behind the US when it comes to understanding how the returns process fits within the overall buying cycle, UK retailers are now starting to understand that the returns experience is as important as the purchasing and fulfilment experience. Some

retailers still expect their customers to pay to return their goods or be inconvenienced by the process. There are other retailers that are embracing the challenge. An exceptional returns experience is more likely to lead to customer retention due to the knowledge that a mispurchased item can be easily rectified or replaced. This becomes even more important with pressure on reducing the purchase to delivery time.

Yes, returns processing is expensive but it's an inevitable by-product of distance selling. Reducing the amount of returns and redundant stock will ultimately reduce your costs and returning customers provide valuable data. Use this data to analyse the reasons for returns, act upon the results and ensure you adopt tighter controls within your Warehouse and Inventory Management Systems.

The process of dealing with returns should be quick, painless and as cost effective as possible. The consumer should be kept informed throughout the process and the speed to credit or replace is the key to success ensuring a "returns customer" is a "returning customer".

Recovering the asset value of returned and redundant stock. A good partner will be able to identify the best possible route for disposal and cash generation. Consider an asset recovery partner that will protect your brand (if this is important to you) or will not cause a cannibalisation of sales. Adopt a win-win scenario with your partner to maximise any incentives.

In terms of online sales, multi-channel retailing and the take up of broadband over the last few years we are at the "end of the beginning" of a retailing revolution. This will become more evident as the UK moves out of recession, confidence is restored and an appetite for investment returns. Retailers must ensure that their logistics and fulfilment capabilities are ready to catch the wave, as and when the upturn arrives by meeting and exceeding, customer expectations now. ■