

Home shopping is a lifesaver for busy people, but only when receiving the goods is as convenient as the ordering process itself. But while breaking delivery promises has been much lamented in the past, now the fulfilment Holy Grail is not getting products on the road but delivering them effortlessly to people's doors. It's the last mile that counts.

The scramble to get it right has seen a flurry of activity by firms eager to be first to offer unparalleled delivery excellence. Supermarket chain Waitrose, for example, recently acquired a 40 per cent stake in delivery specialist Last Mile Solutions. This, despite a report by Merrill Lynch that it still costs between £15-£24 to fulfil and deliver orders – much more than the average £5 supermarkets are currently charging.

The last mile presents everyone from the retailer to the carrier with a challenge: how to ensure first time delivery with minimum fuss. For the mailing and fulfilment houses particularly, the stage has been set to see if they can offer the best last mile solution first.

Just last month, iForce claimed a major contract to work with John Lewis with last mile delivery very much in mind. Chosen to support its October-launched site *johnlewis.com*, iForce is responsible for John Lewis's 48-hour and Saturday dispatches as well as providing a two-man specialised delivery for very heavy items. As the website service rolls out over the next couple of months, John Lewis will keep its eye on customer demand for other delivery options.

Mike Trenouth, iForce's group commercial director, believes consumers

# THE LAST MILE

Home delivery at a convenient time and at little added cost is a challenge for retailers which are looking to fulfilment firms for solutions *By Melanie May*

are crying out for more flexible delivery. "Fulfilment in the e-commerce marketplace has been pretty shoddy," he says. "There is a huge demand for last mile solutions."

The raising of the stakes has not gone unnoticed by fulfilment houses either. Stewart Oxley, associate director of business development at fulfilment house *prolog.uk.com*, says he has

noticed a much greater demand for it: "People are waking up to the fact that they have to offer customers options." The demand has seen Prolog begin an after dark service with Parcellforce. "Of our 12 largest B2C mail order operations, at least six are looking at options outside of normal hours," he says.

Second guessing what new demands will be is big business. In response to similar requests, Consignia is also increasing its services. "Customers are demanding a higher level of convenience," says Nigel Moore, Consignia's marketing director of home shopping. "We have rescheduled so that business deliveries tend to be daytime while residential deliveries are shifting towards the evening." A year ago, Consignia launched its evening service with Parcellforce Worldwide. Originally offered between five and nine pm, it is now between six and nine pm to reduce waiting times.

In addition, Consignia is experimenting with delivering to alternative, pre-arranged locations. July saw the launch of Local Collect, which allows consumers to choose delivery direct to a Post Office branch when they order from a retailer signed up to the service. Alternatively, they can have goods delivered to a Post Office if they're out.

Investment in last mile solutions isn't just confined to Consignia. Mailing and fulfilment house Reality is one of a small number leading the way with secure delivery codes. Working with the Book Club Association it uses these codes to tell carriers where the customer wants the delivery taken in their absence. Eddie Bentley, Reality business development director, says:

## Consignia

Consignia's Local Collect offers delivery to a Post Office branch when customers order from a retailer signed up to the service. It also offers evening delivery through Parcellforce.



## John Lewis

When *johnlewis.com* was launched, iForce was the chosen fulfilment partner, which enables the retailer to offer customers a variety of delivery options including a two-man service for big items.

## Reality



Mailing and fulfilment house Reality offers its clients a range of delivery options. These include evening and weekend delivery but as a fall back, should no one be in to receive the package, it uses secure codes. Pre-arranged with the customer, these codes tell the carrier where the customer wants the delivery taken to in their absence, for example to a neighbour. Reality is also experimenting with Spar convenience stores as drop off points for deliveries. Like Consignia's Local Collect scheme, customers can specify that they would like their order to be delivered to their local Spar shop where they can pick it up at their convenience. The trial is currently Scotland-based, mainly around the Glasgow area.

Bybox. Moore says: "We are trialling different boxes to see how much consumers want them. The other test is will they buy more because of a convenient delivery and will it reduce costs?"

The latter is the big question. If carrier costs are passed to retailers and customers, both parties may think again.

The big bonus for drop box systems is enabling deliveries to be made first time. Homeport is one such system. Mark Lunn, Homeport's marketing director, says: "Supermarkets offer timed deliveries but the route vans take make it very inefficient. Homeport enables you to plan routes more carefully." With Homeport, customers have a locking device permanently attached to an external wall. Aluminium boxes are attached to the Homeport by a steel cable when a delivery is made. As Lunn explains: "If the delivery van gets to the house and no one's in but there's a Homeport, the driver can just take a box out of the van and plug it in." Each Homeport has three holes for up to three deliveries, which means one Homeport can be shared by different households – handy for blocks of flats.

"This is logged on file and if no one responds we resort to the secure delivery code." It is also working with Spar convenience stores to test using shops as a drop off point. The trial is Scotland-based and is being closely watched.

"Although we ultimately have to deliver things to the home," admits Bentley, "we don't want to go down the same street three times a day. People

don't want to pay more for deliveries."

The alternative to shops or Post Offices are drop boxes. These are being trialled in the UK by a number of retailers. Schemes vary from boxes attached to the sides of houses to locker-style boxes in public places.

Consignia is trying out drop box schemes with system providers Bearbox, Homeport, Delivery Point, 3S and

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Sainsbury's is just one retailer currently trialling Homeport, choosing it for its ability to handle large volumes of groceries and the provision of up to 12 hours of temperature control for chilled and frozen food.

Security is obviously an issue with something left outside a house. To prevent theft each customer has a smart card which releases only their lock, and the deliverer cannot reopen the box once it has been plugged in.

Homeport competes with a similar scheme called Bearbox, again easily removable boxes that are attached to the customer's house via an expandable steel bolt with the door secured by an electronic lock. Here, however, PIN numbers are used for security reasons. These codes enable the carrier to open the box to make the delivery and expire on use. This means that no one else can use a code that has already been used to open a box.

Just how successful these solutions will be is being questioned by some fulfilment specialists. David Wells, director of SR Communications, says: "A different PIN number is all very

#### Bearbox

The Bearbox is an intelligent home delivery box which anyone can deliver to with the owner's permission. It is wirelessly linked to the BearBox management centre, which schedules deliveries and issues a unique PIN code for each delivery which expires on use. Once delivery has been made, the consumer is notified via email or SMS. Boxes are made of a composite with a steel inner cage, and attached to the consumer's wall with an expandable steel bolt. Presently available in one size, subsequent models will be a variety of sizes, as well as refrigerated or ambient. It is currently being used by Boden, Tesco, and madaboutwine among others.



well," he argues. "But how does it work if there's more than one delivery in a day? Something could go missing." In addition, while Homeport is charging the consumer nothing, and retailers £1 per delivery, longer-term there may be a subscription fee.

Despite the scepticism, James Bates, marketing director of Bearbox, believes there is a strong market for this type of system, but that there is an adoption period for this product type.

And the the crux of the last mile issue is delivering first time at a competitive and acceptable price to both consumers and carriers. "In terms of going the final mile, it's all about giving people other alternatives," says Wells. No solution is going to suit everyone; it's more a case of choosing the right one to suit all parties. As Consignia's Moore sums up: "There are different ways of approaching the problem with more than one solution." ■

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