E-BOOK

Multicarrier Delivery Networks With FarEye

Why shippers are expanding and diversifying their carrier networks, and how technology plays a critical role

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Introduction

▶▶▶ **Retailers are the backbone of e-commerce. But logistics carriers are the backbone of last-mile delivery, which facilitates e-commerce. Each relies heavily on the other for business success.**

In today's dynamic e-commerce market and concentrated carrier landscape, retailers find themselves over relying on one or two logistics carriers for the crucial last mile of delivery. This poses increased risk, unmanageable costs and lackluster customer experiences. However, as new carrier models and technology emerge, retailers can now more easily develop multicarrier delivery networks to execute their deliveries, selecting the best-suited carrier for each delivery based on various factors such as cost-effectiveness, environmental impact, and delivery speed, among others.

This more diversified multicarrier model not only opens doors to enhanced operational efficiency but also paves the way for superior customer satisfaction, propelling retailers to thrive in a competitive market landscape.

But creating and managing such networks can quickly become complicated.....

The Carrier Process

▶▶▶ Parcel carrier networks are systems that help deliver packages from one place to another efficiently and reliably. Think of them as a complex web of interconnected routes and services that ensure parcels get to their destinations.Shippers often rely on these networks to facilitate their e-commerce businesses, which have exploded in recent years and will continue to grow. Global parcel volumes are set to double by 2026.

Here's a simplified stepwise explanation of how parcel carrier networks work:

Pickup:

When an online order is made, shippers schedule a pickup with the parcel carrier. This can be done manually or automatically, depending on the tools and parcel volumes the shipper has.

Transportation:

After sorting, the package is loaded onto various modes of transportation, such as trucks, vans or even bikes. The carrier chooses the most efficient and cost-effective routes to move the package toward its destinations.
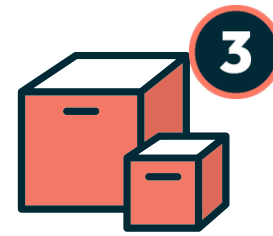
Sorting:

Once the carrier picks a package for delivery, it is taken to a sorting facility. Here, packages are organized based on their destinations. Sorting machines, scanners, and human workers help categorize and label each package with its destination address.

Hubs and Facilities:

Carriers have hubs and facilities strategically located in different regions. These serve as distribution centers where packages are transferred between different vehicles and sorted again based on their next destinations.

Last-Mile Delivery:

Finally, the package reaches the local distribution center closest to its recipients' address. From there, the carrier's delivery drivers take over and deliver the packages to the recipient's doorstep.

Returns:

Not every parcel delivery is loved by the end consumer. In fact, it is estimated that 30% of all online orders are returned. Shippers rely on carriers to complete online returns in many cases, which can be a costly and difficult operation to orchestrate.

The Complex Shipper-Carrier Relationship

Although the carrier process may seem straightforward, when retailers need to ship e-commerce orders, they interact with parcel carriers through a complex series of steps to facilitate the shipping process. Here's a quick overview of how retailers typically engage with carriers:

Carrier Selection:
Retailers evaluate and select one or more parcel carriers to partner with for their shipping needs. This decision is based on factors like the carrier's service offerings, pricing, reliability, and coverage area.

Integration:
Retailers integrate their e-commerce systems (such as online platforms or order management systems) with the carrier's shipping software or application programming interface (API). This integration allows seamless communication between the retailer's system and the carrier's system for order processing and label generation.

Order Processing:
When a customer places an order on the retailer's website, the retailer's system captures the relevant order details. This information includes the customer's address, the items ordered, and any special shipping instructions.

Rate Calculation:

The retailer's system sends the order details to the carrier's system via the integrated API. The carrier's system calculates the shipping rates based on factors like package weight, dimensions, destination, and the chosen service level (e.g., next-day, same-day, scheduled, etc.).

Label Generation:

Once the shipping rate is determined, the carrier's system generates a shipping label with a unique tracking number. This label is typically in a printable format and contains the retailer's and customer's address, tracking information, and barcode.

Package Handover:

The retailer prepares the package for shipping, affixes the generated shipping label to the package, and hands it over to the selected carrier for pickup or drops it off at a designated location.

Tracking and Notifications:

The carrier's system tracks the package as it progresses through the carrier's network. The retailer's system can also retrieve this tracking information via the API and provide it to the customer, enabling them to track their package's status. The retailer may send automated notifications to the customer, informing them about the shipment, tracking details, and estimated delivery date.

Customer Support:

In case of any issues or inquiries related to shipping, the retailer interacts with the carrier's customer support or dedicated account representatives to address concerns, resolve problems, or obtain additional information.

It's important to note that the specific interactions and processes may vary depending on the retailer's size, systems, and the level of integration with the carrier. However, the overall goal is to establish a streamlined flow of information and collaboration between the retailer and the parcel carrier to ensure efficient and accurate shipping of e-commerce orders.

This can be challenging enough for shippers using only a few carriers. But when multiple carriers are used, managing delivery networks gets a bit trickier.

The Problem of Using One or a Few Carriers

Relying solely on a few carriers for shipping can present risks and limitations for retailers. While it may seem convenient to manage fewer carriers, it can result in certain drawbacks. One potential risk is limited coverage. Different carriers have varying reach, and by relying on only a few, retailers may face challenges in delivering packages to certain regions or remote locations, which can negatively impact customer satisfaction and sales opportunities.

Another risk is service disruptions. Carriers may encounter operational disruptions due to factors like demand surges, labor strikes, or technical issues. In 2021 for example, many carriers limited shipping volumes for major retailers due to limited capacity. If a retailer relies solely on a limited number of carriers and one of them faces a service disruption, it could lead to delays or an inability to fulfill orders, resulting in dissatisfied customers and potential revenue loss.

On the other hand, using multiple carriers can bring numerous benefits. Firstly, it provides broader coverage. By partnering with multiple carriers, retailers can expand their delivery capabilities and reach more destinations, ensuring that customers in various regions can be served efficiently.

Secondly, it offers flexibility and redundancy. When working with multiple carriers, retailers have the freedom to switch between carriers if one is unable to meet specific requirements or experiences service issues. This flexibility allows them to maintain smooth operations and mitigate the impact of any disruptions that may occur.

Having multiple carrier partnerships enables retailers to access competitive pricing and negotiate better rates. By comparing prices and terms from different carriers, retailers can secure favorable shipping rates, leading to cost savings and improved profitability.

Additionally, diversifying carrier partnerships exposes retailers to a range of shipping options, service levels, and technological innovations. This allows them to offer customers various shipping choices, such as standard, expedited, specialized and sustainable services, enhancing the overall customer experience.

Using multiple carriers creates more flexible and efficient delivery networks. And with current technology, multiple carrier networks are easier than ever to implement, and shippers are poised to continue diversifying their parcel carriers in the coming years.
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Shippers Are Diversifying Across Multiple Carriers
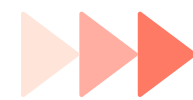
Because of the limitations and risk associated with relying on a single or a few carriers to conduct last-mile deliveries, shippers today are outsourcing their delivery networks across various carriers and fleet types. This increases network efficiency and flexibility, but can be more challenging to manage.
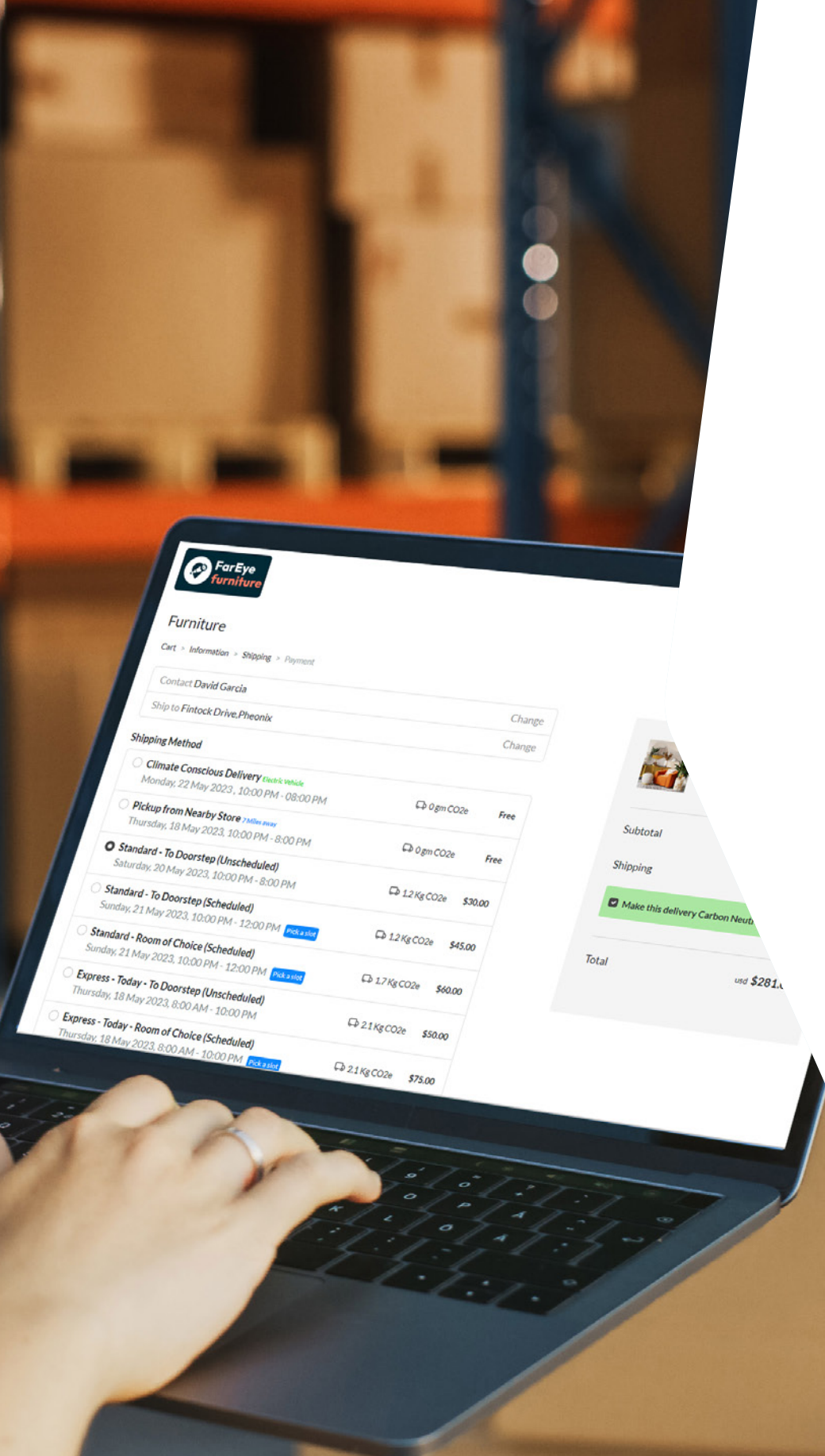
Fleet Types Retailers Use for Last-mile Delivery Today
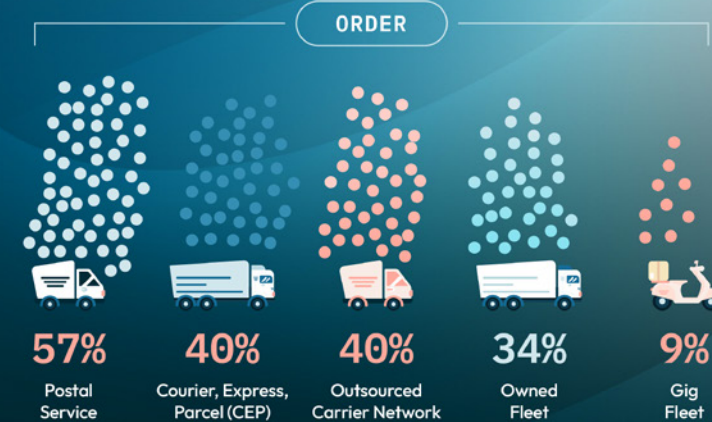
57%
of retail last-mile delivery networks have become more outsourced in the past 5 years

ORDER

59%
of retailers anticipate their last-mile delivery networks to become more outsourced in the next 5 years

57%	40%	40%	34%	9%
Postal Service	Courier, Express, Parcel (CEP)	Outsourced Carrier Network	Owned Fleet	Gig Fleet

Retailers today are expanding and diversifying their delivery networks, making use of a variety of last-mile logistics providers from postal services to hyperlocal gig-fleets.

With expanded carrier options, retailers are able to offer faster and more flexible deliveries while ensuring increased capacity when they need it.

Retailers Outsource Deliveries for Speed, Flexibility

Benefits retailers have with outsourced delivery networks, % claiming:

64% FASTER DELIVERY	**46%** FLEXIBILITY	**43%** INCREASED CAPACITY	**37%** REDUCED COST	**36%** SCALABILITY

FarEye Retail and Logistics Survey. November 2022. n=194 retailers in U.S, EMEA and APAC.

But Retailers Need More Control

Challenges retailers have with outsourced delivery networks, % claiming:

- High cost — 60%
- Inaccurate tracking — 40%
- Lack of reliable information from carrier — 33%
- Poor quality and customer service — 30%
- Insufficient capacity — 29%
- Lack of customization — 26%
- Lack of standardization — 17%

84%

of retailers claim their organization needs more control of their outsourced delivery networks than they currently have

FarEye Retail and Logistics Survey. November 2022. n=194 retailers in U.S, EMEA and APAC. 'Outsourced delivery networks' include use of postal service, CEP, outsourced carriers and gig fleets.
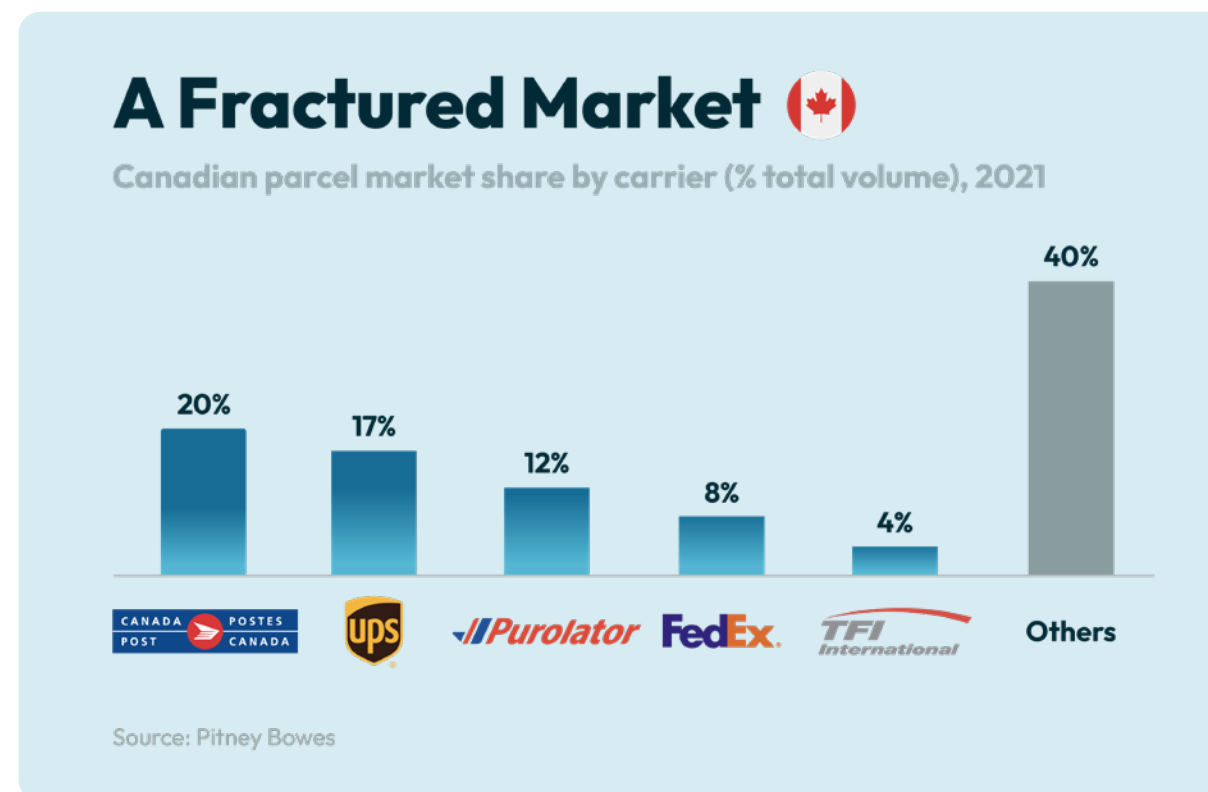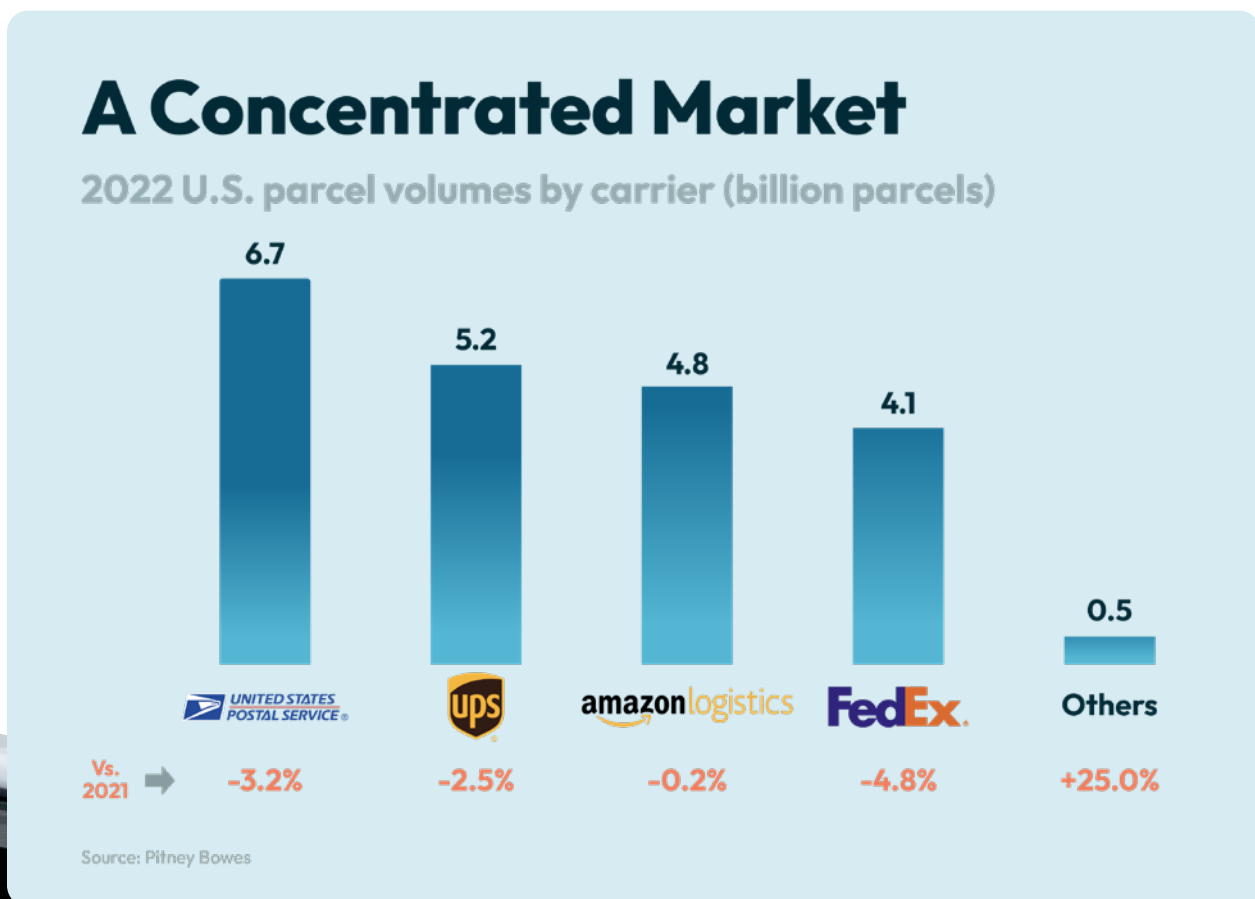
However, retailers acknowledge that outsourcing and diversifying their logistics providers comes at a cost: retailers lose sight and control of their delivery orchestration, which in turn can affect customer delivery experiences.

U.S. Market Focus

In the U.S, the parcel carrier market is concentrated among four key players. There is, however, a growing subset of smaller carriers. Retailers must be able to efficiently allocate between all carriers to operate most efficiently. And this is especially true when options are limited.

Canada Market Focus

In Canada, contrary to the U.S, the parcel carrier market is more fragmented, resulting in a more competitive carrier market and a more diversified market for shippers. Retailers have more carriers to choose from, creating an opportunity for multi carrier allocation technology to create more efficient delivery networks.

A Concentrated Market

2022 U.S. parcel volumes by carrier (billion parcels)

Carrier	Volume	Vs. 2021
UNITED STATES POSTAL SERVICE	6.7	-3.2%
UPS	5.2	-2.5%
amazon logistics	4.8	-0.2%
FedEx	4.1	-4.8%
Others	0.5	+25.0%

Source: Pitney Bowes

A Fractured Market 🍁

Canadian parcel market share by carrier (% total volume), 2021

Carrier	Share
CANADA POST / POSTES CANADA	20%
UPS	17%
Purolator	12%
FedEx	8%
TFI International	4%
Others	40%

Source: Pitney Bowes

Multicarrier Networks Can Be Challenging

▶▶▶ Using multicarrier networks can present challenges for shippers due to the complexity involved in managing multiple carrier relationships and coordinating logistics across different service providers. Shippers must navigate varying shipping rates, service levels, tracking systems, and operational processes for each carrier. Integrating and maintaining compatibility between their own systems and those of multiple carriers requires significant technical expertise and resources. Coordinating pickups, deliveries, and handling exceptions across different carriers can be time-consuming and logistically demanding. Additionally, effectively monitoring and optimizing performance across multiple carriers to ensure consistent service quality and cost-effectiveness requires careful analysis and management.

With current technology, however, multiple carrier networks are easier than ever to implement, and shippers are poised to continue diversifying their parcel carriers in the coming years.

Key Challenges At a Glance:

Network Management

Rate Management

Label Generation

Tracking and Visibility

Payment

Monitoring Carrier Performance

Returns

Cross-border Trade Compliance

These challenges can impact businesses negatively in a few critical ways:

High cost per delivery

Limited shipping options at checkout

High cart abandonment rates

Poor customer delivery experiences

Lack of carrier data and insights

Manage Multicarrier Delivery Networks with FarEye

With FarEye, developing and managing a multicarrier delivery network is easy. Shippers can expedite their dispatch processes and improve e-commerce economics significantly through efficient multicarrier partnerships, and ensure customer satisfaction by offering multiple delivery options at checkout. They can choose the right carrier by factoring in different parameters that include serviceability, fleet size, delivery volume and several such considerations through automated carrier selection.

In doing so, shippers and carriers can work more efficiently together, reducing friction between parcel supply and demand. For shippers, this translates into greater delivery network flexibility, reduced delivery costs, and enhanced customer delivery experiences.

Expand Carrier Networks

Onboard new carriers with ease and allocate orders based on constraints such as speed, cost, serviceability, carbon emissions and more. Tap into a pre-built network of over 1,000 CEP providers.

Connect Multicarrier Delivery Networks
Efficiently manage all of your delivery service providers on one platform. Integrate with carriers with a single click and communicate with them seamlessly.
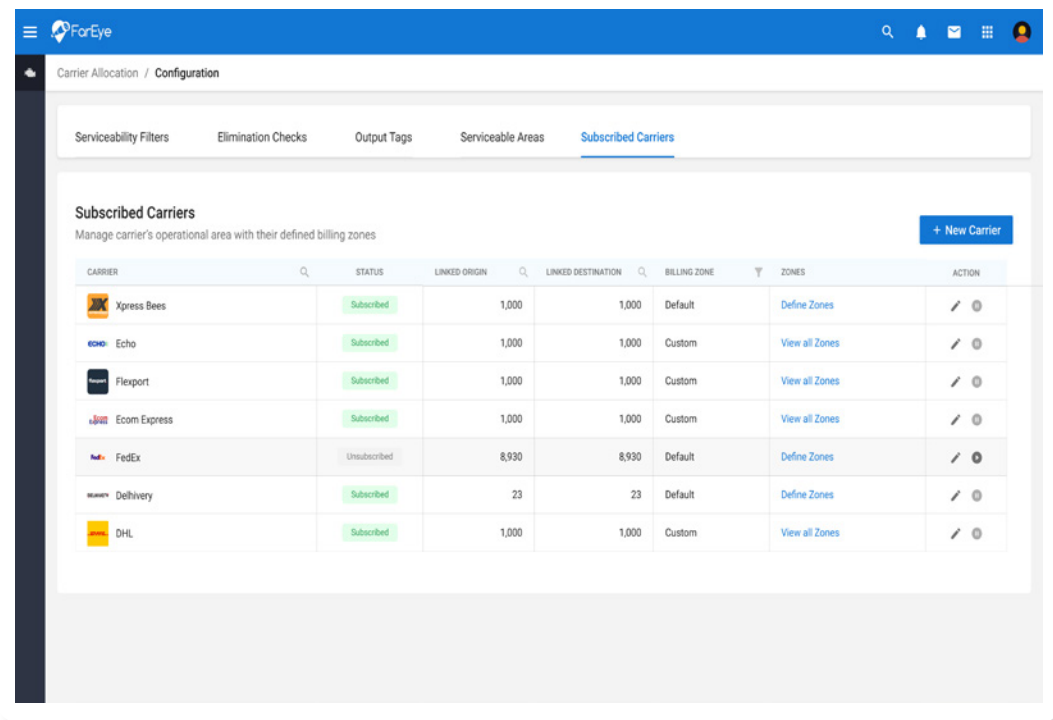
Offer Extensive Delivery Choices
Expand service offerings with next-day, curbside, scheduled, hyperlocal, window-based, and reduced emissions deliveries - put yourself ahead of your competitors with an extensive range of delivery options at the time of checkout.

Optimize Carrier Capacity
Achieve optimum carrier utilization by factoring in constraints like delivery speed, NPS, cost, serviceability, and more. Simplify multi-carrier deliveries by automating carrier selection.

Increase Order Processing Speed
Leverage pre-built integrations with order management systems and print shipping labels quickly for faster order processing. Define custom shipping documents to generate automatically, and ensure 100% carrier compliance to reduce exceptions.

Automate, Optimize Carrier Rate Management
Automatically shop rates from multiple carriers in real time,optimizing selections based on defined business rules for cost, speed, sustainability and more. Negotiate better contracts with volume-based discount calculations and reconcile carrier invoices against agreed-upon rate contracts.
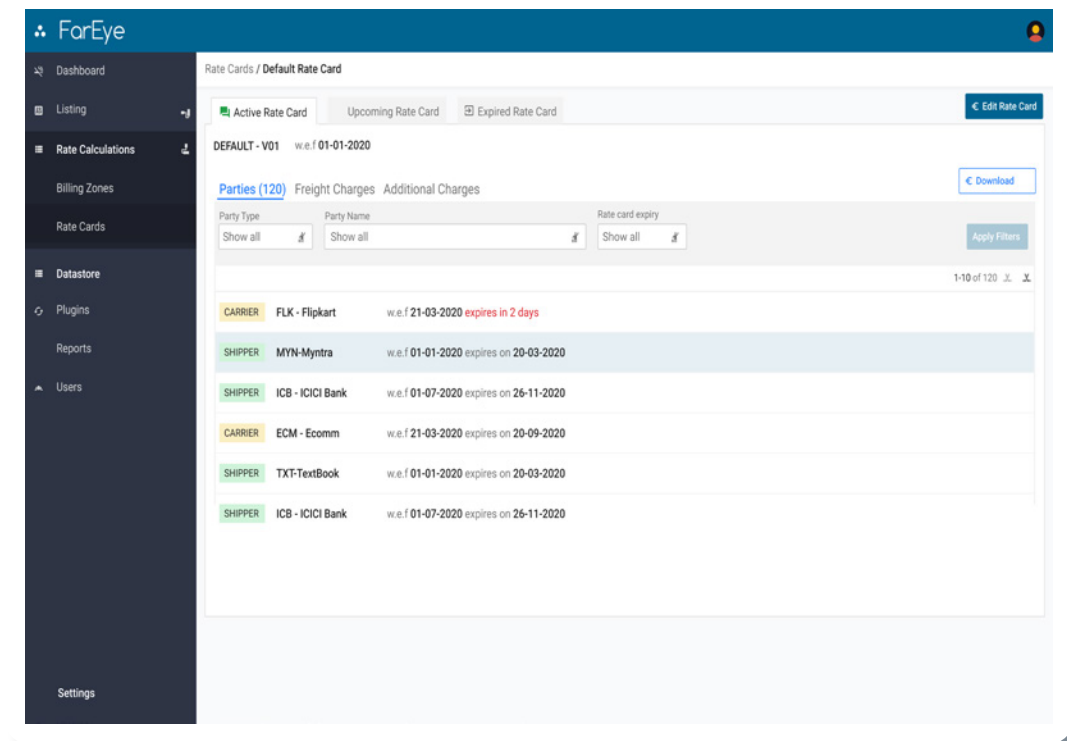
## Enhance Customer Delivery Experiences

Give customers more choice and flexibility with expanded shipping options at checkout. Provide predictability to end customers before purchase through in house estimated time of delivery (EDD) models and keep them updated with real-time carrier updates with branded tracking links.

Measure Performance

Effectively track the health and performance of both external and internal APIs with end-to-end visibility. By monitoring real-time carrier performance and benchmarking against market standards and contract SLAs, businesses can identify areas for improvement and optimize operations and allocations for future deliveries based on comprehensive analysis of performance data.

Gain Complete Network Visibility

Implement a multicarrier visibility control tower to achieve end-to-end visibility, exception management, collaboration, and proactive monitoring. With real-time parcel visibility, proactively monitor parcels at risk and utilize data models to predict estimated delivery dates and times, leveraging historical delivery performance by carriers for enhanced accuracy and customer satisfaction.
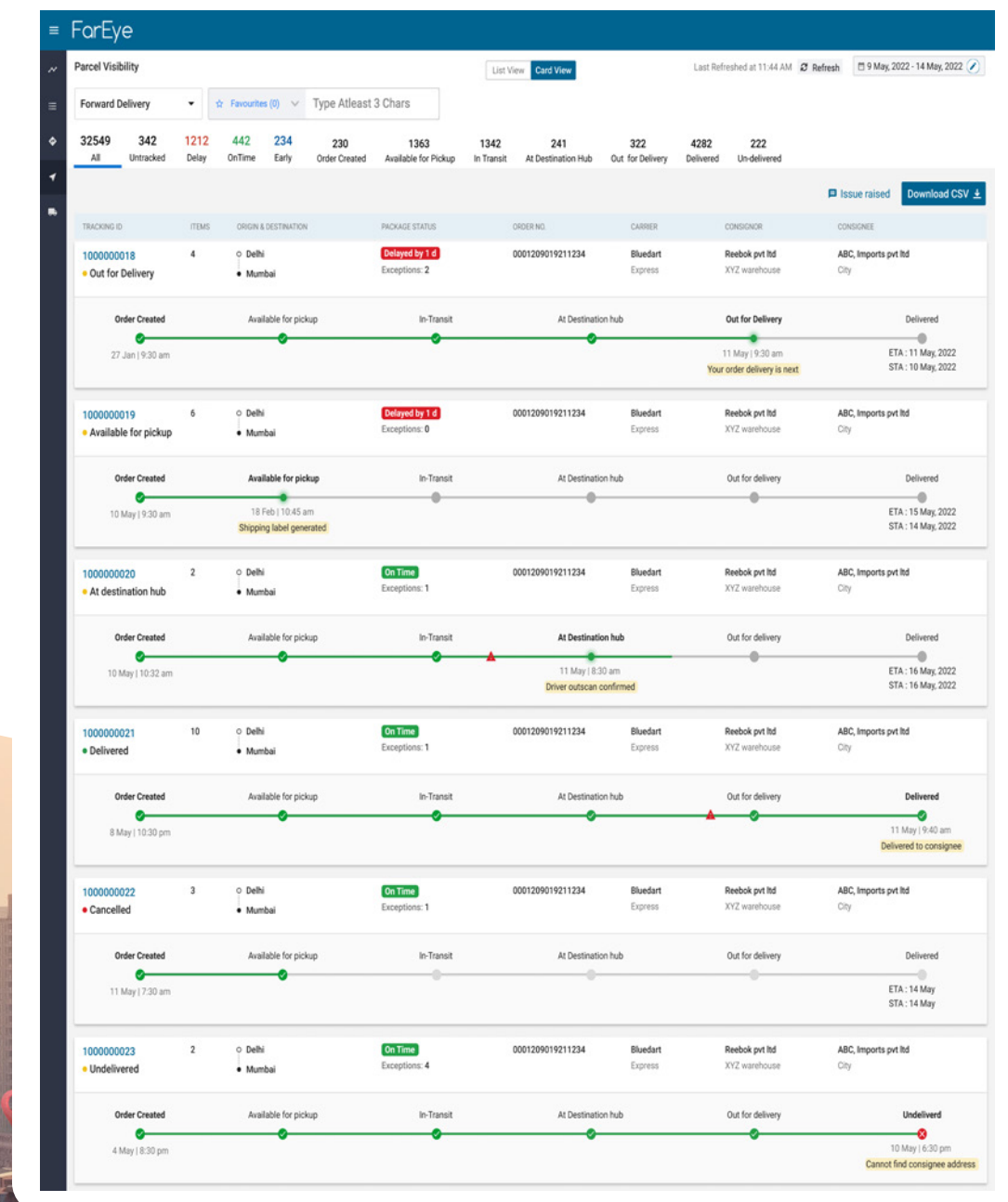
FarEye Delivery Partner Network

FarEye's last-mile carrier network helps you match the right carrier to every delivery at the lowest cost, regardless of location or delivery preference. Our network enables you to quickly introduce new delivery offerings and provide consistent service no matter what.

1,000+
Courier/Parcel/
Express Carriers

30k+
Long Haul
Carriers

10 Million+
Average Parcels processed
in a Month through FarEye

50+
Same Day/Next
Day Carriers

30+
Big & Bulky, White
glove Carrier

2 Mn+ Riders
Through Delivery
Services Partners

Ocean Carriers
110+

Rail Carriers
650+

Air Cargo Carriers
100+

Customer Success

Organizations across industries and world regions have partnered with FarEye to develop and efficiently manage multicarrier delivery networks. In doing so, they are reducing cost per delivery, reducing risks and reliance, and creating better delivery experiences for their customers.

Customer partnerships with FarEye highlight multicarrier success:

A Leading Healthcare Company
- Expanded within 14 markets through 31 carrier partners
- Significantly improved OTIF delivery rate
- Enabled digital proof of delivery and assisted in SLA management year over year

A Global Retailer
- Automated rate shopping across 6 carriers and reduced labor required
- Improved first time delivery rate, higher than the industry average in the region
- Reduced shipping cost through optimal carrier load balancing recommendations

A Regional Retail Leader

- Aggregated with 15 carriers across its region of operations
- Improved the on-time delivery rate to 97% with proactive parcel tracking
- Reduced customer WISMO enquiries by 60% through live tracking and self-serve options

A Luxury Retailer

- Managed deliveries through 6 carriers, 4 merchants and 500+ driver partners
- Increased shipping volume by 50% while delivery costs increased by only 20%
- Reduced customer WISMO enquiries through live tracking and self-serve options

> " Delivery can no longer be an afterthought but is a core business advantage and the key to consumer satisfaction and loyalty. We have been working with FarEye to improve visibility throughout the order-to-delivery process and monitor our 3PLs and last-mile partners' performance to ensure timely deliveries "
>
> **Sanjeev Suri**
> SVP Global Omnichannel Logistics & Customer Services, Amway

About FarEye

FarEye's Delivery Management platform turns deliveries into a competitive advantage. Retail, e-commerce and third-party logistics companies use FarEye's unique combination of orchestration, real-time visibility, and branded customer experiences to simplify complex last-mile delivery logistics. The FarEye platform allows businesses to increase consumer loyalty and satisfaction, reduce costs and improve operational efficiencies. FarEye has 150+ customers across 30 countries and five offices globally. FarEye, First Choice for Last Mile.

First Choice for Last Mile.

Learn more at fareye.com