



E-BOOK

# The Last Mile Mandate



A directive for retailers, brands and carriers across the globe to achieve superior last-mile deliveries that turn the consumer delivery experience into a competitive advantage by simplifying the complex delivery process and solving the delivery challenges companies have felt for years.

# The Big Picture

## The Complex Last Mile

The last mile, sometimes not even a mile and oftentimes much more. This final leg of the e-commerce supply chain that physically connects brands with consumers is a crucial step that can make or break the consumer experience and therefore, a company's reputation and future sales. Not only is the last mile the most critical to the consumer delivery experience, it is also typically the most complex and the most expensive leg of the entire supply chain.

The complexities and added costs of the last mile arise in the form of additional variables that must be accounted for. Unlike the first and mid miles, the last mile is generally sporadic and unpredictable, with delivery destinations and timelines unknown until an order is placed. Combine that with various fulfillment and fleet types to choose from and you have a process ripe for inefficiency, delay and added risk.

For consumers, a good e-commerce delivery experience is a bit like magic: place an order from a convenient device and within days, or even minutes, the order arrives at their doorstep.

In contrast, an inefficient delivery process can turn this potential magic into a nightmare. Late deliveries, lost orders, long delivery windows and high delivery costs are each prone to compromising future sales and brand loyalty.

Getting the delivery experience right is paramount for shippers and carriers in an increasingly e-commerce-driven world. Product and price are no longer the only considerations to winning sales and delighting consumers. Delivery has taken center stage as a key factor that consumers evaluate when deciding from where to purchase.

A great delivery experience is a great competitive advantage.

## A Changing, Challenging Landscape

The world of last-mile delivery is rapidly changing. Carbon-neutral fleets, autonomous delivery vehicles, outsourced gig-fleets, hyper-local deliveries and omnichannel fulfillment methods - to name a few - are all giving consumers faster, cheaper and more sustainable delivery options. Increased variables in how, where and when deliveries depart and arrive are giving shippers and carriers alike greater flexibility but also invite even greater complexity to an already complicated process. It is imperative that shippers and carriers have the right logistics technology in place to tie these variables together to create more efficient last-mile deliveries.

Even with these advancements in delivery, the reality is that the last mile has yet to be perfected. A full 88% of consumers are still abandoning their online shopping carts due to poor shipping terms today, and nearly 10% of deliveries fail to reach their intended destination on the first attempt. There is room for improvement. Putting the right technology in place can help.

Key last-mile challenges that technology can help overcome include: routing, consumer experiences, omnichannel fulfillment, sustainability and returns. Shippers and carriers must simplify the complex delivery process and overcome these key last-mile challenges to achieve great delivery experiences.

Better deliveries amount to better companies, happier consumers and a healthier planet.



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# Introducing the Last Mile Mandate

FarEye's consumer survey conducted in June 2022 revealed that 85% of consumers will not shop with a retailer again due to a poor delivery experience.

This finding alone - despite the growth in e-commerce and home delivery, and steps retailers have made to create better consumer experiences - signifies the need to fundamentally change the way orders are delivered and returned to achieve a consistent, branded consumer experience with every purchase. In response to these persistent challenges, FarEye has developed the Last Mile Mandate as the roadmap to a superior delivery experience.

The Last Mile Mandate serves as a directive for retailers, brands and carriers across the globe to achieve superior last-mile deliveries that turn the consumer delivery experience into a competitive advantage by simplifying the complex delivery process and solving the delivery challenges companies have felt for years.

With the right delivery platform, companies can ensure every delivery in the world reaches its destination every time, on-time, accurately, efficiently and with minimal environmental impact.





The key to last-mile delivery excellence lies in five fundamental pillars that companies must address, each covering the most significant challenges of last-mile delivery and offering solutions for companies to act upon today.

1. **Logistics Complexity** – Dramatically simplify the most complicated aspects of delivery logistics
2. **Consumer Experience** – Deliver a cohesive experience from order to delivery
3. **Creating Differentiated Offerings** – Use Business Process Management (BPM) to create offerings that reflect dynamic consumer buying behaviors and speed of deliveries
4. **Sustainability** – Continuously improve the environmental impact from deliveries
5. **Reverse Logistics** – Create superior online returns experiences

We cover each of these in detail in the following chapters.





## CHAPTER ONE

# Logistics Complexity and the Last Mile

Dramatically simplify the most complicated aspects of delivery logistics

Worldwide, e-commerce sales are expected to reach [\\$5 trillion in 2022 and \\$6 trillion by 2024](#). That's more than the GDP of Germany (approximately \$4.2 trillion in 2021).

Today, more consumers are shopping online and demanding deliveries in increasingly shorter timeframes, despite continued supply chain disruptions. Companies must mitigate supply chain disruptions including weather, transportation delays and driver shortages. They must also continually adjust and adapt to increased consumer expectations. Last-mile logistics have never been more complex.

As online retail grows, companies must refine the costliest part of their supply chain - the last mile. Last-mile delivery accounts for [53% of overall shipping costs](#). Wherever consumers live, whether in dense urban centers or in rural towns far from distribution centers, they expect speedy and efficient deliveries.

Omnichannel fulfillment, which costs roughly [10% to 20% of overall sales](#) in omnichannel retail, adds another layer of complexity. With so many options for companies to deliver to consumers, they must learn how to optimize end-to-end omnichannel fulfillment with precision while minimizing last-mile cost. More brands need to redefine their order-to-delivery journey while providing flexible and frictionless order tracking and fulfillment to achieve last-mile excellence.



## How can retailers simplify last-mile delivery?

Simplifying the last mile lies in redefining delivery orchestration throughout the delivery journey. Optimizing dynamic routing, scheduling, and tracking while ensuring delivery accuracy is fundamental to a superior delivery experience.

### Companies must:

- reduce last-mile complexity by providing predictive visibility and orchestration of their routes
- unify and manage multiple carrier fleets
- optimize routes through the use of artificial intelligence (AI) and machine learning (ML)
- provide end-to-end delivery visibility to all stakeholders
- act on insights gained to manage order exceptions

Technology can help companies unify and manage multiple carrier fleets and integrate them into one system, so logging into multiple systems to view carrier status is no longer necessary. This creates a simplified way to gain knowledge of all the fleets utilized by a brand, whether owned or not.

Technology that includes AI and ML can factor in traffic patterns, weather and road conditions to create dynamic routes with optimal efficiency. AI and ML can also analyze past performances of delivery routes and suggest predictions for efficient routing. Optimizing delivery routes through the use of technology creates flexible and efficient routes, which translates to cost savings.

## How can real-time visibility help?

Providing real-time visibility to every stakeholder in the delivery process, whether they are a carrier, a retailer or a consumer, allows them to pinpoint an order's location and know when it will be delivered. This knowledge can reduce calls to customer service centers asking where is my order (WISMO), saving time and cost for the brand.

Real-time visibility also allows a company to know if there will be an exception and allows them the ability to correct the exception or notify the consumer before a failed delivery. On average, a single failed delivery costs \$17.78 and 5% of all last mile deliveries fail. A failed delivery costs more than money. Seven out of 10 consumers won't give a brand a second chance if they have a negative last-mile delivery experience.

According to the Last Mile Mandate survey conducted by FarEye in 2022, 28% of consumers rate the ability to have delivery tracking as part of a positive delivery experience. Fifty percent of consumers are not receiving ETA alerts on a majority of their orders, which leaves lots of room for improvement for companies to gain and retain customers.

## How can companies win in the last mile?

Companies need to dramatically simplify the most complicated aspects of delivery logistics, especially in the last mile. They must optimize their end-to-end omnichannel fulfillment with precision while minimizing last-mile costs. Simplified orchestration from order to delivery through dynamic routing, managing outsourced fleets, scheduling and tracking is key, while also providing real-time visibility to all stakeholders.

## CHAPTER TWO

# Consumer Experience

Deliver a cohesive experience from order to delivery

Online shopping has turned the retail shopping experience on its head. Giving consumers the products they want is important but delivering a cohesive experience from order-to-delivery is now the holy grail for retailers worldwide. A crucial component of delivering a world-class brand experience is last-mile delivery.

The stakes are extremely high in the last-mile. A positive last-mile interaction translates to strong brand equity and greater brand loyalty. A negative delivery can destroy brands. 84% of consumers would not shop with a retailer after having a bad delivery experience.

Price and product are no longer the most important differentiators for brands. FarEye's Last Mile Mandate survey reveals that 36% of consumers want fast delivery, while 28% of consumers want delivery tracking and ETA alerts. Speed and delivery tracking ability are the new differentiators that brands must focus on to win consumer loyalty.

So how do businesses decode the last mile and deliver a superior brand experience to consumers while being cost-efficient?

### How does visibility impact the delivery experience?

Delivery visibility leads to a better last-mile delivery experience for consumers. Dispatch managers get real-time information on the loading and unloading of packages, the assigned delivery agents, and how near or far these agents are from the package drop location - all this information is communicated to the consumers. Visibility helps in communicating accurate ETAs to consumers, enhancing brand experience.





Last-mile delivery visibility facilitates route efficiency which has a direct impact on delivery timelines. New-age visibility technologies are harnessing the powers of machine learning algorithms to provide predictive visibility empowering businesses to accurately forecast on-time or delayed deliveries and maximize consumer experience.

### How important is a personalized delivery experience?

One of the greatest benefits of online shopping is personalization. The consumers choose when and where they want their purchased items. Different consumers may prefer different times and places for deliveries. Some may want last-minute changes to their order. Customizable deliveries are the backbone of seamless last-mile delivery experiences.

Personalized last-mile delivery experiences are critical for creating a great consumer experience. In the post-pandemic world, consumers are either working remotely or in hybrid mode, and therefore giving them the flexibility of choosing when, where, and how they receive or return their packages becomes all the more important.

It's not only about integrating consumer preferences while making deliveries. Personalization is needed when it comes to returns. A McKinsey report says that [33% of repeat consumers](#) would choose to abandon a retailer if they had a “difficult” returns experience. Therefore, when it comes to building brand loyalty and long-term consumer relationships, retailers must also focus on delivering a flexible and easy returns experience.

### What is frictionless order tracking?

From the retail warehouse to the consumer's doorstep - providing real-time updates on orders enables businesses to enhance the post-purchase experience and increase brand credibility. Last-mile order tracking solutions keep consumers informed about their packages through text alerts.

These alerts usually contain the order number, delivery vehicle, and delivery agent's phone details. It also provides customers with information on the specific time slot they can expect the delivery agent to bring their order. The greater the communication with consumers in the last mile, the more likely they are to stick to the brand and recommend it to their family and friends.

Throughout the pandemic, real-time communication expectations increased as [25% of customers expect access to real-time tracking information](#) and up-to-date order location notifications throughout the order to delivery experience. However, according to FarEye's Last Mile Mandate survey findings, only 50% of consumers claim to be receiving alerts on a majority of their orders.

### Last Word on Last Mile

Last-mile delivery is not just about delivering products to people. It's become more about delivering products and superior consumer experiences. It's an extension of a company's brand image. Therefore, it's essential that enterprises focus on making last-mile deliveries more customer-centric. It is only then that businesses will be able to deliver an excellent brand and customer experience and reap the long-term benefits of brand loyalty.

## CHAPTER THREE

# Creating New Differentiated Offerings

Use Business Process Management (BPM) to create offerings that reflect dynamic consumer buying behaviors and speed of deliveries

Business Process Management (BPM) is about optimizing workflows and processes. It involves monitoring and analyzing the business operations of an organization and then making them better. Leveraging BPM to create new, differentiated offerings is pivotal to maintaining brand loyalty.

Effective BPM is about constantly examining an enterprise's business methods and practices - all to achieve key objectives and keep the end consumer happy and satisfied. BPM enables businesses to be more agile and flexible and thus better serve their customers.

BPM can be defined as a method to discipline that uses various methods to discover, model, analyze, measure, improve and optimize business processes. Enterprises often invest in BPM tools and platforms that help them simplify their processes and make them more efficient and cost-effective. Often BPM platforms have optimized, pre-existing workflows that can be modified as per business needs.

BPM helps in creating customized supply chain works, accommodating unique business needs, which ultimately leads to achieving desired outcomes like - fast delivery, cost savings due to streamlining, superior customer experience and brand loyalty.

### How can BPM improve last-mile orchestration?

Enterprises can vastly improve their last-mile operations through BPM platforms. BPM platforms break down complicated aspects of delivery and provide a simplified, component-by-component view of the various tasks within the last-mile operations of an enterprise.

Without a BPM engine managing their workflows, enterprises will struggle to manage even small changes in processes. BPM platforms with their hassle-free user interfaces make it extremely easy for managers to make

changes to their existing processes. Enterprises do not need to stress over coding to make changes - a simple drag and drop is enough to make whatever process changes they want.

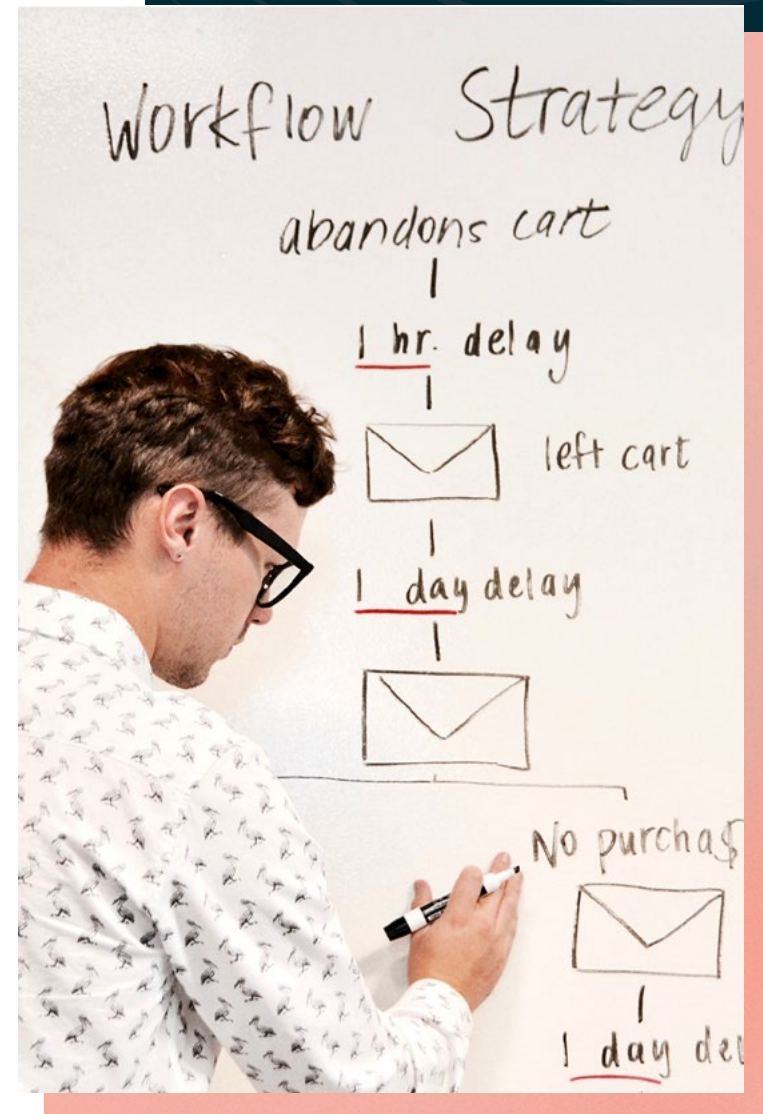
And it's not just about customizing workflows. BPM platforms offer the necessary flexibility to build new business or logistics processes that deliver higher value to consumers. For instance, an enterprise that uses its fleet for last-mile deliveries is looking to expand into new markets using third-party carriers. BPM platforms can make a simple change in logic to incorporate the change in delivery method.

BPM also helps enterprises deliver unique, on-brand consumer experiences throughout the order to delivery experience. A good example can be a retail enterprise using configurations within the BPM engine to recommend more of its products on its shopping cart page. Such offerings enable brands to position themselves as different from their competitors.

When organizations want to quickly adapt to consumer preferences and introduce new fulfillment options, they can go into the BPM platform and customize processes accordingly. An effective BPM platform helps enterprises keep pace with the fluctuating consumer demands and delivers last-mile solutions that keep consumers happy and satisfied.

### Delivering Dynamic Experiences using BPM

A strong BPM platform can help enterprises scale with speed without requiring any additional resources. Once the BPM engine takes over, logistics managers can focus less on repetitive tasks and concentrate on other important tasks within the logistics ecosystem. BPM platforms also capture data that can be gleaned to make processes more efficient.



## CHAPTER FOUR

# Sustainability

Continuously improve the environmental impact from deliveries

Paralleling e-commerce's steady growth is a rise in carbon emissions. Parcel deliveries are estimated to increase by [78% globally by 2030](#), resulting in up to 30% greater emissions. With no interventions, we can expect a [32% jump in carbon emissions from urban delivery traffic by 2030](#). The pressure for brands to lower their carbon emissions swiftly and dramatically has never been greater.

The demand for supply chain sustainability today comes from three distinct parties: consumers, governments, and financial institutions. Building efficiency into the emissions-heavy last mile resonates with each of these stakeholders. The 2021 COP26 Conference attracted delegates from 200 countries where they discussed accelerating efforts towards a sustainable future including the decarbonization of road transportation and achieving zero-emissions vehicles by 2040.

### **Do consumers care about the carbon emission impacts of their deliveries?**

Globally, internet searches for sustainable products have increased [71% in recent years](#). According to the [Global Sustainability Study 2021](#), sustainability is rated as an important purchase criterion for 60% of consumers globally. In the U.S., this number is just over the global average at 61%.

A 2022 FarEye study confirms that 56% of consumers are interested in seeing the carbon emission impact of their deliveries. Consumers want to see the impact of their deliveries and also be able to make a choice about their deliveries. [Forty-three percent of consumers](#) are more likely to choose retailers that offer more sustainable delivery options such as how and when those purchases will arrive, i.e. bundled deliveries.



[Two-thirds of online shoppers](#) claim a brand's eco-friendly shipping practices influenced a purchase decision. Companies that are able to infuse eco-friendly practices into their supply chains and communicate this effectively are likely to gain and retain consumers.

Sustainability is also on the minds of C-suite executives, who want to reduce the environmental impact of their brands, be seen as green forward and keep consumers returning to their products.

### How can brands achieve sustainability in the last mile?

Making deliveries efficient and sustainable is a tough balancing act. Brands must make deliveries more quickly than ever to give their consumers the best possible experience while also worrying about reducing carbon emissions. The key to success lies in optimizing transportation, delivery, and reverse logistics to make the last mile more sustainable.

There are several ways to help make the last mile more sustainable, through route optimization and by optimizing the delivery fleets. Utilizing green delivery fleets that are more energy efficient, including electric vehicles and alternate delivery vehicles such as drones will help reduce carbon emissions. Optimizing the deliveries themselves to create the most efficient routes includes driving less miles overall, contributing to a reduced carbon footprint.

Creating efficient delivery routes that can also incorporate returns pickups also reduces miles driven and allows a higher amount of first-delivery attempts. By increasing first attempt delivery rates, associated costs and carbon footprint drop with no need to attempt a delivery multiple times. Additionally, validating shipping addresses and allowing consumers to indicate special delivery instructions helps increase first delivery success.

Accurate inventory forecasting and management also help brands to reduce their carbon emissions. Inventory held in local distribution centers with shorter distances to travel than from regional centers also helps reduce delivery mileage and environmental impact.

### Can localized fulfillment options aid sustainability?

Retailers worldwide continue to add new fulfillment options to help drive sustainability. According to [research by Accenture](#), last-mile supply chain emissions can be reduced by up to 26% through 2025 by the use of local fulfillment centers. In-store fulfillment, pop-up distribution centers, micro-fulfillment centers and utilizing dark stores as fulfillment centers are all options for retailers to help increase their sustainability numbers.

### How can brands create efficient reverse logistics processes?

As e-commerce grows, so too does the [number of returns](#). Brands need a plan for the increasing numbers of returns while also reducing the carbon footprint associated with them. Integrating returns into delivery routes is one way to improve efficiency.

Consolidating returns with third party vendors and drop-off points can further reduce returns volumes and carbon emissions. Utilizing local fulfillment centers for returns also can reduce driving and emission costs.

### Sustainability In The Last Mile Remains A Work In Progress

The demand for sustainability in the last mile has never been greater. Concern for sustainability to help protect our planet from greenhouse gasses in transportation grows each year. Consumers want to see the impact their deliveries have on sustainability, companies want to be more sustainable in their supply chains and especially in the costliest last mile. Governments continue to push for ways to lower the carbon footprint of transportation, including last-mile deliveries.

A brand's carbon footprint, especially in the last mile, can be reduced through delivery fleet changes as well as route optimization. Consumers also need to help create sustainable last-mile deliveries through their delivery decisions during purchases.



## CHAPTER FIVE

# Reverse Logistics

Create superior online returns experiences

### Moving Backwards: Online Returns

The flow of products across the last mile does not only move in one direction. Unwanted, damaged or broken products often travel in reverse from consumer back to retailer - a costly, inefficient and unsustainable process. As online retail sales continue to grow, so too will online returns. And consumers are increasingly evaluating returns policies when making online purchases. Retailers and carriers must optimize the returns process to reduce cost and risk to deliver a superior consumer returns experience.

Around [30% of online orders are returned](#), compared to 9% for items purchased in-store. Much of this gap is due to the inability for consumers to see, feel and temporarily experience many of the goods they purchase online. Most retailers offer online returns policies, and consumers are using them.

Returns cause major headaches for retailers and their logistics partners as they are costly and difficult to orchestrate. Even some of the biggest retailers in the world now see rampant returns as an existential threat, says [the Atlantic](#). In the U.S. alone, it is estimated that [\\$218 billion](#) of online purchases were returned in 2021, boosting the growth of the global reverse logistics market that is forecast to reach nearly [\\$1 trillion by 2028](#).

### Consumers Demand Superior Returns

Nearly half of all online shoppers returned an online purchase in the past 12 months. Consumers are now more likely to evaluate returns policies when making an online purchase, as [86% of shoppers](#) look for an easy returns process and [92% of shoppers](#) will repurchase something if returns are easy.



In contrast, [81% of shoppers](#) will switch to a competitor if they have a bad returns experience. The returns process is crucial for many consumers and retailers and carriers must look to include returns as part of their business strategy.

Consumers are driven to shop with online retailers that offer free returns shipping, convenient locations to return items, clear communication and visibility of the returns process, and fast refunds. Fees, a slow returns process and a lack of returns visibility deter consumers from shopping online retailers.

So what does a perfect returns process look like:

### Free

- Including packaging
- Pre-paid return label

### Flexible

- Long return window
- Many convenient drop-off locations, including consumer's home
- No receipts needed

### Visible

- Tracking information
- Refund updates

### Sustainable

- Limited carbon footprint
- Reduced waste

When customers know that they can get their money back just as quickly as they can spend it, and in a fast and flexible process, they'll shop with more confidence and spend more.

### Returns vs. Retailers

Getting the returns process right and giving consumers a returns process worth coming back for is difficult for retailers. Returns are costly even before the shipping process is accounted for, costing retailers on average [\\$10 - \\$20 per return](#) before shipping. Many times, merchandise must be written off and discarded, and there are more cases of fraudulent returns, where consumers are sending the wrong items back or items that have been worn repeatedly. [Fifty-seven percent of retailers](#) claim that dealing with returns has a negative impact on their business, while 20% would increase the price of their products to make up for the cost of processing returns. The timeliness, orchestration and customer service are each pain points of the returns process that retailers must solve for.

### How can technology solve reverse logistics challenges?

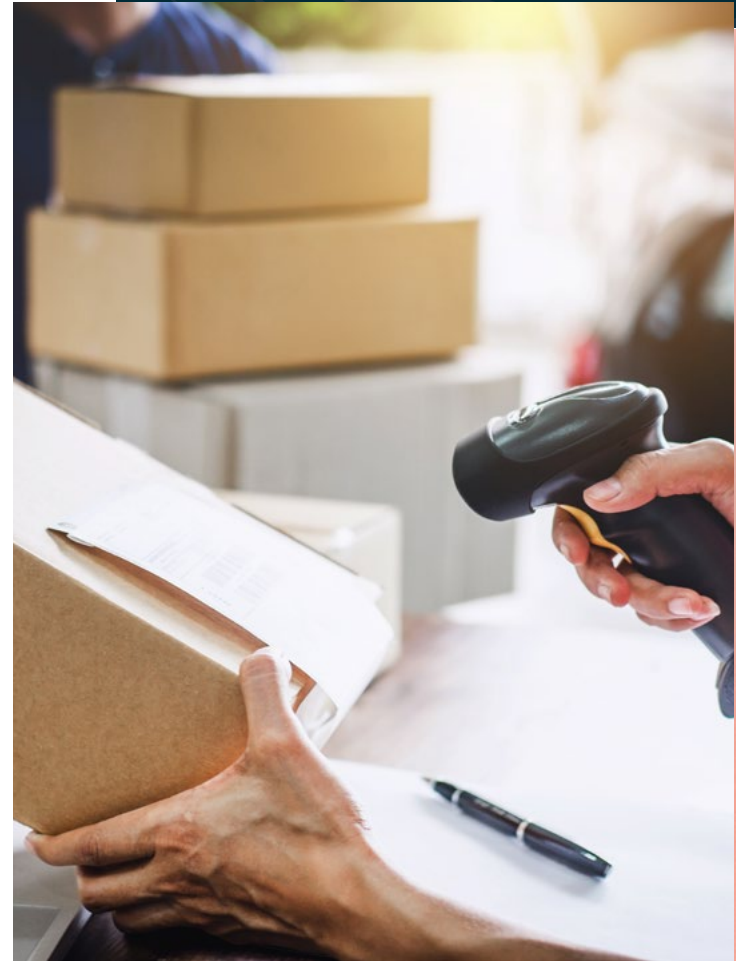
The solution to the online returns conundrum lies in innovative technology and enhanced partnerships between shippers, logistics providers and tech-enabled platforms. A perfect solution can offer free, fast, flexible and sustainable returns to consumers and low-cost, resource-light processes for retailers, ensuring both parties are satisfied.

Route orchestration and optimization can increase capacity utilization for trucks carrying less than a full load to take on return deliveries. Retailers can enhance the use of their many omnichannel nodes to accommodate returns, using technology to determine which products should be sent back to where. Visibility technology can boost the communication between retailers, carriers and consumers, alerting consumers in real-time when

their return is processed, and refunds can be made. All of these amount to a better experience for consumers, giving them immediate visibility to the cost and status of their return and greater choice in how their return is made.

Each of these technology solutions will enhance the returns process by increasing speed, lowering costs, and maximizing flexibility while minimizing the impact on the environment. The retailers and carriers that can adopt reverse logistics technology quickly stand to gain competitive advantages by reducing operational costs and creating superior returns policies and experiences that consumers value.

Last-mile delivery isn't a one-way street. With an increasing amount of products moving in reverse within supply chains, reverse logistics technology will become critical in the coming years for retailers and carriers alike.



# Tying it All Together

The complexities of last-mile delivery can be simplified with the right logistics technology in place, aligned to the key attributes of the Last Mile Mandate.

And with this simplification comes greater efficiency, which translates to lower costs, faster deliveries, increased labor productivity and reduced emissions - all of which can be passed on to consumers in the form of low cost, speedy and positive delivery experiences.

**And this matters.** Poor delivery terms are forcing a majority of online shoppers to abandon shopping carts without making a purchase. Poor delivery experiences are causing shoppers to abandon retailers altogether.

The time to act is now. Companies must recover lost sales and future business through improved last-mile delivery. Not only can they correct current inefficiencies but gain long-term competitive advantages that keep current consumers satisfied and their loyalties intact, or even heightened. The bottom line? Every business that considers itself consumer-centric must transform into a distribution and logistics company. To do this



retailers, brands, shippers and carriers must adopt the principles within the Last Mile Mandate to simplify the complexities of last-mile logistics, deliver positive consumer experiences, create differentiated offerings and reduce environmental impact in the process.

Competitive advantages and enhanced consumer loyalty await.

FarEye's Intelligent Delivery 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.

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