



Last Mile Delivery

Make or Break Elements of Retail Supply Chain

A game changer for the brick-and-mortar retailer

Demand for home delivery has grown rapidly, yet providing this service at a profit is difficult for retailers. It is a race to secure market share and a battle for the attention of the consumer. Most challenging is that there is no clear pathway to success.

- New entrants are raising service levels and customer expectations; subsidizing immediate losses to gain market share
- Last-mile is a logistical and strategic challenge, with today's delivery partners having the potential to become tomorrow's retail competitors
- Retailers are exploring vastly different strategies to pick, pack and deliver. All of which are consuming cash and time
- The reward for getting this right is clear — domination in delivery can be the key to owning the customer, their data and share of wallet. The cost of failure is equally clear and is the opposite of the reward

15% of total UK retail sales will come from online in 2021¹

29% expected CAGR for online grocery delivery services till 2024²

-15% margin on home delivery for store-picked groceries³

83% of shoppers are unlikely to shop with a brand again after a poor delivery experience⁴

Navigating the last mile battleground

Retailers must find the balance between meeting consumers' expectations and maintaining profitability. The route taken must factor in questions such as:

Decision level

1. STRATEGIC	2. OPERATIONAL	3. IMPLEMENTATION
<ul style="list-style-type: none"> ■ What is the right combination of service offering(s), price and product range? What will attract and retain customers? ■ What should we provide in-house vs outsource to not impact our long-term success or market access? ■ What are the investments that we need to make? What are the likely returns on those investments? How soon do we make them? 	<ul style="list-style-type: none"> ■ How do we re-organize or boost fulfillment, infrastructure, systems, processes and people to deliver services effectively and profitably? ■ What range of logistics models is required to best serve my client base (urban and rural) at an acceptable cost? ■ What capabilities and data platforms do I need to communicate with customers or partners and manage my operations? How do I integrate them with my existing infrastructure? 	<ul style="list-style-type: none"> ■ How do we organize our processes all the way from pick and pack to route planning; and train our people and partners to deliver a seamless and profitable experience? ■ How do we build and scale at pace through pilots? What do we need to prove before investing further? ■ How do we use early learnings to develop a wider rollout plan which minimizes disruption internally or to our customers?

We have helped others address the same challenges

Integration has supported retailers to lower delivery costs, increase speed and on-time-in-full (OTIF) rates and launch new services to the market.

Redesigning Omnichannel to lower delivery costs by 30% CASE 1	Moving from physical to online with express delivery as a differentiator CASE 2	Pilot-testing a new service delivery model for a global leader in logistics CASE 3
<ul style="list-style-type: none"> ■ Our client (>1500 stores) struggled to achieve reliability and efficiency in its omnichannel operations and was losing online market share ■ We redesigned and implemented a omnichannel operating model; breaking down internal siloes and integrating teams, tools and data around an empowered leader. This involved defining a new range of service offerings, redesigning and implementing a new fulfilment model ■ Through the project, we: <ol style="list-style-type: none"> I. Launched a 1-hour express delivery service II. Realized 30% lower delivery costs III. OTIF improved from 81% to 89% (next day) and 88% to 93% (same day) IV. Enabled scale at pace, handling a 300% order growth during COVID 	<ul style="list-style-type: none"> ■ Our client was shifting to online and was investing in express delivery as a differentiator ■ The existing logistics model was underperforming with a 5-day delivery time on average ■ With customer experience at the core of our design we implemented the ideal journey through a redesign of the inventory and logistics model, setting up a new control tower & enabling tech platform ■ As a result of the new op model we: <ol style="list-style-type: none"> I. Reached 99% of customers in 4hours II. Ramped up fulfilment to 60k orders/month III. Increased productivity of the delivery team by >2.5x reducing costs 50% IV. Launched a new comms system which reduced failed deliveries by 3% 	<ul style="list-style-type: none"> ■ Our client was losing customers to competitors who were providing better and cheaper service in a particular market segment ■ We redesigned the entire method of service delivery for this segment. The model was customizable for different countries and regions. It utilized new forward stocking locations and courier models supported by a tech and management solution ■ As part of the project, we: <ol style="list-style-type: none"> I. Proved the concept in an important geography, which achieved a total cost reduction of 20% II. Improved delivery success rate and customer satisfaction III. Developed a business case for a wider rollout and roadmap for execution

INTEGRATION'S WIDER EXPERTISE IN RETAIL AND SUPPLY CHAIN

Integration has the pleasure of working with the world's most valuable brands⁵ in Retail and CPG.

Grocery & Retail	FMCG	Wholesale & Ecom.
		
		
		
		
		
		
		
		

Awards

Our Supply Chain team has won the 'Best Supply Chain Consultancy Award' 4 times in the last 5 years.



The 3 core components required to win

We support our clients to see the reality of their unique situation, put in place a pragmatic plan to make the necessary adjustments; and implement those plans together.



Our offer to you

Within six weeks you will have **clear focus and direction** on how to tackle the last mile challenge

PROJECT OUTCOMES



THE RIGHT SERVICE PACKAGE & EXPERIENCE FOR YOUR CUSTOMERS

Understand the **right combination** of **price, delivery time, product choice** and **customer experience** that will **win** and **retain customers** considering the competitive landscape.



SELECTION OF YOUR BEST FIT LOGISTICS MODEL

Evaluation of logistics models and selection of the one(s) that best fit the company strategy; considering **timescales and restrictions** for implementation. Initial **estimate of benefits** in cost and service.



MACRO SOLUTION DESIGN

High level design of the **complete solution** considering **technology platform, communication strategy** with the customer, **R&Rs** of each player in the value chain and **management model**.



ROADMAP TO EXECUTION

Outline the **implementation plan**, defining the **timeline, stage gates** and **any pilot** that could be launched to measure and refine the approach.

Following this strategic phase, we will support you to bring them to life operationally.

TOP-TIER PERFORMANCE IN LAST MILE DELIVERS ON MANY FRONTS

Reviewing last mile logistics is often necessary to realize cost-savings. It should also be an opportunity to increase basket size, increase customer loyalty, create new revenue streams, increase visit frequency and much more.



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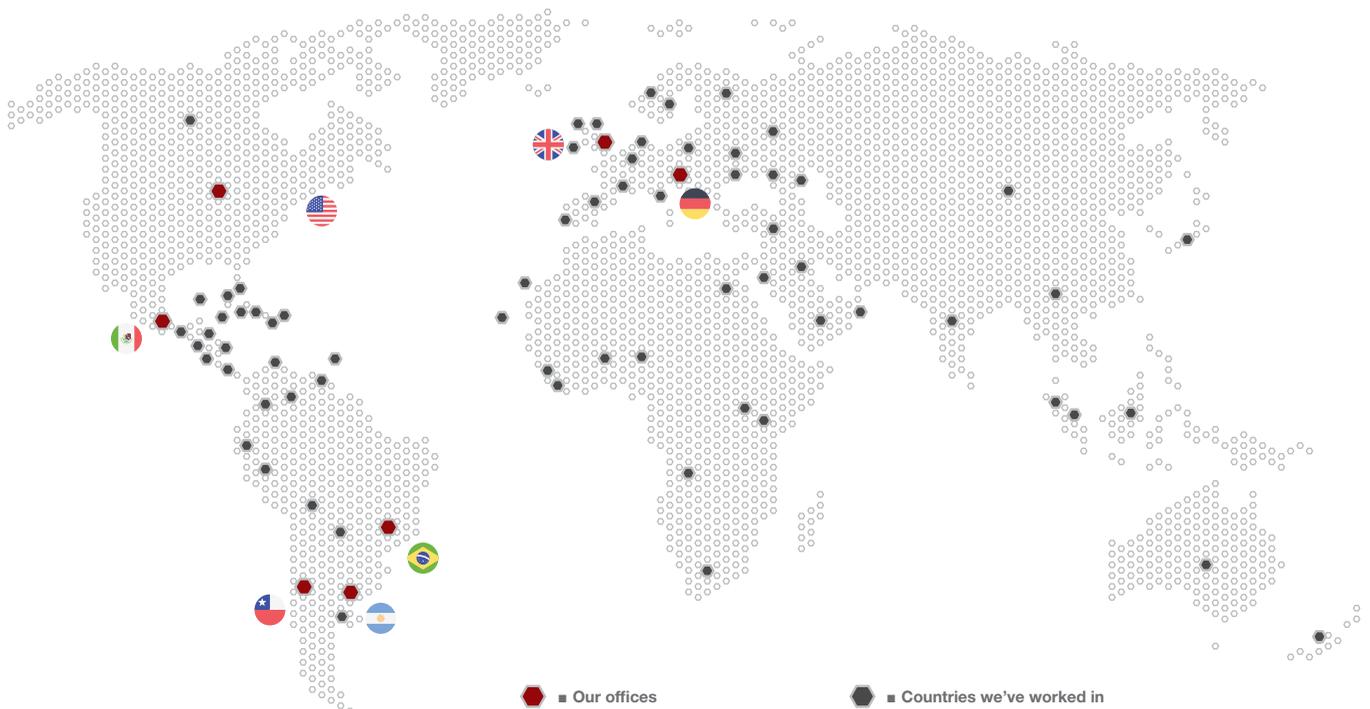
Sources

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5. Forbes Word's most valuable brands – 2020
6. RBC Capital – Survey on Amazon shoppers 2018
7. The last-mile delivery challenge – Capgemini Research Institute – 2018
8. Harvard Business Review – A Study of 46,000 Shoppers Shows That Omnichannel Retailing Works 2017

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Integration is a **global strategy & management consultancy** committed to realizing the change that our clients need. Founded in 1995, Integration has grown quickly to become an internationally recognized and award-winning consultancy firm operating from offices in **Buenos Aires, Chicago, London, Mexico City, Munich, Santiago and São Paulo**. To date, our teams have delivered thousands of projects for clients across virtually all industries in over 85 countries.

We work side by side with our clients to create customized solutions that match their business needs for change across all levels of the organization – always integrating our expertise with the client’s reality. The result of this for our clients is a unifying movement across the organization that creates a positive legacy of tangible change – always integrating people and business.



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1995

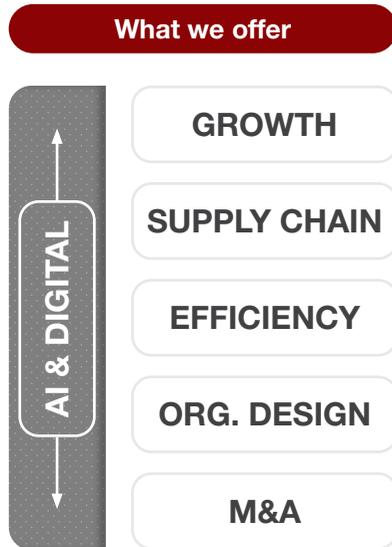
global offices
7

clients served
900+

projects delivered
3600+

countries worked in
85+

repurchase rate
87%



How we offer it

Our differential is an approach based on integrating teams – a transformation that’s only possible when working side by side

We believe in strategies that can be implemented

WE’RE PARTNERS IN YOUR TRANSFORMATION

Some of our clients – who are all available for references

We're proud of the recognition received for our work



Best Change Management Project in the Public Sector



Project of the Year



International Project Category



Commercial Impact Category



Top Employers among Medium-Sized Companies from Focus magazine (2022 and 2023)



LATAM



Best Supply Chain Consultancy Award from Inbrasc – the Brazilian Supply Chain Institute (2016, 2017, 2018 and 2020-2021)



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