

**ANALYSIS**

As the dizzying array of high-tech fulfilment options continues to evolve, the future offers a wealth of possibilities. **Becky Waller-Davies** reports

# Where will innovative retailers take shopper fulfilment

**J**ust a few years ago, the little online shopping undertaken by consumers happened on a desktop computer or laptop and was delivered to their home – or perhaps office – address.

Now, in a world in which the multichannel journey gets ever more complicated, a purchase will likely have gone through all manner of processes before being received by the customer.

Figures from Next, released last month, reflected that. In 2010, 95% of online orders were made using a desktop. By 2015, that had shrunk to 37%.

Similarly, in 2010, 87% of all Next orders were delivered to a customer's home address. Fast-forward five years and fewer than half (45%) are delivered there.

Perused in store, flicked through on mobile to while away the commute and finally purchased on desktop to be delivered to a train station locker or picked up in store by a hired runner: the combinations of shopping and fulfilment options seem endless.

Fulfilment has become a critical battleground for retailers, and chiefs have to have one eye on the future if they are to stay ahead.

## Pioneering retailers

"If you go back to the early days of ecommerce, all the research said that everyone wanted home delivery," says delivery service Collect+ boss Neil Ashworth. "But over time people have realised that it's not the Holy Grail."

Instead, a continued shift towards click-and-collect, as also borne out by figures from Next, looks likely. And in peak times especially, that option becomes increasingly popular.

John Lewis has led this revolution. Customer delivery operations director Mark Robinson terms click-and-collect's growth "unrelenting".

"It is just over half of our online trade," he says. "Where it will plateau is difficult to call. It won't bring an end to home delivery – people still want both options – but its growth is unrelenting."

Despite beginning to charge customers for click-and-collect last year, John Lewis



has not seen a reduction in order volume, Robinson says.

The department store business has only 46 stores nationwide from which customers can pick up click-and-collect items, but it has utilised 300 branches of sister retailer Waitrose as click-and-collect hubs and has a relationship with Collect+'s 5,800 convenience stores.

Fellow department store group Debenhams is upping its game when it comes to fulfilment. It has traditionally lagged behind on multichannel: just 15% of its sales are online.

Last Christmas it focused its resources on more competitive delivery charges, later cut-off times and making sure as many of its brands as possible could meet its next-day delivery time slot.

As a result, click-and-collect, which Debenhams says is its most economically viable delivery option, shot up to account for 46% of online orders at Christmas, compared with 31% for the rest of the half year.

Argos is also pushing the boundaries of click-and-collect. Its Fast Track service offers nationwide same-day home delivery of 20,000 Argos products.

Within that same-day offer are four delivery slots, running from 7am to 10pm. Shoppers can order up until 6pm and receive their goods as late as 10pm the same evening.

As ever though, Amazon is steaming ahead of other retailers. Amazon Prime members now have access to Prime Now, which allows them to receive deliveries within one hour for £6.99 or within two hours for no additional delivery cost. The only catch is that order values need to be £20 or over.

## When not now

The attraction of click-and-collect and services such as Fast Track and Prime Now is the convenience factor.

"We think the big prize is not immediate but when," says CitySprint boss Patrick Gallagher. "Customers want to be able to choose the time they receive a parcel, whenever that is, rather than having it dictated to them."

Logistics service Parcelly chief executive Sebastian Steinhauser has a different view, however. Surely, he maintains, the ultimate in customer choice is being able to decide exactly where your parcel is delivered.

**"It won't bring an end to home delivery – people still want both options – but its growth is unrelenting"**

**Mark Robinson, John Lewis**



For all the latest news, analysis, data and video surrounding retail technology, visit [Retail-week.com/Technology](http://Retail-week.com/Technology)



# retailers t next?

## GROUND DRONES

Starship Technologies, a London-based start-up, has started trialling 'ground drone' robots; battery-powered boxes on wheels, which make their own way through streets, navigating around objects and people. The drones are expected to be popular with

small independent retailers wanting to make local deliveries. They travel at 4mph, have a two-hour battery life and make deliveries within a three-mile radius in 30 minutes.

The drones are guided by GPS but can be manually directed. The cargo bay is locked throughout the journey and is opened at its destination by the recipient's smartphone. The cost of a journey would be "almost free", according to Starship Technologies.



Ground drones can navigate their way through streets

Rather than picking from a list of existing locations, Parcelly allows customers to request new locations which the firm then strives to establish.

"We don't impose existing networks on consumers," Steinhäuser says. "The network with us is on demand – with a push of a button you can enquire about a new location via sharing your GPS or suggesting a location."

A few years ago, no one could have predicted the shape of the current fulfilment market – the already dizzying array of options continues to evolve as consumers become more demanding and ecommerce continues to win share from bricks and mortar.

Gallagher wonders whether the ease of delivering goods could soon become a requirement when buying a house, just as good schools have been for decades, and as fast broadband areas have recently become.

Whether or not Zoopla will still be offering a delivery options search tool in five years is anyone's guess. However, the area of shopper fulfilment looks set to continue as a hotbed of innovation for some time in an ever more multichannel environment.

**45%**

The proportion of Next online orders delivered to a home address in 2015, compared with 87% in 2010

## DODDLE RUNNER

Only available as an iPhone app, Doodle Runner is a Doodle-employed courier who will pick up items or return them via a Doodle store. Launched last summer, users take pictures of up to five items they want to send and a runner will pick up the items within an hour, wrapping and posting them overnight to be delivered the next morning.

## INSTACART

A US venture, Instacart is a grocery delivery service with a personal shopper. The personal shopper picks out items from whichever local store a consumer nominates instead of selecting items from a warehouse, and delivers them for a US\$7.99 (£5.62) fee. Orders are delivered within two hours, or at a time of the customer's choosing.

## ON THE DOT (CITYSPRINT)

On the Dot is CitySprint's retail-specific brand. It is all about one-hour delivery slots, but users do not have to shop via an On the Dot platform. Instead, they shop as normal and use On the Dot at the end of their transaction as a delivery option and track their parcel using live GPS. The service is designed to allow customers convenient access to goods and to benefit smaller independent retailers that do not normally have access to the same delivery services as larger retailers.

## POSTMATES

The US company is due to launch in the UK this year. It works via an app, asking consumers to make their order via its platform. Once customers have paid and selected their delivery address, Postmates charges a using fee (9% of the purchase price in the US) and will deliver the chosen item in an hour. The start-up recently launched Plus Unlimited in the States: the delivery subscription service costs \$10 (£7) and for that sum gives customers and companies free delivery on orders more than \$30 (£21).

## SHUTL

The London-based start-up, acquired by eBay in 2013, allows consumers to choose options such as 90-minute or next-day delivery. It has access to 90% of the UK population and delivers within a distance set by its retail partners which include Whole Foods, Hotel Chocolat and Richer Sounds. Shutl is offered as a delivery option on its partners' websites.

## UBER RUSH

While only available in New York, San Francisco and Chicago, Uber Rush is tapping into the fulfilment market, in addition to taking over the taxi industry. Targeting independent businesses, including retailers, Uber Rush allows both customers and businesses to track delivery in real time on a map. Using the same push-button system as Uber, Uber Rush charges \$6 (£4.21) for deliveries within one mile.