



THE ULTIMATE CUSTOMER EXPERIENCE

It was not long ago that the world thought that free shipping was being driven by Amazon, motivated in this stage of their life cycle to grow revenue and not focus on the bottom line. It was considered a fad or a revenue booster during the holiday season. How quickly times have changed. Fast forward to today's world where free shipping is a major consideration driving the selection of an on-line retailer. Many consumers go so far as to say 'I absolutely refuse to pay for shipping'. We are seeing retailers who in the past had required a minimum purchase amount to qualify for free shipping changing their policies. The high end retailer Nordstrom recently announced "Our policy is simple: We'll ship almost anything on our site to anywhere in the United States—even Alaska, Hawaii and Puerto Rico—for free. No minimums. No kidding. Don't love it? Return it for free too. We mean it." It looks like the passing fad has gone main stream.

Today there is a new fad called same day delivery. It has gotten the major parcel carrier UPS' attention. They recently made an investment in a start-up company called Deliv that had previously depended on crowd funding. Same day delivery is offered in existing checkout, whether online, mobile, phone, or in store. Customers choose when and where their purchase is delivered. Deliv enables the ultimate customer experience. The company operates in 100 U.S. cities on behalf of 4,000 partners including major retailers Macy's and Best Buy. Many retailers use Deliv to level the playing field. It is no surprise that Amazon has been among the most aggressive online retailers in offering same-day delivery. Deliv allows local retailers to offer same-day delivery to their customers for as little as \$6.25 per delivery (within 15 miles).

Many parcel carriers do not see that same day delivery makes economic sense today. This is the same stance that many retailers initially took with regards to free shipping. Some parcel

carriers have thus been dabbling in same day same city deliveries in a few industries including healthcare and the replacement parts market for major manufacturing. However, consumers are driving their focus to getting things delivered to their doorstep within hours—not the next day.

There are other same day delivery services including: UberRUSH who will have one of their drivers pick up a package at a flat \$10 within the same zone of Manhattan, while the average delivery in the area costs \$17. Shutl purchased by eBay last year, uses local courier services to deliver packages from retailers to homes in Manhattan and Chicago.

The question, in the long term, is whether any of these same city same day delivery specialists can ever be sustainably profitable. The problem is really a mathematical challenge. To make the numbers work, the profit potential has to outweigh the costs of fuel, couriers, and the back-end support needed to get packages delivered to customers in hours not days. The solution to the above equation is dependent on volume. Will those who ultimately learned free shipping was not just a passing fancy jump on 'same day delivery as a service' as a means of enticing customers to purchase their products?

To learn more about how Data2Logistics can support you with audit, processing and payment services for your same city same day freight bills contact Harold B. Friedman, Sr. Vice President Global Corporate Development, at harold.friedman@data2logistics.com or +1 609 577 3756.