The e-commerce boom has already disrupted many a strategic plan in both the retail and logistics industries, with an increased requirement for home delivery being at the forefront of ever-changing customer demands. Although online shopping still has some way to go before reaching critical mass in South Africa, retailers are already under pressure to make everything available everywhere for delivery anywhere.

The retail market has evolved beyond competing on product and price. Retailers face the difficult task of having to offer the best delivery service possible without significantly impacting their profit, while simultaneously providing the same level of customer satisfaction as they would in-store.

While some retailers have already implemented a number of changes in line with customer demands, very few find the exercise profitable or value adding in terms of customer satisfaction. Home delivery for instance tends to be a high cost center that seems to incite rather than reduce customer complaints.

Home delivery schedules based on static calendars, long lead times, wide time windows and assumptions on the capacity available make it extremely difficult for retailers and their delivery agents to align with customer expectations that include tighter delivery windows, more delivery options, installation services, visibility of the delivery progress and real-time accurate feedback.

Part of the problem stems from the technologies currently supporting logistics functions. "Future retail success lies in a move away from a siloed logistics approach and towards implementing changes with an holistic overview and full understanding of the knock-on effect each necessary change will have across the entire business," says Grant Marshbank, COO of VSc Solutions, South African resellers of the Descartes home delivery product suite used by leading retailers all over the world.

"Exceeding customer expectations usually imply difficult and costly strategies, especially as customer needs tend to change very quickly. With new technologies available, home delivery is one area where retailers can impress customers without breaking the bank."

While there are numerous challenges for any company providing a home delivery service as part of its offering, the solution doesn't lie in the customer-facing details but rather in the concepts built into the technologies supporting the necessary logistics.

Optimise continuously

Home delivery that satisfies both customer and bottom line demands requires real-time continuous incremental optimisation technology, rather than the batch processing functionality that the majority of logistics systems currently employ. This allows for the creation of precision routes and schedules based on current conditions and the actual resources required.

Do more with less

Fleet resources that are reallocated in real-time according to new orders received can optimise operating efficiencies, deliver priority service to the most profitable accounts and routes, and maintain overall customer service objectives.

Place the customer in charge

With dynamic delivery timeslot generation retailers are able to present delivery appointments based on real-time options, instead of assumptions informed by static and less accurate data. This places the customer in charge of the retailer's home delivery scheduling, enabling the retailer to profitably meet customer expectations.

Decrease impact on the environment

Smart home delivery can contribute to a reduction in greenhouse gases and waste by tightening of delivery time slots at the point of sale, incentivising customers to consider more profitable and eco friendly delivery timeslot choices, and replacing paperwork with secure digital alternatives.

Disruption in the retail sector demands that the supporting technologies are able to calculate, advise and report faster and smarter than ever. Customers will soon demand the automation of proactive interaction via their chosen communication method, online availability of real-time order progress, and digital photos taken at the point of delivery to provide real-time proof of delivery time and quality.

"Technologies that will be able to quickly adapt to the ever-changing business environment have a small IT infrastructure footprint, can easily integrate and communicate with existing systems, are user friendly and support mobile usage by operators with various levels of skill," says Marshbank.

"Retailers need to adopt next generation thinking now if they want to increase profitability. One of the first disruptions that must be embraced is that change no longer happens in line with the cycles we've become used to. There is no more time for medium term strategic plans to come to a close before new approaches and technologies are being considered. The time to implement changes for future success is now, whether it fits into current plans or not."

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