



# America's Omnichannel Retail Landscape: A Case for Last-Mile Excellence



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# Overview



Retail fulfillment has undergone dramatic changes in the past two years, leaving old models of fulfillment wanting in providing. The priorities in retail have seen a drastic shift as consumer expectations have evolved, making an omnichannel retail strategy powered by technology solutions the best bet for growth in this highly competitive space.

According to a recent report, global retail sales are anticipated to grow between [4% and 5% each year through 2025](#), ultimately landing at just over \$31 trillion. Retailers have their eyes set on the future—a year full of transformational thinking and long-term commitments to this time as an opportunity to restructure, resize, review and recalibrate outdated systems to permanently change the way business is conducted. Now is the time to assess the factors behind the evolution of the retail landscape in the US, the evolution of consumer expectations, and how technology is playing a significant role in enabling retailers to be better positioned in this new landscape.

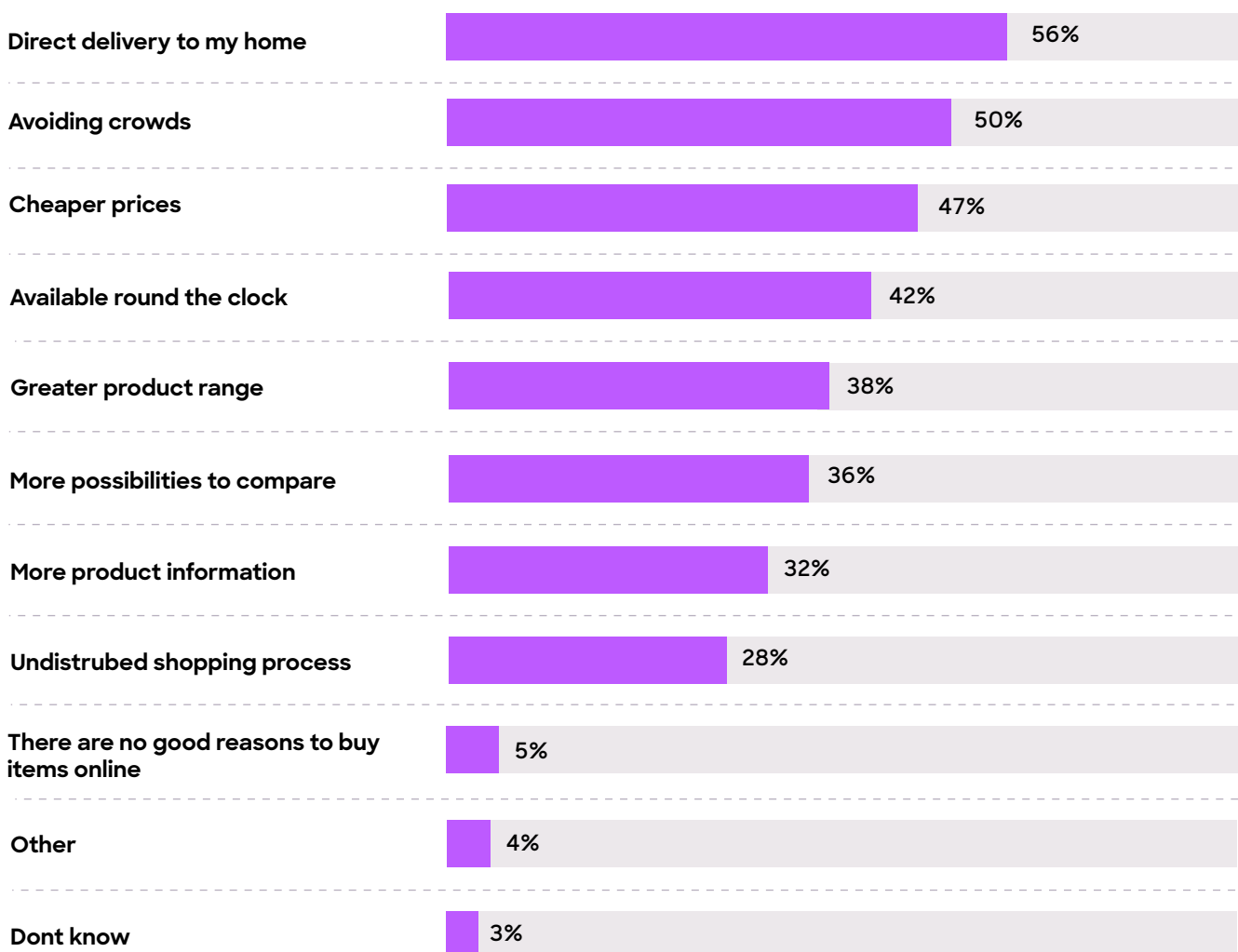
This e-book will deep dive into retail fulfillment and study the evolution of the landscape: changing customer expectations, growing competition, the ever increasing popularity of omnichannel strategy, and the role of data-driven technology solutions in shaping the last mile retail landscape.

# Modern retailer’s journey into the digital landscape

Habits tend to stick. And the pandemic has left an indelible mark on the modern consumer by making fast delivery the norm. It will come as no surprise then that, in 2022, retail e-commerce sales—including digital services—were set to surpass [one trillion U.S. dollars in the United States](#). These sales are expected to grow by double digits in the next few years as well, with only a slight growth rate decline in the middle of the decade.

Few of the biggest reasons for online purchases in 2022 in the US include the option of delivery to home and the sheer convenience of the experience. Online retail has made On Time In-Full (OTIF) deliveries the most <sup>08</sup> basic of consumer expectations today and customers have grown increasingly sensitive to delivery timelines and the condition in which they receive deliveries.

## DRIVERS OF ONLINE PURCHASES IN THE U.S IN 2022



Customers are also actively looking for multiple purchasing options as traditional ordering methods no longer suffice. They expect new innovations in both online and offline shopping experiences and physical and digital retail marketplaces are completely connected, ushering in the era of “[phygital](#)”. The idea is to allow the customer to choose between online and in-person shopping from the same brands at any given time and the tools to move between these channels seamlessly.

## Retail woes: Identifying and overcoming common challenges

For businesses to grow at the rate that they’d like, they need manual processes to be digitized, turnaround times and inventory movement to be faster, cost per order to be optimized, product sourcing to be environment friendly, and establish a technical advantage over peers.

From the operations point of view, a lot of manual effort has to go into planning. Many retailers have fixed contracts with vendors so that all vehicles report at the same time and there are no time slots for in-store pickups. Time is not something that is committed generally either; customers are often just asked for their preferred day. Since drivers have tribal knowledge, it is often assumed that they will find a way to take the best call. These and many more such challenges come in the way of seamless deliveries. Some of the them are listed below:

### **One too many abandoned carts:**

According to this [report](#), for every 10 customers who add an item to their shopping cart, seven of them leave without completing the purchase. This means that 69.82% of online shopping carts are abandoned, leading to losses as large as [\\$18 billion](#) in sales revenue annually because of cart abandonment.

### **Peak season panic:**

As more and more consumers take to their smartphones to carry out their shopping, brands have to deal with deliveries, returns, and cancellations at a never-seen-before scale. Not only is volume a challenge during peak season, but the fact that different shippers have different needs also adds to the problem. Retailers are in need of solutions that can help fulfill demand based on real-time capacity constraints while being able to secure new contracted and outsourced capacity.

**High workforce churn:**

Maintaining SLAs has become increasingly challenging in the face of high workforce churn for many retail businesses in the US. According to [this report](#), the average retail employee turnover rate in the US is currently around 60%. The onground workforce is at an increasing risk of churn owing to uncertainty in daily routes and poorly planned schedules resulting in over-stretched shifts and uneven workload distribution

**Struggle in managing delivery exceptions:**

[Delivery exceptions](#) are an inevitable component for any business involved in last-mile delivery, but they are seldom successfully countered effectively. Manual processes, unanticipated events, incomplete delivery orders, lost and damaged packages, customs only exacerbate these challenges. The inability to smoothly handle delivery exceptions such as returns, exchanges, re-attempts, and cancellations in the last mile can cost business up to 4x on each order.

## The future of retail is omnichannel



As online shopping platforms continue to reign supreme, consumer, retail and other industrial activity sectors are working on entering and improving their presence in the domain. Retail giants were known for their online initiatives long before the pandemic hit, and their interest has only increased since.

This has made [omnichannel retailing](#) the ideal business model for brands, as it provides shoppers with a seamless experience across both digital and physical channels, right from browsing online to order fulfillment. We can think of omnichannel as a successful marriage between physical and digital. A smooth and hassle-free shopping experience across both channels maximizes the value of each trip the customer makes.

Changing consumer behaviors, the rise of e-commerce, and fierce competition are a few reasons why omnichannel retail is seen as inevitable. Digital tools that were inconceivable before are now making both the retailer and the customer happy. Here are some of the reasons for omnichannel's growing importance:

**Consumer attention spread out across channels:**

According to this [study](#), modern customers are finding creative ways to compare prices, download coupons and are also avid users of in-store and digital tools like tablets, price checkers, and interactive catalogs—whatever gets them the best deals. Omnichannel shoppers are also likely to spend more than single-channel shoppers.

**Retail personalization:**

Today's technology brings with it insights into buyer behavior and provides highly personalized and customized deals to consumers. Every shopper has a unique journey across every channel. By studying the customers' historical data, emotional and unique connections can be established to help brands earn customer loyalty.

**More avenues to shop mean more purchases:**

According to this [report by Google](#), omnichannel shoppers have a 30% higher lifetime value when compared with those who use only one channel. In fact, [omnichannel marketing increases purchase frequency by 250% as well as a growth in the average order value by 13% per order](#).

## Modern Dispatch Management Solution for the retail industry

While speed is an important component in making last-mile deliveries efficient, it is not the only one that makes fulfillment a success with consumers. Low shipping fees, choices in fulfillment options, on-time deliveries, on-demand fulfillment, accurate delivery forecasts, and easy returns and modifications are all important factors at play. These are some of the ways in which a dispatch management platform can bring value to the retail industry:

### Cross-utilization fleet for pickup and drop:

Reverse pickup at the time of delivery and an extended pickup cut-off results in enhanced customer delight.

### Decreased 'time under the roof':

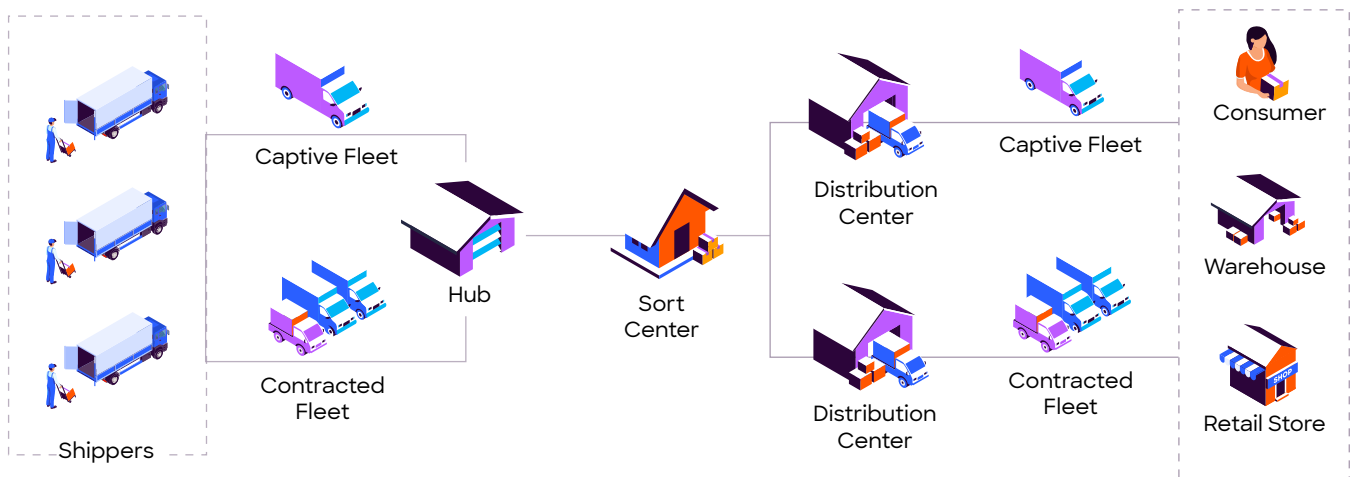
Drivers spending more of their time in making deliveries leads to higher efficiency and optimized unit economics, higher asset and real estate utilization, and an increased Return on Interest (ROI).

### More deliveries in the first attempt:

Fewer mis-routes, higher First Attempt Delivery Rates (FADRs) and On Time In-Full Deliveries (OTIFs). Highly accurate geolocation also helps decrease the average cost per delivery.

### Decreased attrition, happier drivers:

Better capacity management promises higher and faster deliveries, equitable pay and workload distribution among drivers, thus making drivers happy.



Locus' [Dispatch Management Platform](#) (DMP) is designed to attend to these aspects of last-mile fulfillment, and it does so by uncovering deep-lying inefficiencies with advanced analytics. DMP brings with it slot and delivery scheduling, smart and flexible route planning, simple multi-channel fulfillment planning, simplified payments and reconciliation, shipping with a vast carrier network that equip workforces for excellence and enable companies to scale with lower emissions. Locus helps retail businesses to:

### Run lean even during peak seasons by distributing via multiple channels:

Locus helps you to work with thousands of contracted transporters while leveraging centralized order capture and routing. It helps you de-risk your distribution network by delivering through outsourced, contracted, and captive fleets. Businesses can also add or shed capacity based on demand levels to maintain profitable unit economics.



**Offer competitive fulfillment timelines:**

Beat the competition with the fastest turnaround on consignments of all sizes. Implement next day, same day, and on demand fulfillment on a single stack.

**Run leaner with by utilizing the same routes for forward and reverse logistics:**

With [centralized order management](#), leverage a common fleet to conduct pickups and drop offs in the same routes. Reduce the cost of returns and offer a stress-free experience for buyers.

**Comply with evolving regulations easily:**

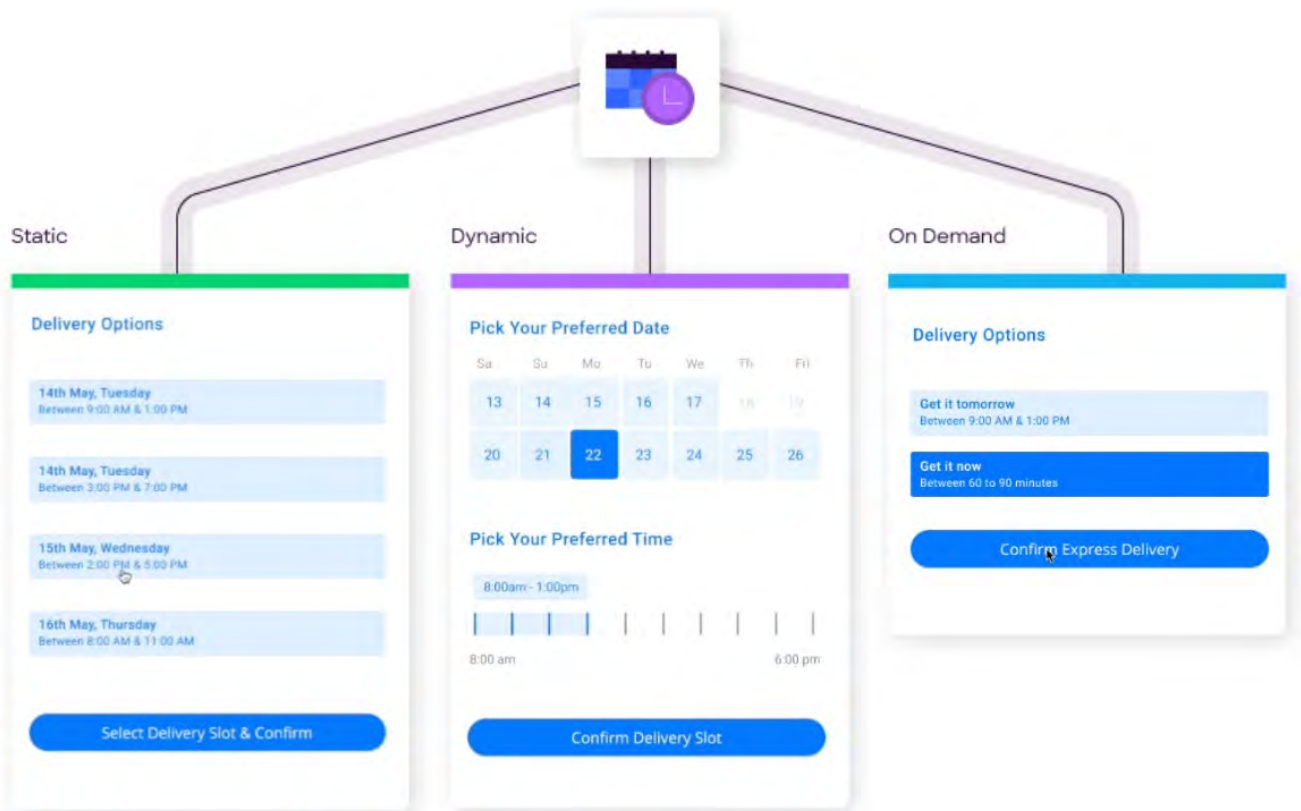
Ensure compliance with labour regulations with integrated shifts and roster management. Route drivers with task and time on road fairness while capturing and reducing emission footprints. Avail credits and incentives for emission reporting and reduction.

**Leverage advanced analytics to solve distribution pain points:**

Identify inconsistencies in workforce performance and incentivize better workforce productivity with actionable insights. Asses profitability for each route to allocate more well-suited capacity.

**Provide a differentiated experience with delivery linked checkout:**

Locus' new module, [Delivery Linked Checkout](#), improves customer retention, increase average ticket size, strengthens brand equity, improves your standing during consignment negotiations and offer buyers online ordering options complete with accurate real-time SLAs



**Surpass industry standards on unit economics:**

Leverage a centralized order-to-delivery platform to minimize delivery errors, mis-routes, for a sustainable profitable distribution network. Minimize the need for human oversight and intervention to run a leaner team. Monetize faster delivery options by offering premium/speedy fulfillment services to high value customers.

**Automate exception management:**

Automate everything from cancellations, returns, re-scheduled orders, and re-attempts on a single platform with pre-determined intelligent workflows. Automated workflows eliminate delays caused by manual verification and order creations, resulting in quick, seamless, and capital-efficient resolution for all stakeholders

**Run parallel fulfillment services based on profitability:**

Depending on the demand levels at each zip code, dynamically allocate optimal capacity to each zone daily, resulting in a continuously optimized capacity utilization and fuel savings.

## How Locus has impacted businesses



With over 650 million deliveries executed, the Locus Platform has helped brands across industries unlock the true potential of their last-mile logistics by helping them fulfill more orders and scale up sustainably with fewer vehicles. Here's how we've helped the following businesses:

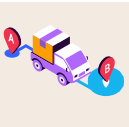


One of the world’s largest snack companies, Mondelēz International empowers people to snack right in over 150 countries. Locus helped with effective sales resource utilization for this American FMCG leader with territory-based route optimization:

**IMPACT**



**7% reduction**  
in number of vehicles used



**10% reduction**  
in distance traveled



**8% decrease**  
in sales resources required



**42% reduction**  
in overtime



**10% increase**  
in number of outlet visits



**CHALLENGES**

- Unreliable SLA forecasting and poor visibility for all stakeholders
- High transit times and unplanned order allocation due to poor resource planning
- Increased complexity with manual enforcement of delivery SLAs
- Poorly optimized frequency of store visits due to lack of visibility and forecasting tools

**LOCUS CAPABILITIES IN ACTION**

- Intelligent territory planning to segment service areas into equitable zones for improved resource efficiency and a fair allocation of tasks
- Dynamic routing with real-time route restrictions, traffic data, and weather conditions to generate accurately planned trips for on-ground resources

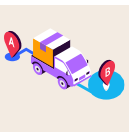


Locus helped streamline last-mile fulfillment for the British multinational consumer goods company and maximized their on-ground resource utilization.

**IMPACT**



**50% reduction**  
in sorting time



**20% increase**  
in orders per driver



**15-20% reductions**  
in failed deliveries



**CHALLENGES**

- Large dependency on manual processes for sorting of high volumes of shipments
- Manual, error-prone, and time-consuming daily dispatch planning and delivery routing process
- Increased delivery costs with manual processes that required more resources

**LOCUS CAPABILITIES IN ACTION**

- Advanced route optimization platform that efficiently manages and schedules delivery routes
- Autonomous shipment sorting and rider allocation to minimize human dependency in delivery operations and optimize efficiency, resource utilization, and transportation costs



Locus streamlined logistics operations for The Indonesia-based sales and distribution company, PT Tigarska Satria, and helped enhance their supply chain efficiency.

**IMPACT**



**100% digitalization**  
of POD process



**34% reduction**  
in distance per order/task



**9% increase**  
in volume utilization from  
the 1st month of go-live



**CHALLENGES**

- Manual planning of day-to-day logistical activities
- Under-utilization of fleet vehicles
- Inability to tackle multiple on-ground constraints: time slots, route restrictions, etc.
- Lack of on-ground visibility

**LOCUS CAPABILITIES IN ACTION**

- Systematic planning of delivery routes based on business and order constraints
- Automated shipment allocation to the optimal routes and drivers
- Real-time tracking and a hawk eye view of all on-ground operations

## Conclusion

Locus' DMP helps you to anticipate disruptions and resolve exceptions proactively, customize your delivery lifecycle, leverage data for active insights and scale for last-mile excellence. It is your constant companion from the moment the order is placed to the moment it reaches the customer's doorstep.

**Want to maximize the quality of your delivery service with limited resource constraints?**  
**Book a demo with us today by visiting us at [locus.sh](https://locus.sh), or reach out to us at [contact@locus.sh](mailto:contact@locus.sh).**

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Locus is a leading-edge technology company dedicated to solving the most challenging last-mile problems in global logistics.

**43m+ miles**

Reduction  
in distance travelled

**18m+ tons**

Reduction  
in GHG emissions

**\$200m**

Savings  
in logistics costs

**GROWTH,  
DELIVERED.**

[Know more](#)