Establish Your Right To Win:
The Definitive CEP Playbook for Profitability

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Content

Overview:

As online shopping volumes keep growing alongside customers' demand for faster, flexible and customized delivery, shippers are looking to their CEP/third party logistics partners to share or completely manage the logistics execution of this new growth opporutnity.

According to research, the global courier, parcel and express market size hit **$439 billion** in 2023 and is expected to soar higher and reach around $623 billion by 2032.The popularity of direct-to-consumer, omnichannel, and e-commerce business models is responsible for this growth, making both 3PL and CEP integral to any organization that wishes to scale and grow their business.

An increased demand from shoppers, a highly competitive environment, and customers' high sensitivity to costs and fulfillment standards, have all pushed for technological advancements in the CEP market. In this whitepaper, we take a deep dive into the industry to understand how it functions and its many challenges. We will also explore the opportunities the market holds for businesses, approach the pain points with empathy, and offer pragmatic solutions with Locus' **Dispatch Management Platform.**

What's cooking? CEP industry trends and expectations

Think of what email did to postal services. Similar fears can crop up when we think about the postal and parcel industry put up against the large online shippers. But this is also an inflection point for levels of growth that are never seen before. Delivery lockers, pickup points, crowdsourced deliveries, drones and autonomous vehicles are helping CEP market players reshape supply chains and redefine the industry. Rising consumer spending capacities, a significant growth in the manufacturing sector, and rapid urbanization have also contributed to this growth significantly.

So much so that the market Compound Annual Growth Rate (CAGR) is forecast to grow at a rate of **3.8% by 2032.** Developing countries are leading this growth and the reasons for it are plenty: improved standards of living, internet and smartphone penetration boosting e-commerce sales, growth in international trade, and disposable incomes are some of them.

Old game, new rules: Shift to a virtual marketplace

As more and more consumers discover the convenience of pulling goods and services to their doorsteps, consumer, retail and other industrial activity sectors are working on improving their presence in the domain.

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.

While both systems of fulfillment are great on their own, consumers no more have a black and white preference for shopping online or in a store.

This is why businesses stand a better chance at continued growth by offering the best of both. Some of the other nuances that highlight omnichannel's growing importance include:

Consumer attention spread out across channels:	According to this **study**, modern customers are creative in finding 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 onlinedasher, omnichannel shoppers have a 30% higher lifetime value when compared with those who use only one channel. Also, omnichannel marketing increases purchase frequency by 287%.

This is why businesses are now keen to work with 3PL and CEP companies to fulfill online purchases at the convenience of the customer.

Roadblocks: What keeps your business from winning in the market

As seen earlier, while more business has certainly spelled good news for the CEP industry, the number of shipments has gone up too, bringing with it its own set of challenges. Some of these are addressed below:

All seasons are peak seasons:

As more and more consumers take to their smartphones, brands are having to deal with deliveries, returns, and cancellations at a never-seen-before scale. According to **Parcel Shipping Index 2023,** on average, 42 packages were shipped for each member of the population within the 13 countries in the Index. Not only is volume a challenge, but the fact that different shippers have different needs also often presents a challenge. The ability to scale shipments of any size for every client at a low cost is how businesses can establish themselves as a differentiator.

161 bn

Parcels in 2022

Up from **159 bn** in 2021

Up from **1%** year-over-year

5102
Parcels per second

441m
Parcels per day

42
Parcels per person average

Too much time spent under the roof:

Whether it's sorting shipments, assigning them to drivers or sequencing them for a trip, the more the manual intervention involved, the more the time wasted under the roof waiting for shipments to be loaded. As parcel volumes increase, so does the strain on warehouses, leading to a dip in efficiency and more delays.

Mis-routes due to incomplete addresses:

As e-commerce slowly but steadily penetrates tier 2 and 3 cities, addresses are becoming a growing problem. Being either insufficient or incomplete, they often lead to mis-routes, subsequently resulting in higher turnaround times.
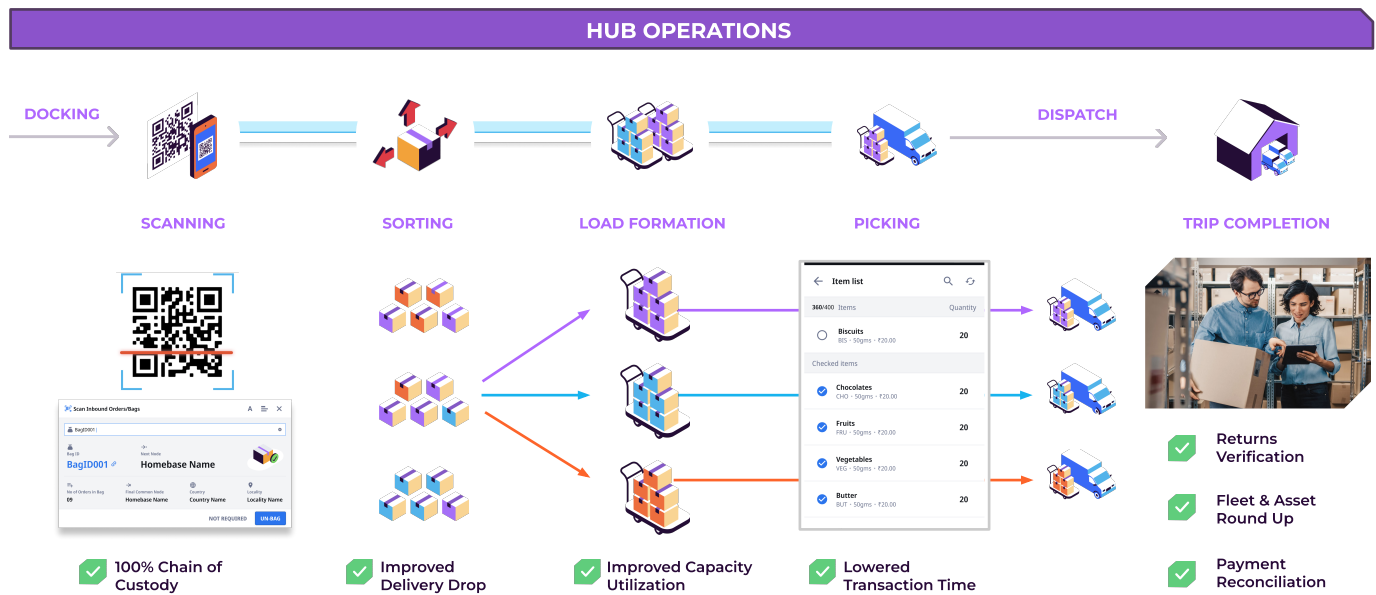
Poor workforce retention:

Driver attrition is one of the biggest pain for courier companies to tackle. According to IRU driver shortage data, over **3 million** truck drivers jobs are vacant across the globe.Ranging from low wages to toxic work environments and overtime, truck drivers are leaving their current company or leaving the domain altogether for better quality of life.

Redefining fulfillment for the CEP industry with Locus

Locus' dispatch management platform serves as the unified space that allows businesses to manage deliveries across different fulfillment channels. Considering that about **30%** of all orders are returned on purchase, making the fulfillment of returns, replacements and reorders more straightforward can not only keep track of on-hand inventory, but provide customers with a number of options to choose from. Here are some of the top solutions offered by Locus for the CEP industry:

HUB OPERATIONS

DOCKING

SCANNING   SORTING   LOAD FORMATION   PICKING   DISPATCH   TRIP COMPLETION

Scan Inbound Orders/Bags

Bag ID
BagID001   Homebase Name

No of Orders in Bag   Dest Common Hub   Country   Locality
09   Homebase Name   Country Name   Locality Name

NOT REQUIRED   UN-BAG

✅ 100% Chain of Custody

✅ Improved Delivery Drop

✅ Improved Capacity Utilization

Item list

360/400   Items   Quantity

○ Biscuits
BIS - 50gms - ₹20.00   20

Checked items

☑ Chocolates
CHO - 50gms - ₹20.00   20

☑ Fruits
FRU - 50gms - ₹20.00   20

☑ Vegetables
VEG - 50gms - ₹20.00   20

☑ Butter
BUT - 50gms - ₹20.00   20

✅ Lowered Transaction Time

✅ Returns Verification

✅ Fleet & Asset Round Up

✅ Payment Reconciliation

Hub Operations module:

Automating warehouse operations is key to success in logistics among other factors, the level of optimization that is required can't be achieved by legacy solutions. However, battle-tested dispatch management and customer experience platform like Locus have advanced modules that's core focus is optimizing and automating warehouse operations:

- **Scanning:** Driver down time under hubs with first in last out loading with automated load balancing and sorting.

- **Parcel sorting:** Auto sort packages based on multiple parameters like addresses, geo, order type without manual intervention for decreased shipping errors and personnel costs.

- **Load formation:** Maximize capacity of each vehicle by assigning order to right truck to mitigate space and resource wastage. This will lead to better utilization of the fleet, decreased fuel consumption and vehicle cost.

- **Picklisting:** Eliminate delays from misrouted orders at the hub level by automating for the most efficient route and picklist at all times.
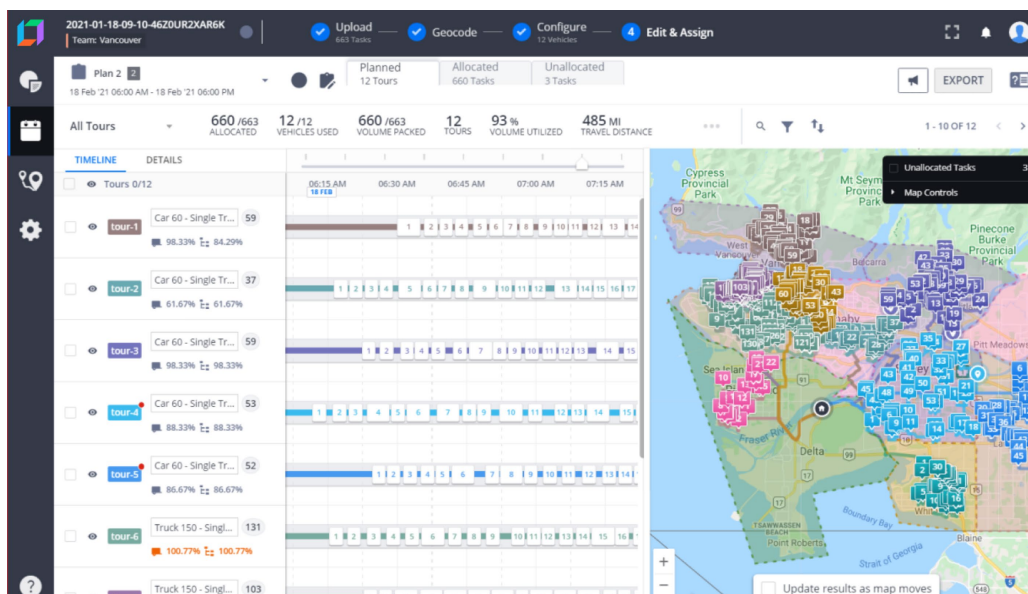
Locus

Zone-based routing:

 Hub service areas are divided into multiple zones based on coverage area and density. Each zone also has multiple drivers mapped to it. Locus' **zone-based routing** ensures that shipments are divided between drivers in each zone equally, leading to quicker sorting, decreased driver attrition, improved efficiency and driver happiness.

PROPRIETARY MI-BASED GEOCODING ENGINE
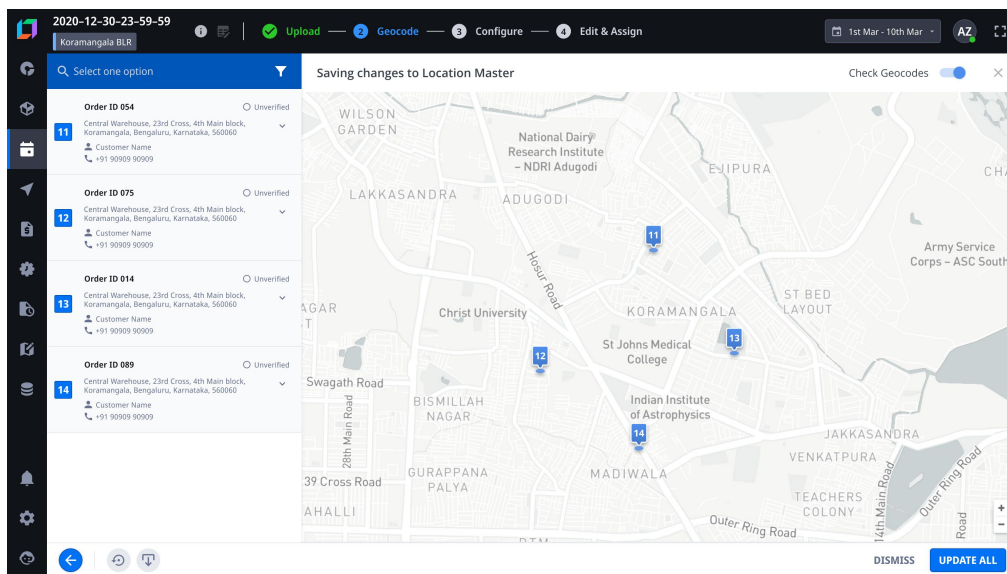

STRATEGIC ZONE-BASED ROUTING

Actionable insights:

CEP businesses need to frequently identify and rectify bottlenecks in the fulfillment process. Locus provides **actionable insights** that help identify most of the problems in the client process well in advance, acting as the single source of truth for order insights. As a result, there's data-driven visibility, better control over operations, fewer errors, less effort and risk mitigation.
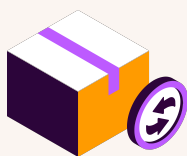
Simplifying returns:

Integrating forward and reverse logistics with advanced capacity and routing solutions can minimize empty miles for courier companies. By offering the most cost-effective and quickest routes that handle both deliveries and return pickups, considering real-world limitations without sacrificing delivery service level agreements (SLAs), delivery teams can significantly benefit shippers.

Ensuring time-definite deliveries:

Today's customers demand deliveries within their specified time frame and are likely to switch shippers if this isn't met. Shippers, especially those without their own fleet and dependent on third-party delivery services, need carriers equipped with technology to manage fleets for tailored or time definite deliveries. Locus' **capacity management software** enables planning ahead, even during peak times like holiday season, while factoring in drivers' time off, sick days by using historical data and smart allocation techniques, ensuring the handling of large volumes of orders go smoothly.

Dynamic and on-demand routing:

Achieving timely deliveries in modern urban environments is challenging due to various ground-level obstacles. Locus' advanced **route optimization platform** takes into account over 200 real-world factors such as traffic, road closures, and accidents and many more, to determine the most efficient delivery route. Many carriers fail to meet the needs of shippers by not accommodating on-demand orders due to outdated routing tech. However, Locus enables delivery companies to ensure ad hoc deliveries are managed without affecting the SLAs of scheduled deliveries.

Deliver to fuzzy addresses with precision:
While not a common issue in the United States, poor address quality is a significant challenge in other regions. With addresses ranging from minimal information to just a postal code, delivery teams struggle to find solutions. Locus' route management system includes a geocoder that converts incomplete addresses into precise latitude and longitude coordinates before dispatch, reducing the need for drivers to search for addresses, thereby decreasing burnout and time spent on the road. This improves FADRs and drastically brings down costly reattempts associated with delivery failure.

Modern Dispatch Management Solution for 3PL & CEP industry

While speed is an important component in making last-mile deliveries efficient, it is not the only component that makes the delivery process a success. 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.
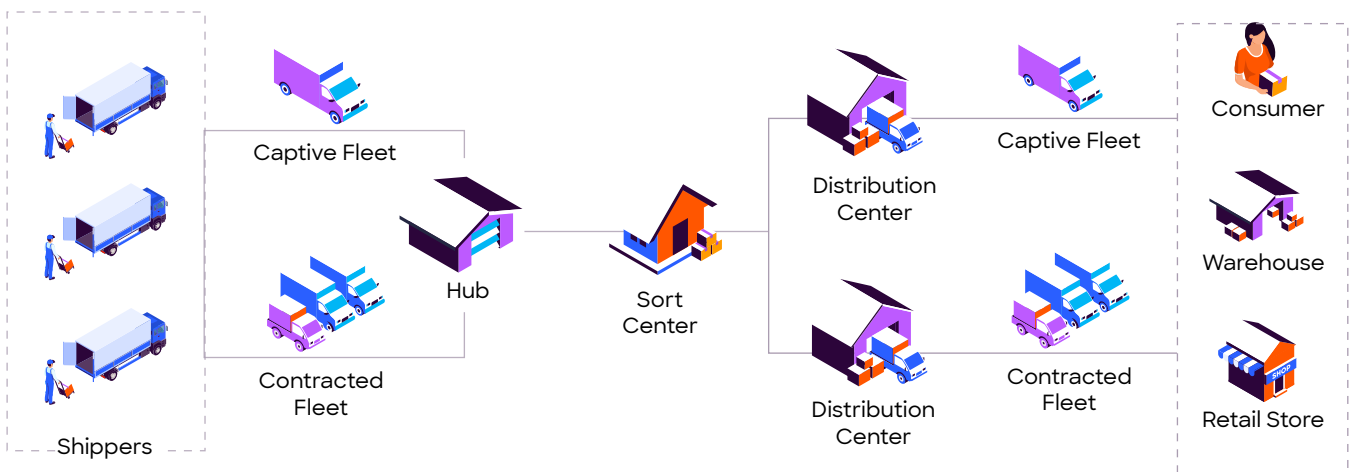
Locus' **Dispatch Management Platform** (DMP) is designed to attend to these aspects of a delivery, and it does so by uncovering deep-lying inefficiencies with advanced analytics. The DMP brings with it slot and delivery scheduling, smart and flexible route planning, simple multi-channel fulfillment planning, simplified payments and reconciliation, shipping with a vast carrier network that equip workforces for excellence and enable companies to scale with lower emissions. This is how Locus brings value to the **CEP 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':

It leads to higher efficiency and optimized unit economics, higher asset and real estate utilization, and an increased Return on Interest (ROI).

Improved accuracy of deliveries:

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 promised higher and faster deliveries, and equal fares and workload distribution among drivers, thus making drivers happy.

The Locus Impact

With over 1 billion deliveries executed across the globe, 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:

BlueDart-DHL is South Asia's premier courier and integrated express package distribution company, with an extensive network of over 35,000 delivery locations and warehouses at 85 locations in India. This is how Locus helped BlueDart-DHL save 60% of its sorting time:

Impact :

60%
Sorting time saved

70%
Decrease in number of sorting personnel

95%
Route mapping accuracy achieved

Challenges:

- Manual, error-prone, and time-consuming shipment sorting and processing
- Increased human dependence during shipment processing
- Increasing overhead costs due to overutilization of resources
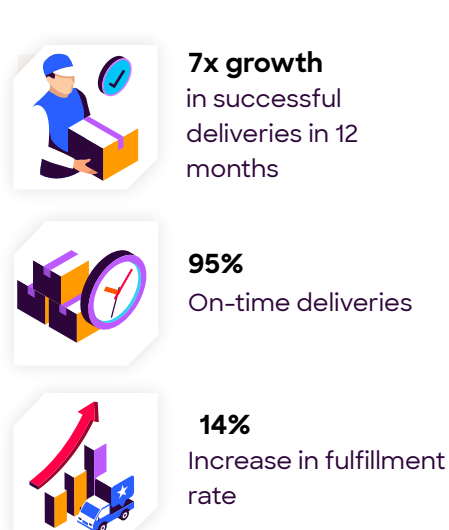- Negative impact on delivery efficiencies and SLA compliance

Locus capabilities in action:

- Automated parcel sorting to minimize human dependency in shipment processing
- Locus' proprietary geocoding engine to improve delivery accuracy and reduce hours spent on manual address verification
- Seamlessly print route information on shipping labels of packages, simplifying the sorting process

SHYFT

Shyft was first launched in the United Arab Emirates as a luggage delivery and airline check-in experiment in 2020, and evolved into a modern logistics company that primarily caters to e-commerce businesses. Shyft has served over 1250+ business customers through its business portal in the UAE, with plans to expand across the Gulf Cooperation Council (GCC). This is how Locus worked with Shyft to bring about 7x growth in 12 months:

Impact :

7x growth
in successful deliveries in 12 months

95%
On-time deliveries

14%
Increase in fulfillment rate

Challenges:

- Manual monitoring and tracking of drivers and tasks
- Inability to meet increasing delivery volumes
- Manual planning and dispatch planning
- Rapid scaling of tech capabilities to deliver a superior experience compared to legacy couriers

Locus capabilities in action:

- Automated batch-based order management with intelligent constraints handling
- Real-time driver tracking and management
- Automated zone-based order assignment and scheduling
- Real-time data capture and analysis for operational performance monitoring and strategic decision-making

Locus

Conclusion

The Locus **Dispatch Management and Customer Experience Platform** helps anticipate disruptions and resolve exceptions proactively, helps you customize your delivery lifecycle, leverage data for active insights and scale for all mile excellence. Locus' DMP 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 Locus today!

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Locus

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

1020m+
Reduction
in distance travelled

12m+ tons
Reduction
in GHG emissions

$288m+
Savings
in logistics costs

GROWTH,
DELIVERED.

Know more