



Building a Solid Financial Case for Same-Day Delivery

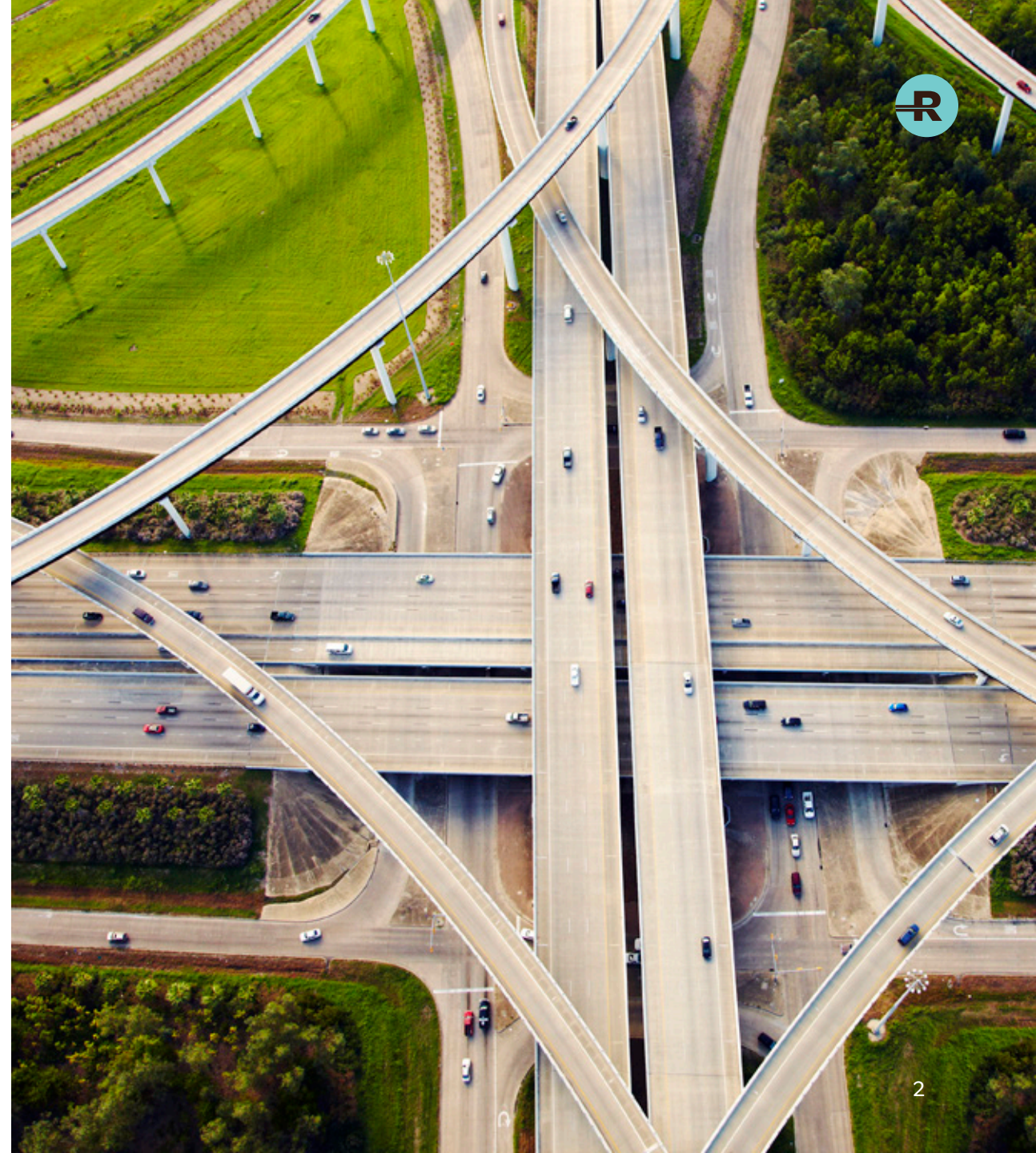


Once a service only provided by the largest retailers, same-day delivery is moving quickly into the mainstream as it becomes non-negotiable for consumers.

Slow delivery is no longer an option for companies, regardless of size or offerings.

If your business still hasn't made the commitment, then getting buy-in from the C-suite is the first step. Understanding the benefits, costs and complexities of same-day delivery — and being able to communicate them effectively to leaders — is crucial to avoiding blind spots as you implement this accelerated model.

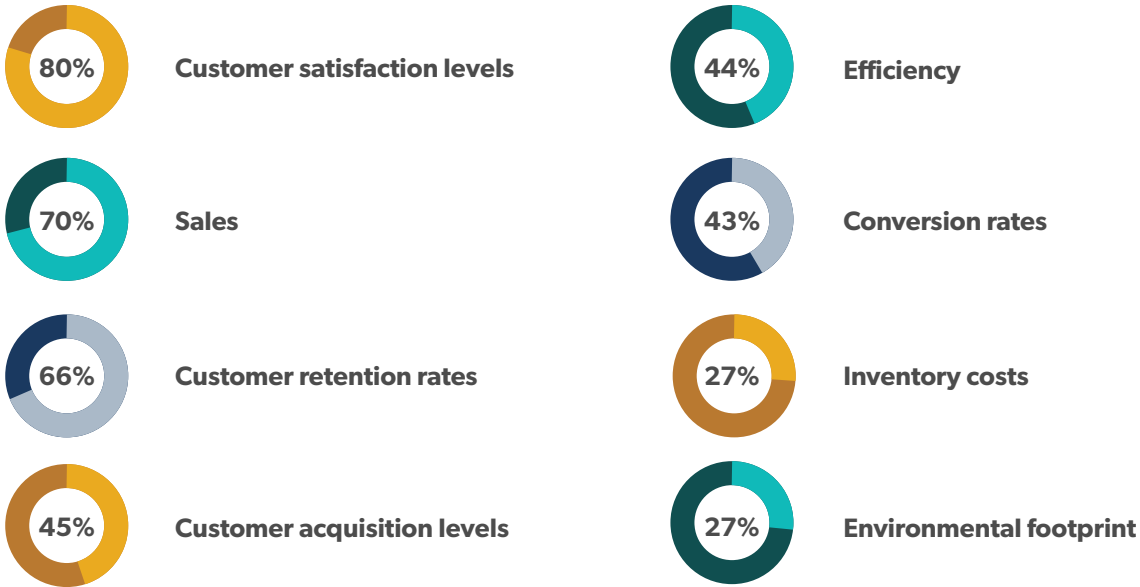
In this playbook, we will help you build your business case for same-day delivery implementation. The information presented here is based on real data disclosed by real companies that already offer same-day delivery. We surveyed 150 industry leaders about the subtleties behind their ultrafast last mile capabilities, including associated benefits, costs and payback, so that we could share their insights with you here.





The Benefits of Same-Day Delivery

Let's start with the good stuff: the major perks of investing in same-day delivery (it's a long list). Though the results of same-day implementation can vary based on company size, company type, order volumes, and other factors, leaders revealed that same-day delivery can improve everything from finances to sustainability, including:



Same-day delivery services even transformed delivery from a cost center to a profit center for three in 10 respondents.

We also asked leaders to report on their financial metrics after same-day delivery implementation.





80%

See Revenue Increases

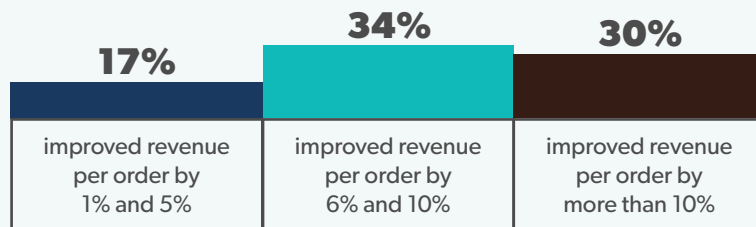


79%

Have Higher Revenue Per Order

Offering fast delivery can attract more customers, enhance satisfaction and loyalty, and motivate shoppers to purchase what they need now instead of waiting — all of which improve revenue.

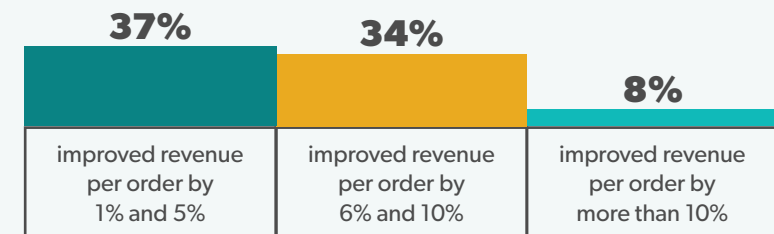
Most survey respondents (80%*) have seen a notable increase in revenue after same-day delivery deployment:



*Data was rounded to the nearest whole number.

When they get to enjoy their purchases sooner, customers may be more inclined to purchase more items or upgrade their choices when same-day delivery is an option.

Case in point: Nearly four out of five surveyed leaders experienced an increase in revenue per order after implementing same-day delivery:



These numbers may be influenced by how companies choose to recoup same-day delivery costs (which we explore in the next section): charging fees for same-day delivery, setting higher product prices or establishing order minimums.



77%

Realize Net New Sales Improvements

If first-time shoppers realize they can order their items from more than one place and notice that you offer same-day delivery when your competitor doesn't, you may land a new customer.

That happened for more than three-quarters of the business leaders we surveyed:

31%	31%	15%
improved revenue per order by 1% and 5%	improved revenue per order by 6% and 10%	improved revenue per order by more than 10%



More choices, higher expectations and stiffer competition mean that brand loyalty is becoming harder to maintain. Connecting shoppers to items quickly and efficiently gives them one more reason to consider your company for repeat purchases.

Nearly eight in 10 leaders indicate that their repeat-purchase rate picked up after the launch of same-day delivery:



Conversion is an ongoing hurdle influenced by many factors, from customer service to pricing and delivery options. If shoppers are looking for speed and convenience, then the absence of same-day delivery gives them a reason to walk.

After rolling out same-day delivery, most companies experience higher conversion rates:



78%

Confirm More Repeat Purchases

66%

Declare Higher Conversion Rates

The Costs of Same-Day Delivery

Now you know what benefits await your company — but what will it cost to get there?

PLANNING FOR UPFRONT EXPENSES

Among industry leaders whose companies offer same-day shipping, about half report six-figure startup expenses, with a median cost of \$400,000. Depending on your approach, these expenses may include IT investments and onboarding, hiring and training costs.

Costs also depend on the way companies move packages from hub to doorstep.

According to our survey, most respondents use a combination of approaches:



80%
use major
parcel carriers



51%
use their
own fleets



45%
rely on regional
parcel carriers



33%
use local
couriers



29%
use crowdsourced
delivery

“Major parcel carriers offer same-day delivery at such a premium that it would be difficult to make it work long-term from a cost standpoint,” says Chris Grubb, head of marketing for Roadie. “As retailers look closer at costs, they may find that crowdsourced platforms have an advantage over integrated delivery networks.”

Unlike major parcel carriers, crowdsourced delivery isn’t tied to specific routes. It can also help businesses get same-day delivery off the ground more cost-effectively, with no minimum volume commitment or capital investment required.





For more than half of these leaders, **operating costs rose between 1% and 40%.**

WHAT TO EXPECT IN TERMS OF OPERATING COSTS

For **79%** of respondents, operating costs increased after same-day delivery implementation. For more than half of these leaders, costs rose between **1%** and **40%**, while **17%** reported no major changes in operating costs. In a few cases, operating costs decreased.

Transportation is a major operating expense, whether it involves partnering with parcel carriers or fuel, maintenance and wages for a fleet and drivers. Pivoting based on demand is also difficult with these delivery options, which impacts operating costs.



Flexing is something that traditional delivery networks have a hard time doing. If too many orders are coming in, then you have to tell people 'no' if you don't have any way to get those items to them. But crowdsourcing gives you that option — it's nearly unlimited. In fact, when a business processes lots of same-day orders, it attracts the crowdsourced driver network even closer to it."

DENNIS MOON

COO and head of operations for Roadie

PREPARING FOR A HIGHER COST PER ORDER

After investing in same-day delivery, leaders say they spend more to acquire, fulfill, package and ship orders.

Nearly two-thirds (**65%**) say the cost per order increased after implementation, while another **26%** say it stayed the same. Only **9%** report a lower cost per order.

For **45%** of companies that experienced an increase, costs grew between **1%** and **20%**. Another **21%** report surges of between **21%** and **40%**.

Roughly half of the survey respondents also report higher:



Inventory costs



Shipping cost per order



Total order cycle time



For 45% of companies that experienced an increase, **costs grew between 1% and 20%**. Another 21% report **surges of between 21% and 40%**.



RECOVERING COSTS:

Fast Delivery Doesn't Have to Break the Bank

To offset the costs associated with same-day delivery, leaders often pass expenses along to customers in one of three ways.

1. INCREASING THE PRICE OF PRODUCTS

More than half of business leaders raised product prices to pay for same-day delivery. For nearly one in three (29%), this involved simple price adjustments. For 24%, a free trial was offered before price increases took hold.

Points to consider with this tactic:



Only certain products can withstand permanent price increases.



Pricing is visible: Consumers know when you're charging more for an item than your competitor.



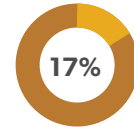
Raising prices may be a good fit for products that are difficult to find.



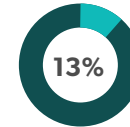


2. TACKING ON A DELIVERY FEE

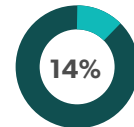
Another approach is to charge a fee. Among the business leaders who use this approach:



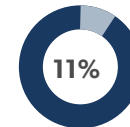
charge an annual fee



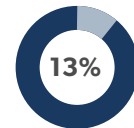
charge a per-order fee



charge a one-time flat fee



charge a fee for orders below a certain dollar amount



charge a monthly fee

Points to consider with this tactic:



Success depends on how much your customers value the service and if they're willing to pay for it.



This tactic works well with oversized items that are difficult for consumers to pick up.

3. OFFERING SAME-DAY AS A LOYALTY PERK

A small group (6%) includes same-day delivery as a loyalty incentive to attract and retain customers who value fast service.

Points to consider with this tactic:



Not many companies do this yet, but it may gain hold as more look for innovative ways to improve loyalty program value.



If your company is looking for a way to drive membership, this may be a good option.



CONSIDER CONNECTING TO A CROWDSOURCED DELIVERY NETWORK

By connecting you to our national network of independent, on-demand drivers who are available to deliver items quickly and affordably, Roadie can help your company reduce the startup and operating costs associated with same-day delivery. We cover 30,000+ zip codes and reach **97%** of U.S. households.



You don't have to **own, maintain or insure** your own fleet.



There are no drivers to **hire and train**.



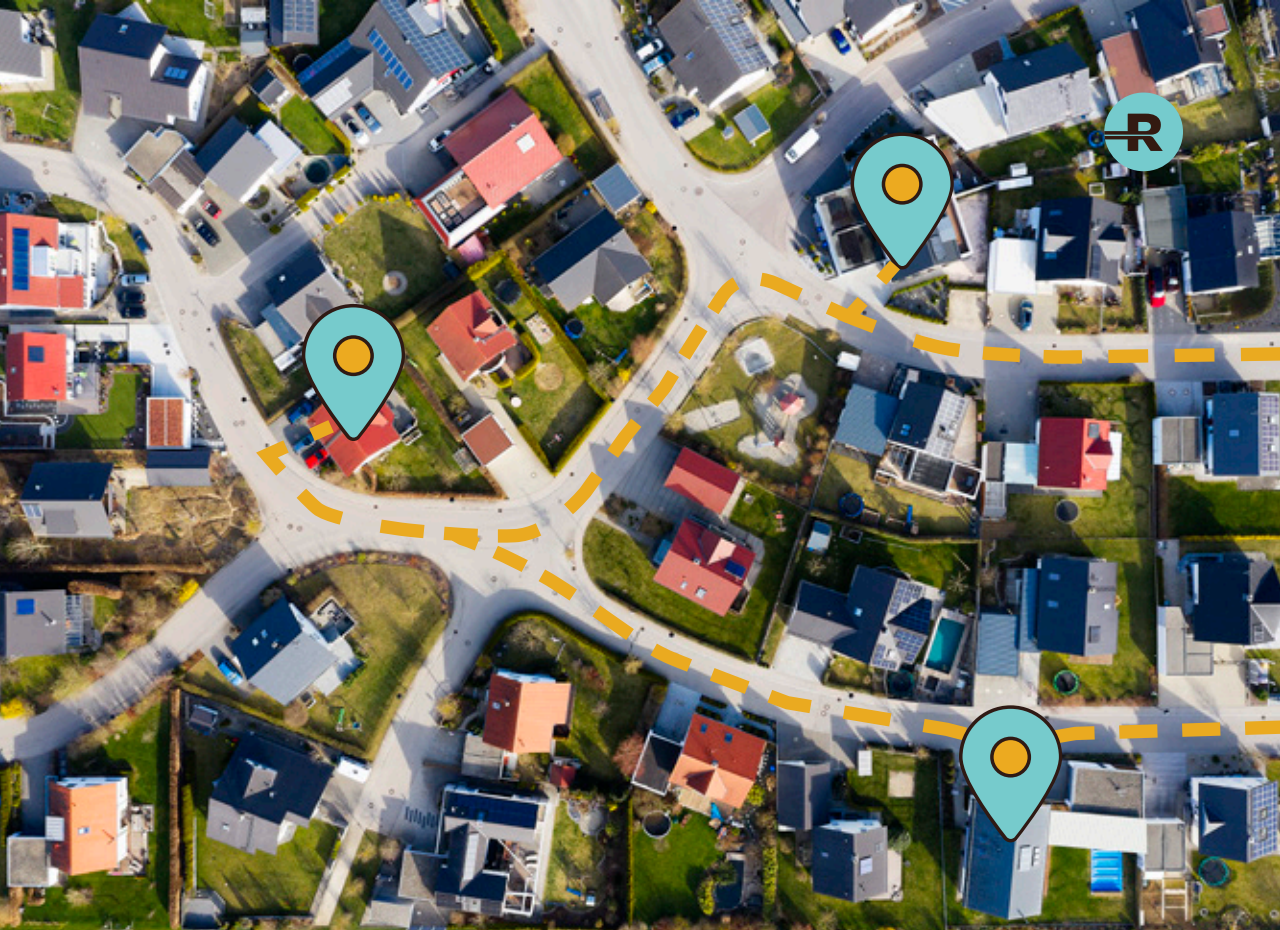
Access however many drivers and vehicles **you need** — whenever you need them.



Batch and route orders to optimize deliveries.



Choose from a **variety of delivery options**, including same-day or scheduled.



We cover **30,000+ zip codes** and reach **97% of U.S. households.**

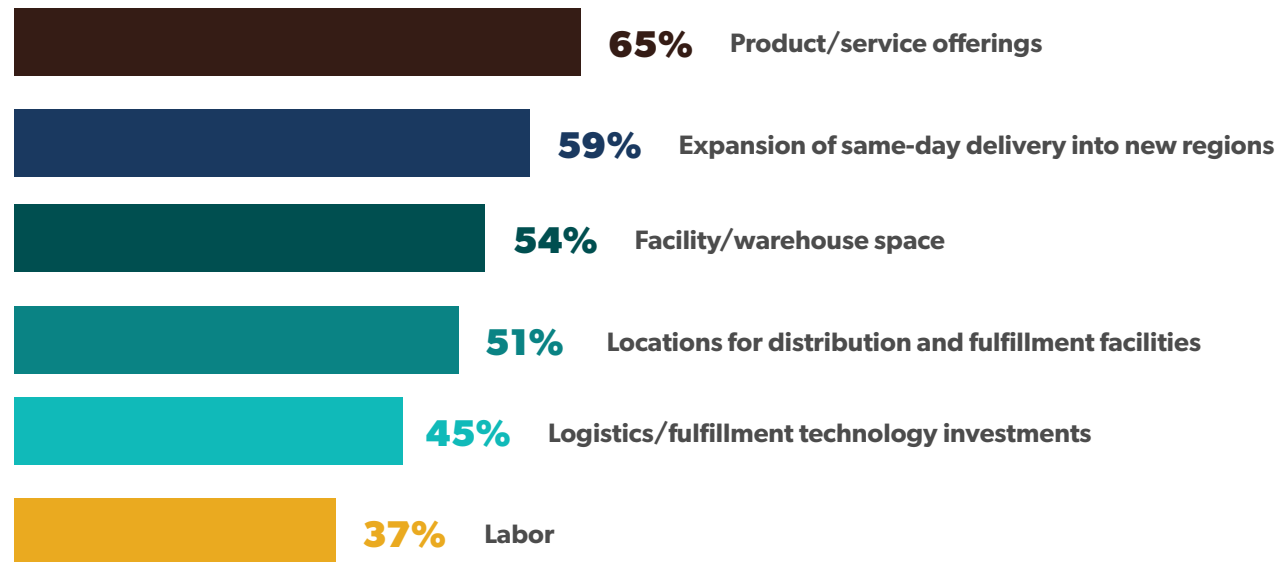


Measure and Maximize the Value of Same-Day Delivery

The business leaders we surveyed were able to report these impressive financial metrics improvements because they track ROI. Nearly all (91%) take time to calculate ROI for same-day delivery.

They track performance measures to evaluate profitability, quantify success, optimize pricing, improve operational efficiency, benchmark against competitors and remove guesswork from decision-making.

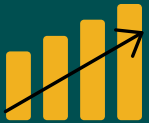
They also use the data to make decisions about:





4 Tips for Presenting ROI Data

When sharing ROI data with the C-suite — including the information in this playbook — follow these strategies to convey your message effectively. Roadie can help you determine the potential impact of same-day delivery on your business and maximize value while keeping costs in check. Once the right infrastructure is in place, you'll quickly see significant returns.



1. Hit the highlights

Emphasize the key findings along with your own insights on how same-day delivery could contribute to your company's strategic objectives and bottom line, as well as your recommendations and proposed next steps.



2. Focus on benefits first

Demonstrate how same-day delivery could help your company achieve specific goals focused on boosting sales or customer retention, for example.



3. Use storytelling

To capture attention, start by asking a question or presenting a real problem your company faces that could be solved by same-day delivery. Once leaders are engaged, you can provide context and present what the data shows about same-day delivery. End your story by describing what same-day delivery could mean for your company.



4. Create visual aids

Instead of walking leaders through a long list of numbers, create charts or graphs that visually represent your data: a bar chart for comparisons or a pie chart for proportions, for example.



Roadie, a UPS company, is a leading logistics and delivery platform that helps businesses tackle the complexities of modern retail with unmatched delivery coverage, flexibility and visibility. Reaching 97% of U.S. households across more than 30,000 zip codes — from urban hubs to rural communities — Roadie provides seamless, scalable solutions that meet a variety of delivery needs.

With a network of more than 310,000 independent drivers nationwide, Roadie offers flexible delivery solutions that make complex logistics challenges easy, including solutions for local same-day delivery, delivery of big and bulky items, ship-from-store and DC-to-door. For more information, visit www.roadie.com.

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