



**2024 ROI REPORT**

# Is Same-Day Delivery Worth the **Hype?**







A competitive edge never holds for long — case in point: same-day delivery. What once was considered revolutionary is now mere table stakes. Speed is critical as market leaders like Amazon and Walmart set the delivery pace and leave other companies to respond with offerings of their own.

But there's a tradeoff to consider: Offering same-day delivery makes the last mile more expensive, more complex and (sometimes) less efficient, placing more pressure on companies to meet customer expectations without breaking the bank.

"The question ultimately becomes, 'Is same-day service a sender cost or a customer cost?'" points out Dennis Moon, COO and head of operations at Roadie. "For it to be successful long-term, you have to determine who pays for it."

Finding cost-effective approaches to manage the final step of delivery is key to maintaining affordable same-day services — which, in turn, boost return on investment and turn the last mile into a money-maker.

To learn more about the dynamics behind the last mile and same-day delivery, including associated costs, benefits and payback, Roadie and Supply Chain Dive's studioID surveyed **150 industry leaders**

whose organizations offer same-day delivery. Most survey respondents describe six-figure implementation expenses and higher operational costs as same-day delivery programs ramp up. However, they also report impressive revenue increases after implementation, as well as consistently rising ROI that offset and often surpass any related cost increases.

These exclusive data and expert insights will help business leaders evaluate their same-day strategies, benchmark costs and returns, determine when same-day delivery capabilities make sense and consider ways to accelerate ROI when implementation becomes part of their omnichannel strategy.



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**DENNIS MOON**

*COO and Head of Operations at Roadie*



# The State of Same-Day Delivery: Competitive Advantage No More

**In 2024, same-day delivery is no longer a differentiator.**

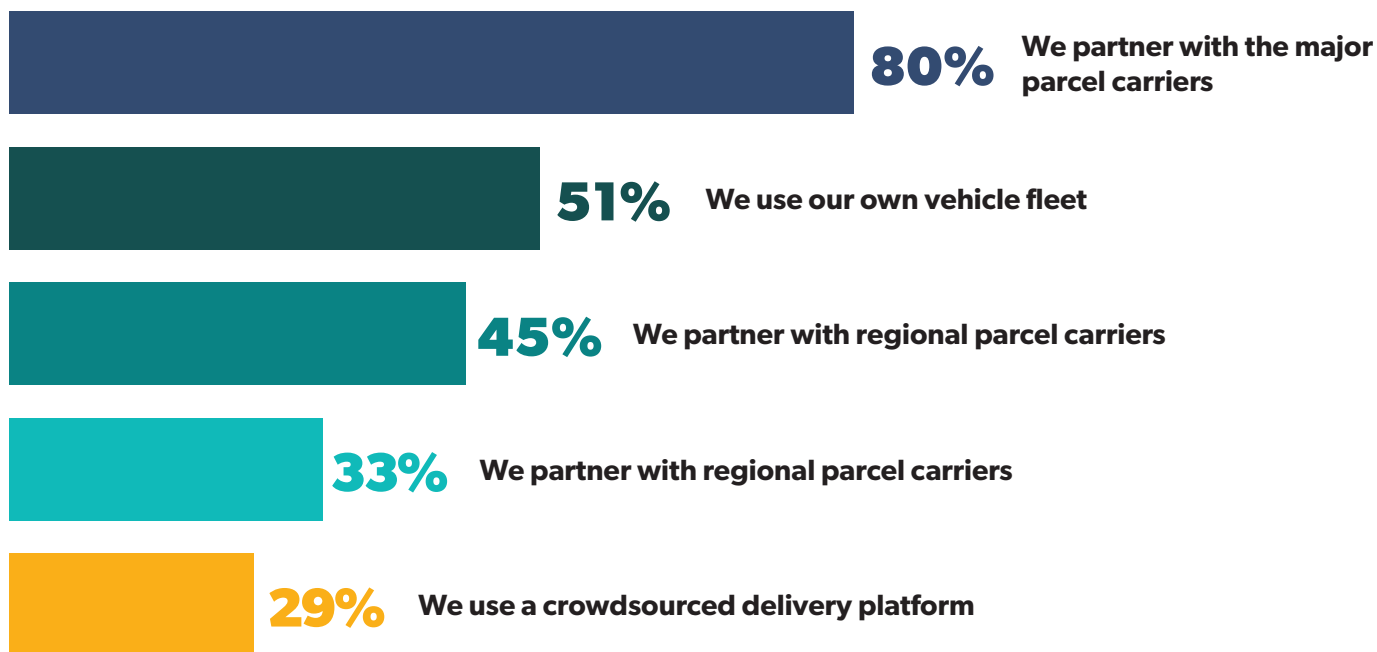
Of the **150 respondents**, the vast majority (**96%**) have offered same-day delivery for more than a year and nearly **63%** of respondents have offered it for three or more years.

Because there are many ways to execute same-day delivery, we asked respondents how they carry out these services.

Businesses rely on a combination of approaches to move packages from hub to doorstep. Eighty percent of respondents use major parcel carriers, **45%** rely on regional parcel carriers and **33%** use local couriers. Half of those surveyed maintain their own fleets to handle same-day deliveries, and nearly one-third (**29%**) use a crowdsourced delivery platform to make it happen.

## THE QUESTION:

**How does your organization provide same-day delivery services?**



“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 take a closer look at costs, they may find that crowdsourced platforms have an advantage over integrated delivery networks. Major parcel carriers run a specific route

every day, and they’re in a certain area at a certain time — which may not be the same-day delivery time that works for the people in that area.”

Is crowdsourced delivery an option to consider for your same-day program? It depends on volume.



# As retailers take a closer look at costs, they may find that crowdsourced platforms have an advantage over integrated delivery networks.

**CHRIS GRUBB**

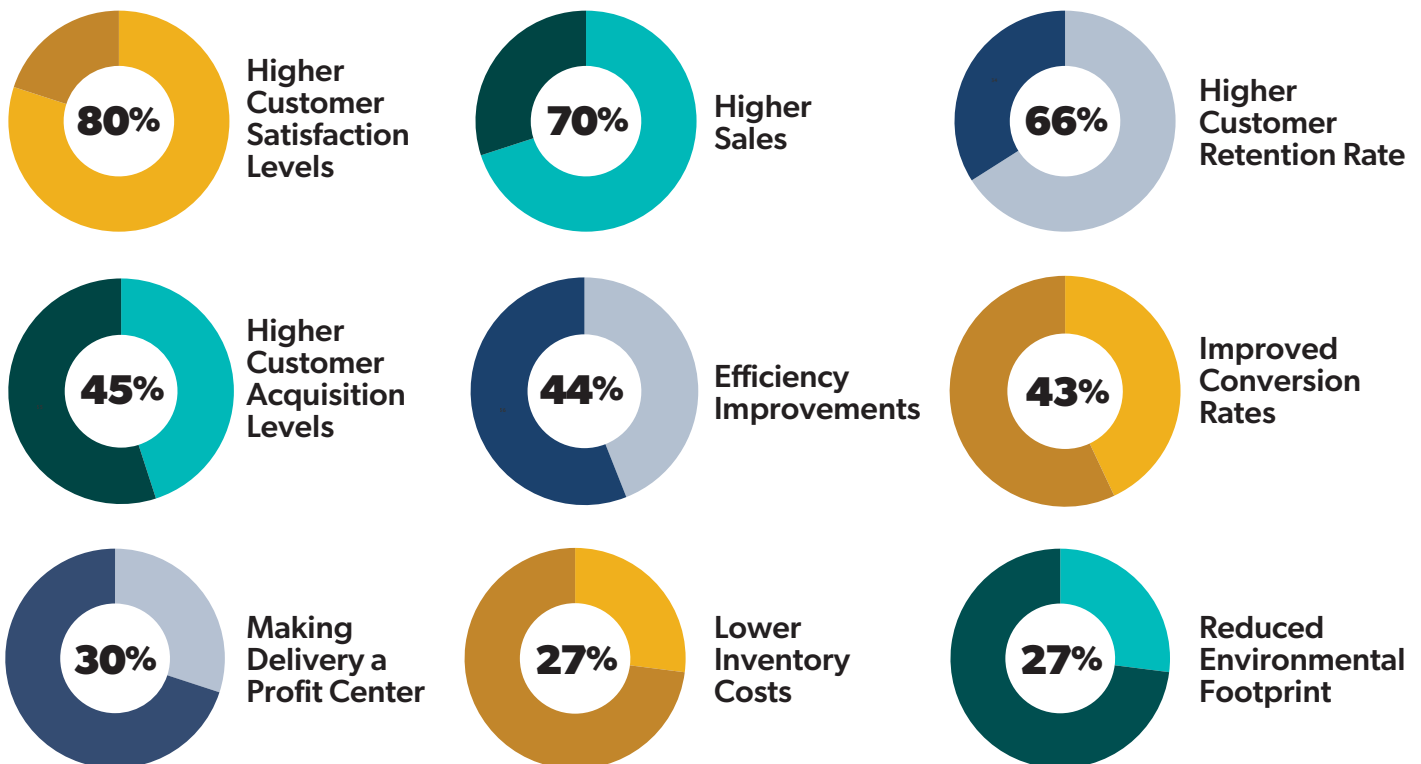
*Head of Marketing at Roadie*

According to Roadie, crowdsourcing brings **two benefits** that other carriers can't offer:

- 1 It's easy to get off the ground quickly.**  
There's no minimum volume commitment or capital investment required.
- 2 It's flexible and scalable based on demand.**  
The number of drivers and delivery vehicles at the ready is virtually unlimited when many unexpected orders come in simultaneously, for example.

## THE QUESTION:

**What benefits do you experience from offering same-day delivery options to consumers?**





# 5 Big Financial Impacts of Same-Day Service

Before we take a deeper dive into the costs of same-day delivery, let's discuss its impact: Same-day's effect on business is nothing short of remarkable.

1

## Higher Revenue

Offering fast delivery can motivate customers to check out, which helps companies grow.

The vast majority of respondents (**80%**) report an increase in revenue as a result of same-day delivery — and it's not insignificant growth. For nearly two-thirds of respondents, revenue rose by **6%** or more; approximately **30%** saw an increase of more than **10%**.

3

## Higher Net New Sales

If delivery takes too long, then customers will shop elsewhere. Giving shoppers a way to get their orders faster is one way to attract new customers. More than three-quarters (**77%**) of leaders surveyed confirmed an increase in net new sales after deploying same-day delivery.

When customers are trying to decide what to purchase — and where to purchase it — your brand can win if you can offer that product faster and more conveniently than your competitors.

2

## Higher Revenue per Order

Roughly **80%** of leaders saw higher revenue per order after implementing same-day delivery, with **34%** experiencing a surge of between **6%** and **10%**.

This increase could be attributed to a few factors (which we'll explore in detail later in the report):

- Charging fees for same-day delivery.
- Setting higher product prices to cover delivery costs.
- Establishing order minimums to qualify for same-day delivery.



**The vast majority of respondents (**80%**) report an increase in revenue as a result of same-day delivery.**





#### THE QUESTION:

**By how much did the following metrics change after implementing your same-day delivery program?**

	10+% Decrease	6% - 10% Decrease	1% - 5% Decrease	No Change	1% - 5% Increase	6% - 10% Increase	10+% Increase	Not sure (but tracked)	We don't track
Cart abandonment	4.4%	8.8%	21.9%	27.7%	19.0%	10.9%	5.1%	0.7%	1.5%
Cart value	2.2%	3.6%	8.8%	19.0%	31.4%	25.5%	9.5%	0%	0%
Conversion rate	1.5%	2.2%	7.3%	21.9%	29.2%	22.6%	13.9%	1.5%	0%
Repeat purchases	1.5%	2.9%	6.6%	10.9%	28.5%	35.8%	13.9%	0%	0%
Internal rate of return (IRR)	2.2%	2.2%	5.8%	23.4%	24.1%	29.2%	11.7%	1.5%	0%
Revenue	1.5%	2.9%	2.2%	12.4%	16.8%	33.6%	29.9%	0.7%	0%
Revenue per order	0.7%	1.5%	2.9%	13.1%	36.5%	34.3%	8.0%	2.9%	0%
Compound annual growth rate (CAGR)	0.7%	0%	2.2%	19.7%	31.4%	28.5%	13.1%	3.6%	0.7%
New new sales	0.7%	2.2%	5.8%	11.7%	30.7%	31.4%	15.3%	2.2%	0%

#### 4

### More Repeat Purchases

Consumer brand loyalty is difficult to earn in today's unpredictable market. When you can get customers their orders quickly and efficiently, they are more likely to consider you for additional purchases in the future.

Our survey data backs that up: Nearly eight in 10 companies say repeat purchases improved thanks to the launch of same-day delivery, with **36%** seeing an increase of between **6%** and **10%**.

#### 5

### Higher Conversion Rates

For many, conversion is an ongoing hurdle. Does the lack of same-day delivery give shoppers another reason to abandon their carts?

The answer is "yes." After rolling out same-day delivery, **66%** of respondents say their conversion rates grew; **23%** are seeing improvements of between **6%** and **10%**.



# The Importance of Calculating Same-Day ROI

How can businesses report with confidence that their revenue, conversions and repeat purchases are improving due to same-day delivery? Because they track ROI.

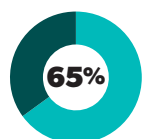
Even though same-day delivery is becoming a must-offer service, most leaders surveyed (**91%**) still track its ROI so they can evaluate profitability, measure success and remove guesswork from decision-making. Of that group, many report revenue increases of more than **20%** after implementing same-day delivery.

“Businesses should track ROI for same-day delivery,” Moon says, “and they should do it properly. ROI isn’t only about calculating how much revenue you’re

driving through same-day delivery. It’s calculating how much revenue you’re driving compared to cart abandonment, for example. You have to know what that return on investment is so you can make a good decision about whether you want to invest more in the service. If you’re not looking at all the critical metrics, then you’re missing out on quality data that helps drive revenue margin and company longevity.”

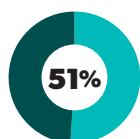
Key to evaluating ROI accurately, Grubb says, is making sure you’re measuring ROI over the long term (not just a few months) and in comparison to your other distribution channels. “How does growth look among customers using same-day service compared to those who don’t?” he asks.

## Those surveyed are using ROI information to make data-driven decisions like:



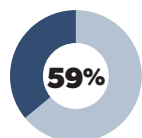
### Product/service offerings

Should inventory be increased for products that sell especially well when offered with same-day delivery? Are there products rarely purchased with same-day delivery?



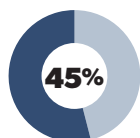
### Locations for distribution and fulfillment facilities

Is same-day growth accelerating in a specific area? Would this be an opportunity to establish more facilities close by?



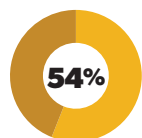
### Expansion of same-day delivery into new region

Based on previous success, will it pay to expand services into new markets or regions?



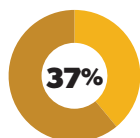
### Logistics/fulfillment technology investments

Is the current technology working effectively? Where can future investments make the most impact?



### Facility/warehouse space

Is same-day delivery growing to the point that more space may be needed in the future to support it?



### Labor

Is your team as productive as it can be? How can you build a more efficient workforce?

## ROI that Lasts for Years

Among those who track same-day delivery ROI, **68%** notice not just the benefits mentioned earlier, but also a consistent improvement across ROI metrics. That's good news: That growth helps keep the costs of same-day delivery in check over time. For another **25%**, ROI improvement remains the same year-over-year.

"As adoption and acceptance rates of things like new payment platforms grow every year, I think we'll only continue to see ROI increase," Moon says. "For example, integrating facial recognition into the purchase process and making things easier — combined with knowing you can get a product in a few hours — will be the driving force behind consumer spending habits."

### THE QUESTION:

**Do you analyze your ROI data year-over-year?**



**68%**

Yes, and our same-day delivery ROI consistently trends upward



**25%**

Yes, and our same-day delivery ROI stays about the same



**1%**

Yes, and our same-day delivery ROI consistently trends downward



**5%**

Yes, and our same-day delivery ROI varies from year to year



**1%**

No, we do not compare same-day delivery ROI data year over year



**If you're not looking at all the critical metrics, then you're missing out on quality data that helps drive revenue, margin and company longevity.**

**DENNIS MOON**

*COO and Head of Operations at Roadie*





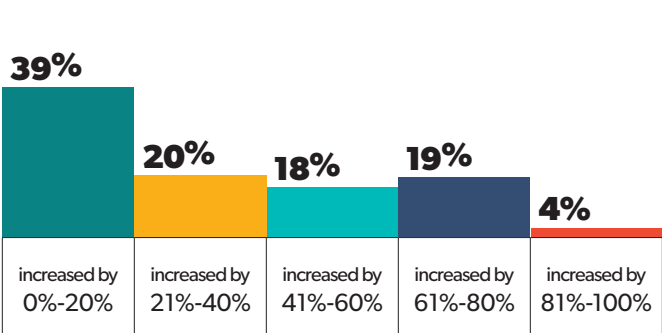
# The Same-Day Delivery Investment: High Costs To Reap High Rewards

While the ROI is impressive, respondents haven't lost sight of the costs associated with getting same-day delivery off the ground.

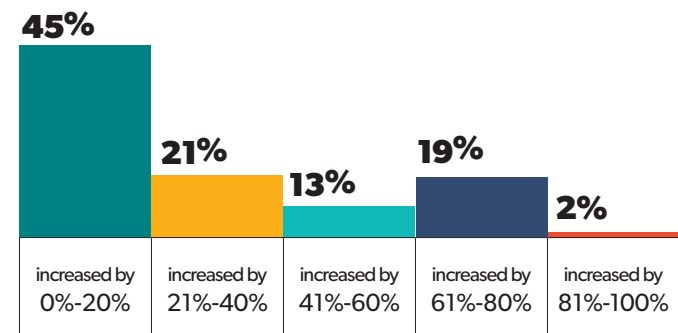
Many surveyed feel the pinch, with close to half reporting six-figure startup costs (with median cost sitting at \$400,000). After taking expenses like IT, training and hiring into consideration, Grubb says the median figure is close to what many businesses can expect when starting a same-day delivery program.

For **79%** of respondents, operating costs increased after putting same-day delivery into service. For more than half of these leaders, costs rose between **1%** and **40%** but **17%** reported no major changes in operating costs after rollout.

In addition to higher operating costs, many businesses (**65%**) have also watched their cost per order rise as purchases with same-day delivery do. Nearly half of this group reports increases of between **1%** and **20%**.



**THE QUESTION:**  
If your **operating costs** increased after implementing same-day service, how much have they increased?



**THE QUESTION:**  
If your **cost per order** increased after implementing same-day service, how much has it increased?





**Around half of survey respondents also report higher:**



**Inventory costs**



**Shipping cost per order**



**Total order cycle time**

#### THE QUESTION:

**By how much did the following cost metrics improve or decline after implementing your same-day delivery program?**

	10+% Decrease	6% - 10% Decrease	1% - 5% Decrease	No Change	1% - 5% Increase	6% - 10% Increase	10+% Increase	Not sure (but tracked)	We don't track
Inventory costs	1.5%	14.6%	14.6%	30.7%	19.7%	18.2%	8.8%	0%	0%
Shipping cost per order	0.7%	5.1%	8.8%	22.6%	37.2%	17.5%	7.3%	0.7%	0%
Total order cycle time	4.4%	5.8%	11.7%	28.5%	23.4%	21.9%	2.2%	2.2%	0%



**As same-day delivery begins to scale, one of the areas companies overlook (forget) is the opportunity to reduce operating costs by improving delivery consolidation.**

**CHRIS GRUBB**

*Head of Marketing at Roadie*



# To Boost ROI, Get Inefficiencies **Under Control**

**What's driving higher costs? In one word: inefficiency.**

"With same-day delivery, many companies are fulfilling those orders from stores," Moon says. "Products move from distribution to the store. Then that company pays someone to unload it and put it on a shelf, and then the company waits for someone to purchase that product online. After it's purchased, they pay someone to go back to that shelf, pull the item and stage it for same-day delivery pickup."

To reduce or offset the costs associated with pulling the item off the shelf and getting it ready for delivery, Grubb suggests creating efficiencies at the distribution point, whether that's a store location, a small fulfillment center or a warehouse.

For example, he notes, some companies have set up dark stores for same-day fulfillment instead of using fulfillment centers or their usual brick-and-mortar locations. This enables them to be more efficient with picking, packing and loading. Their labor model is more akin to a distribution center than a retail store, where associates may be higher paid and have competing responsibilities.

But there are other ways to contain operating costs as you move same-day delivery forward. For example, the process can be improved through:



## **Automation.**

Optimize tasks through the use of technology.



## **Direct distribution.**

Sell directly to customers.



## **Micro-fulfillment.**

Keep inventory closer to consumers to reduce costs and transit times.

Another option, Grubb says, is to find ways to consolidate orders. Grouping or batching orders so the delivery company can be more efficient — delivering six orders at once instead of six individual trips — will save time and money for carriers and retailers.



# Tactics to Offset the Costs of Fast Delivery

**While same-day delivery may no longer be your differentiator, boosting ROI on this critical service can help you set yourself apart from your competitors.**

Improving operations and making mindful decisions about expenses can help free up money to redirect toward other customer-experience initiatives.

We asked respondents how they absorb or offset the upfront costs and operating expenses associated with same-day implementation. Most of their methods involve passing costs off to customers. The good news is: In most cases, thanks to the speed, convenience and experience offered by same-day delivery, shoppers don't seem to mind paying a little more. "Different tactics work in different situations," Grubb says. "It depends on the target market, the customer and what they're purchasing." He says that offering same-day service as a "freemium" to start (as 24% in our survey have) can improve stickiness. Based on the customer's behavior, you can then determine which approach makes the most sense to continue same-day delivery after the trial is over, such as charging a flat fee or a monthly subscription.

1

## Raising Product Prices

More than half of surveyed business leaders say they raised product prices to compensate for the costs of same-day delivery. For 29%, these were simple price adjustments. For 24%, the price increases came after offering a free trial of their same-day delivery service.

"Only certain products can withstand price increases," he explains. "Raising prices is a decent short-term approach to understanding potential market traction of same-day delivery, but it may not be a viable long-term approach. There will be competitors that offer those products without a price increase. They'll cover their costs in different ways. Pricing is pretty visible these days. Over time, if you're the company that chose to increase product prices, then customers may walk away."

The tactic of raising prices may work best over the long haul for products that are difficult to find or aren't typically available in brick-and-mortar locations.



**Raising prices is a viable short-term approach to understanding potential market traction of same-day delivery, but it may not be a viable long-term approach.**

**CHRIS GRUBB**

*Head of Marketing at Roadie*

## Charging Delivery Fees

Some companies opt to put fees into play to cover their same-day delivery costs:



**17%** charge an annual fee



**14%** charge a one-time flat fee



**13%** charge a monthly fee



**13%** charge a per-order fee

Roughly one in 10 (**11%**) charge a delivery fee for orders below a certain dollar amount.

"I don't think most companies are utilizing these fees to make money off of smaller deliveries," Moon says. "They just don't want to lose money on same-day delivery."

However, that's not always the case for same-day delivery. Consider oversized items that would be difficult for consumers to pick up in-store. "There are some products for which consumers will enthusiastically pay for delivery because it solves a major headache for them," Moon says, "In those instances, businesses are able to charge the customer more than the delivery fee and make same-day delivery a profit center."

### THE QUESTION:

**Did prices increase for your customers when your organization launched its same-day delivery program?**

(Respondents selected all that apply.)

Respondents Selected No	
No, we did not charge customers or raise prices of our products or services	<b>21%</b>
No, prices decreased for our customers after adopting same-day delivery	<b>7%</b>
Respondents Selected Somewhat	
Somewhat, we offer free delivery for orders over a specific dollar amount	<b>11%</b>
Somewhat, we offer free delivery to members of our loyalty program	<b>6%</b>
Respondents Selected Yes	
Yes, we increased prices of our products to offset same-day delivery costs	<b>29%</b>
Yes, but first we offered free trials for same-day delivery	<b>24%</b>
Yes, we charged a one-time flat fee to all customers	<b>14%</b>
Yes, we charged a one-time flat fee to all members of our loyalty program	<b>11%</b>
Yes, we charge an annual fee to members of our loyalty program	<b>17%</b>
Yes, we charge a monthly fee to members of our loyalty program	<b>13%</b>
Yes, we charge all customers a same-day delivery fee per order	<b>13%</b>

## Integrating with Loyalty Programs

A small group of businesses (6%) includes same-day delivery as a loyalty perk.

This is a tactic that Moon and Grubb think may gain hold as companies look for more ways to boost the value of their loyalty programs, secure customer stickiness and encourage membership.

“For example, if you’re working on home projects over the next year, and you want to be able to get products from the big-box hardware store fast, then you may be more likely to become a loyalty program member if it includes same-day delivery,” Moon says.



## Scheduled Deliveries: Another Option To Consider

As companies consider ways to reduce the cost associated with same-day delivery while still maintaining excellent service, Moon believes that scheduled same-day deliveries may be worth a closer look.

“Scheduled or timed deliveries not only help carriers create better consolidation on the delivery side, which

reduces costs, but also help retailers provide better service to customers,” he explains. “If you order a sprinkler from a home-improvement store, knowing it will show up any time before 6 p.m. is an all-day concept. But if you need it sooner, maybe you’re willing to pay more to know it will show up within a certain two-hour window.”



## Optimize Your Same-Day Delivery

Just because same-day delivery brings added cost doesn't mean it can't become a profit center for your business. (As demonstrated by the **30%** of respondents who named this as a benefit of offering same-day delivery to consumers.)

"When you think of customer lifetime value and the full suite of capabilities you could offer to get customers interested in your brand and your products, same-day delivery is a critical component," Moon says. "But there aren't many companies outside of Amazon that are truly offering free delivery."

What approach to implementing same-day delivery is going to help your business recoup or maintain the associated costs? To know for sure, you must understand consumer spending habits. Explore your options, execute best practices like those detailed in this report and get experts involved to make sure you're doing everything you can to maximize the value of your same-day delivery program while keeping costs in check.

Connect with Roadie to get started: [www.roadie.com](https://www.roadie.com).

