



# EXPECTATIONS VS. REALITY

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The Surprising Performance Gap of  
Non-Traditional Last-Mile Delivery



Delivery has become a critical part of the brand experience, with the potential to drive up lifetime customer value — or drive customers away. A recent survey of 150 retail supply chain, logistics and operations executives found near unanimous agreement that high-quality last-mile delivery is extremely or very important to their brands. Equally important and influential, according to almost all of the respondents, is the choice of provider; they agree that the right delivery partner enhances their ability to provide this great delivery experience, increasing revenue, customer satisfaction and retention.

However, many retailers surveyed are not receiving “great” service from their providers. They report a significant performance gap between expectations and reality, and that’s costing them.

**For example, respondents’ median expectation is a 93.5% on-time delivery rate, but the actual figure is only 80%**

from the non-parcel carrier partners whose services they use, such as regional and on-demand delivery companies and platforms that offer same-, next- and two-day delivery. Unfortunately, the performance gap in damage rates is even more pronounced.

But retailers do not and should not need to settle for subpar performance when it comes to such a high-stakes part of the customer experience. The far-reaching logistics marketplace hosts many partners that offer far better rates of on-time delivery, damage and other essential KPIs. Better performance enables retailers to avoid their biggest last-mile challenges and create delivery networks that serve the specific needs of their supply chain and customers.



# The Importance of Last-Mile Delivery

The ecommerce market continues to grow rapidly, and consumer expectations have increased alongside it, training many customers to anticipate receiving their purchases in just days — or even hours.

For many customers, “that delivery becomes the only experience that they’ll have with that business, so that’s going to make or break their loyalty,” says Dennis Moon, COO at Roadie, a

logistics management and crowdsourced delivery platform. “They can get a lot of products from a lot of different places, so if they have a bad experience with company A, then the next time they’re going to Company B.”

Survey respondents (97%) are nearly unanimous that their brands consider a high-quality last-mile delivery experience to be very or extremely important. (Figure 1)

FIGURE 1:  
Importance of Last-Mile Delivery Experience to Brand



A lot of factors add up to make a delivery high-quality. Respondents say the most important is a delivery that is damage-free (49%) and on-time (43%). (Figure 2)

“If a retailer says that something’s going to be there today or tomorrow, it has to be there today or tomorrow,” Moon says. “Otherwise, the consumer will just go and order from Amazon or another competitor.” Damaged items create even more hassle for consumers and retailers alike, particularly for high-value and oversized goods.

Other key aspects of a high-quality delivery include the customer’s ability to communicate with the driver (42%), choose a narrow, specific delivery window (39%) and access real-time tracking (35%).



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**Dennis Moon**  
COO AND HEAD OF OPERATIONS AT ROADIE

FIGURE 2:  
Most Important Aspects of Last-Mile Delivery

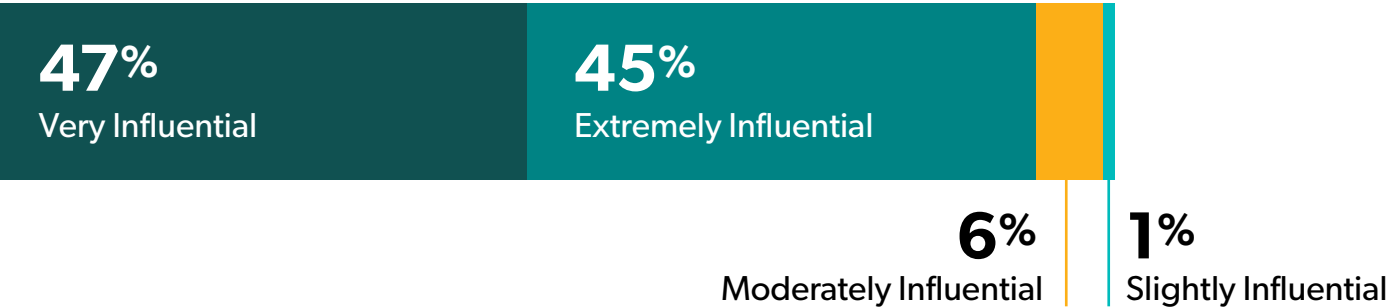




Those qualities should be table stakes for a last-mile delivery company. However, respondents recognize that there can be considerable variation in providers’ capabilities and KPIs. That’s why 92% call the choice of last-mile delivery partner very or extremely influential to their ability to provide a high-quality last-mile delivery experience. (Figure 3)

“When you look behind the curtain, there are clear differences among last-mile delivery partners in things such as real-time visibility, picture proof of delivery, ability to handle special items, and the range of service levels they can enable a retailer to offer to their customers,” says Chris Grubb, head of marketing at Roadie.

**FIGURE 3:**  
**Importance of Choice of Provider to a Last-Mile Delivery Experience**



# What Retailers Offer in Last-Mile Delivery

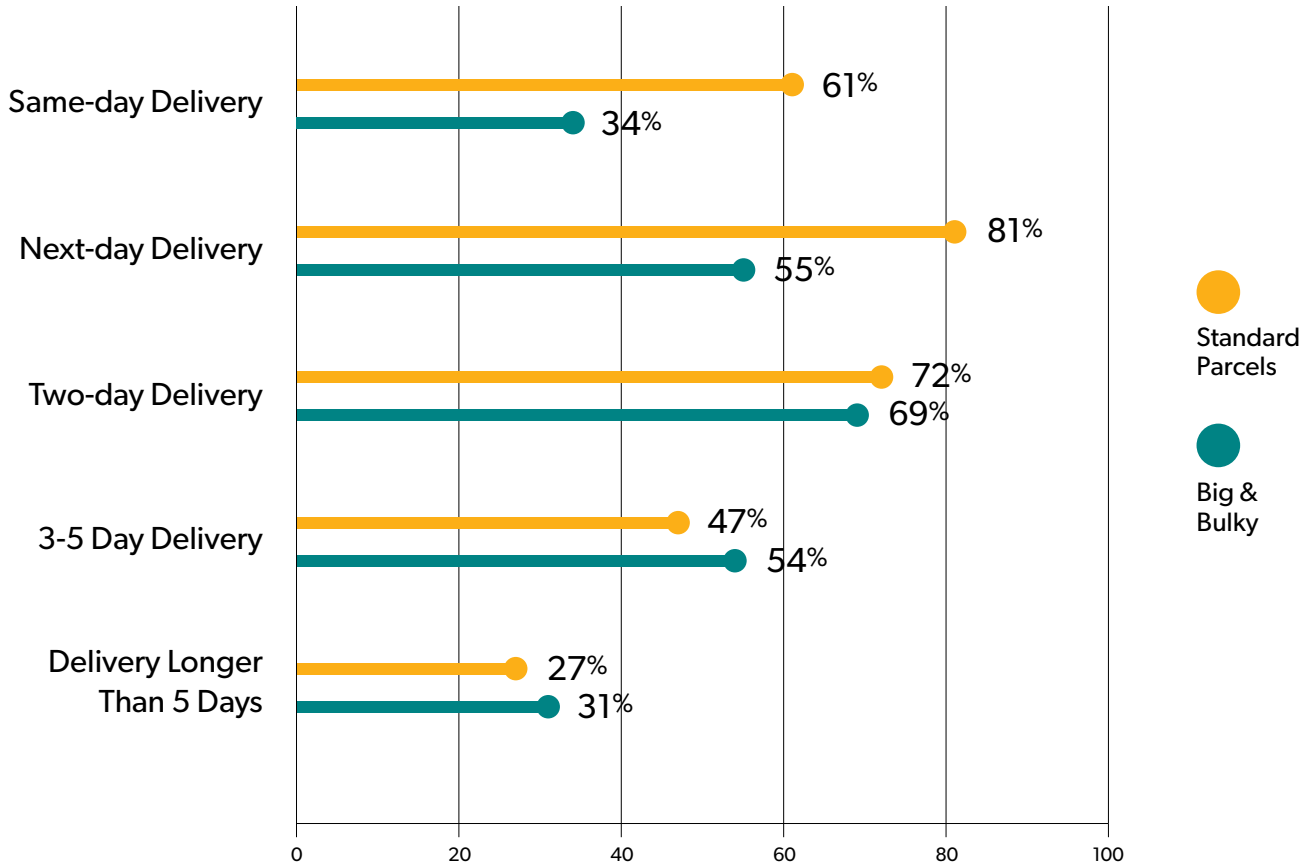
Delivery needs vary widely, even for the same customer. So, to meet consumers’ elevated expectations, retailers offer a variety of service levels for both standard and big and bulky goods. Often they put together a portfolio of providers and platforms, including parcel carriers as well as regional and on-demand last-mile delivery partners to cover all of the delivery timeframes customers are looking for.

For standard-sized items, next-day delivery is the most commonly offered service level (81%), followed by two-day (72%) and same-day (61%) delivery. (Figure 4) For big and bulky goods, two-

day delivery is most common (69%), followed by next-day (55%) and 3- to 5-day (54%) delivery.

Offering a range of choices also enables retailers to provide options to the customer while also being able to shift some of the cost, Moon says. “Sure, you can have it for \$4.99 today, or you can have it free tomorrow. So it makes it look like I, as a consumer, am making that decision myself,” even as the retailer uses fees to influence behaviors, he says. “At Roadie, our focus is on enabling retailers to put together density and consolidation so they can keep the cost of delivery down, and then pass along that cost as they choose.”

**FIGURE 4:**  
**Last-Mile Delivery: What Retailers Offer**



# Measuring Delivery Performance

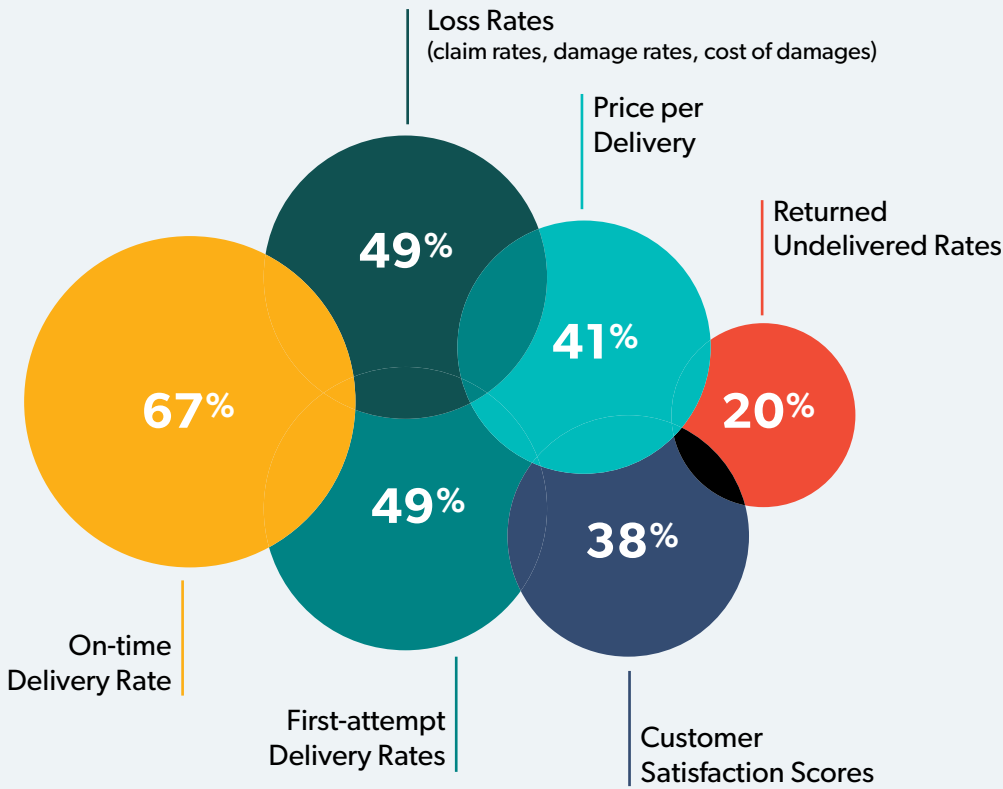
Retailer respondents measure many aspects of last-mile delivery performance because they place such high value on ensuring a positive experience. The most common KPI is on-time delivery (67%), followed by first-attempt delivery rates and loss rates (49% each). (Figure 5)

But choosing a last-mile delivery partner goes beyond ensuring a great performance on the top KPIs. The services they provide must also fulfill the retailer’s operational and supply chain requirements.

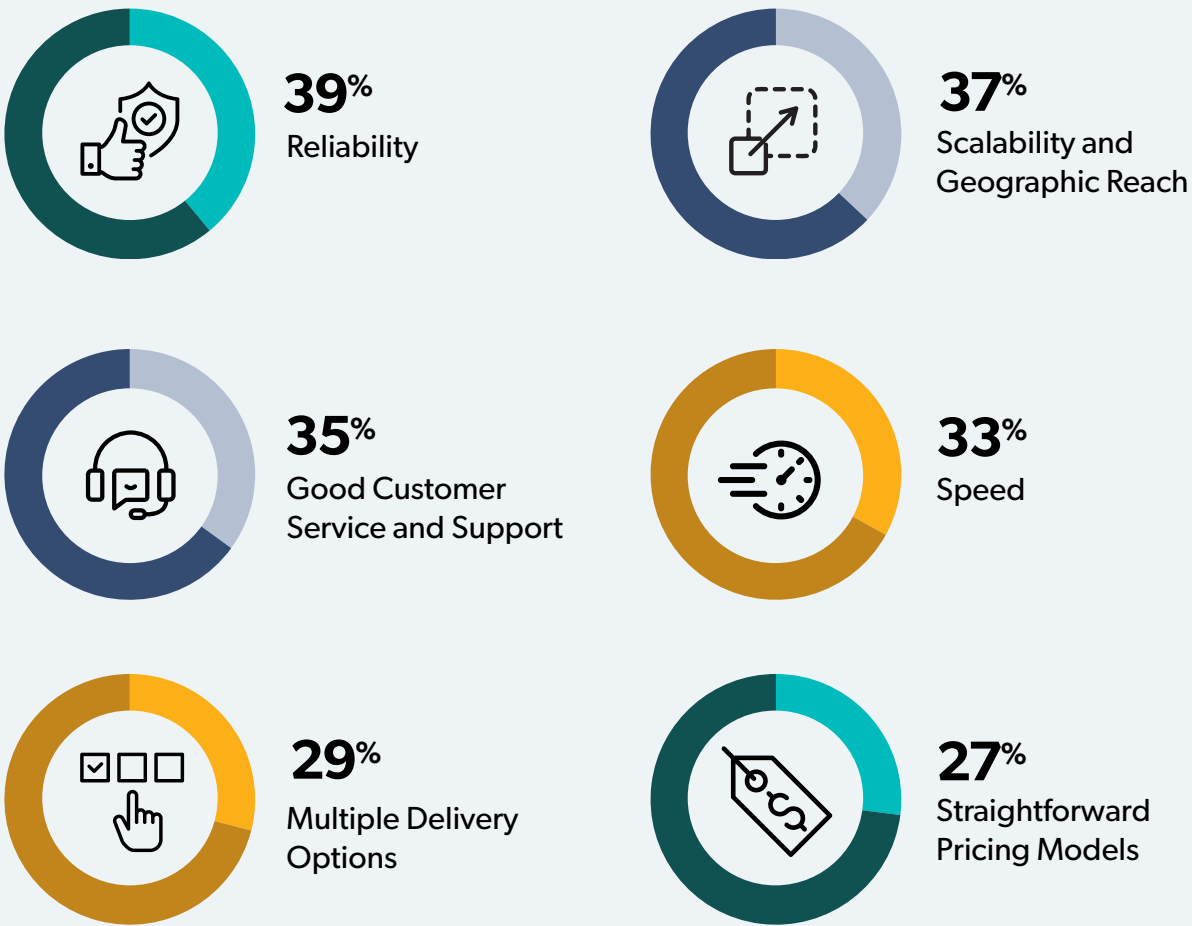
Respondents rank reliability (39%) as the most important aspect of last-mile delivery providers. (Figure 6) Additional factors include scalability and geographic reach (37%), good customer service and support (35%) and speed (33%).

Moon suggests that thorough vetting is a must to ensure a potential last-mile delivery partner can fulfill these needs. “They should check references with existing customers and ask about all capabilities. Cross-docking, direct delivery from a distribution center and direct from fulfillment

**FIGURE 5:**  
Most Common Last-Mile Delivery KPIs



**FIGURE 6:**  
Important Aspects of Last-Mile Delivery Providers



to their end customer are table stakes, especially if they want to drive down cost and get a better overall experience.”

The service area can also be a big point of difference. “When retailers are trying to vet different solutions, they’re going to want to know all about their delivery footprint: Can they enable delivery beyond urban areas? Can drivers handle larger items? Can they go longer distances? Ask

really specific questions,” Grubb urges. “What percent of the population do you cover, and how does on-time delivery vary based upon those different types of markets? Retailers need to ask very detailed questions to make sure the partner can really meet all of their needs.”



# The Last-Mile Delivery Performance Gap

Despite general satisfaction with their most-used current provider (with median scores above 80% for their most-used last-mile non-parcel carrier across six KPIs), there is generally a significant gap between the performance retailers expect and what they’re getting from traditional last-mile providers.

“Unfortunately, some carriers have lowered expectations, and therefore, anybody who exceeds those expectations is going to drive satisfaction much higher,” Grubb says. “Retailers shouldn’t have to do that.”

Survey respondents were asked to state what they consider reasonable expectations for on-time delivery (OTD) and damage rates for last-mile delivery. They were also asked to report on how well their most-used non-national parcel carrier performed on these metrics.

The results reveal a dramatic gap between their very generous expectations — not the 99%-plus OTD or sub 1% damage rates one would anticipate — and what they’re getting from these providers. (Figure 7)

As seen in Figure 7, respondents expect a median 93.5% on-time delivery rate, but they’re getting a median of 80% for same-day delivery and 76% for 1-2-day delivery. For damage rates, they anticipate a 5.8% rate but are actually getting a median — and shockingly high —34% for same-day and 29% for 1-2-day delivery from their most-used, non-parcel last-mile provider.

A deeper dive into the results reveals that one particular, widely used non-national parcel carrier seems to be pulling down the averages.

One primary reason for that low performance may be surprising: tips. When a last-mile solution offers both traditionally tipped services, like food delivery, along with non-food item delivery that is not typically tipped, those non-tip deliveries get pushed aside by drivers. The result can be late deliveries and damaged goods.

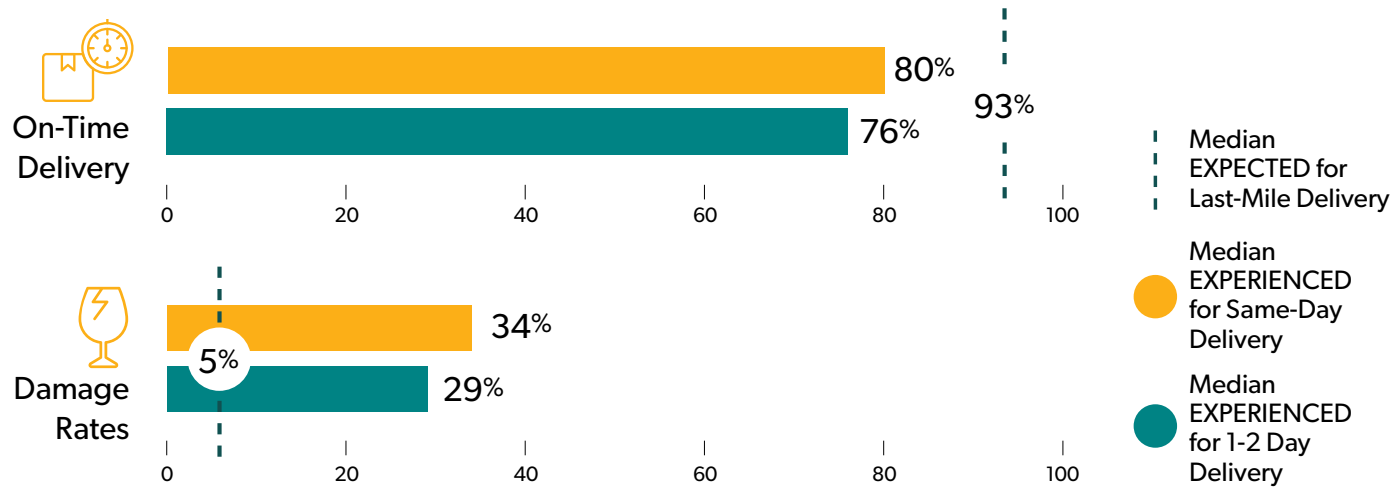
While the upfront price for service from such partners can sometimes be lower, the ultimate price of engaging these organizations is much higher due to the loss of the customer’s loyalty and repeat business.

“I can’t express enough about avoiding solutions that rely on tips,” Moon says. “At Roadie, customer tipping isn’t standard because it’s really difficult to present a consistent tip to drivers without baiting and switching. We strongly believe it’s more beneficial for both drivers and senders when drivers receive fair earnings upfront instead of asking consumers to supplement low earnings with tips.”

“If you’re turning the last-mile experience over to a partner competing for other kinds of jobs, even if you save a little in the front end, that’s going to cost you a lot on the back end because of the loss of customer loyalty and repeat business when deliveries don’t get where they need to go on time,”

**Chris Grubb**  
HEAD OF MARKETING AT ROADIE

**FIGURE 7:**  
Gap Between Expected and Actual Last-Mile Performance



# What Sets High Performers Apart

A big reason behind the performance differences across last-mile solutions is the different ways they leverage people, processes and technology to make it all happen. High OTD rates, low damage rates and other measures of standout performance show deliberate steps to reach and maintain such high performance, including:



## Drivers

A high-performing last-mile delivery platform has a vetted community of independent drivers and has the technology to measure indicators of strong performance to ensure great drivers are matched with the best gigs. When high-performing drivers are kept engaged they become regulars who learn customers’ processes and consistently deliver better services. Drivers who are allowed to opt in to perform deliveries, rather than being assigned one, are more invested in their deliveries. A pool of drivers with a diverse range of vehicles ensures the right driver for any delivery need.



## Process Efficiency

Well-honed, efficient processes are a distinguishing feature of a last-mile high performer. For example, solutions consolidating small pickups from stores — or performing direct pickups from distribution/ fulfillment centers and cross-docking them for immediate delivery — ensures items move quickly and economically. Combined with an app that clearly defines and communicates delivery details attracts a consistent cadre of experienced drivers who bid on and get deliveries where they need to go, quickly and safely.



## Technology

The right technology is a game changer for great performance, and high performers see these as savvy investments. These systems include well-designed algorithms that take into account a wide variety of factors to match the perfect driver, and suggest smart routes, communication systems that offer driver-specific details and enable two-way driver-end customer communication, visibility systems for driver location tracking and photo proof of delivery.



All of these have to work together in order to create a great customer experience.

**Chris Grubb**  
HEAD OF MARKETING AT ROADIE

# Challenges to Successful On-Time Delivery

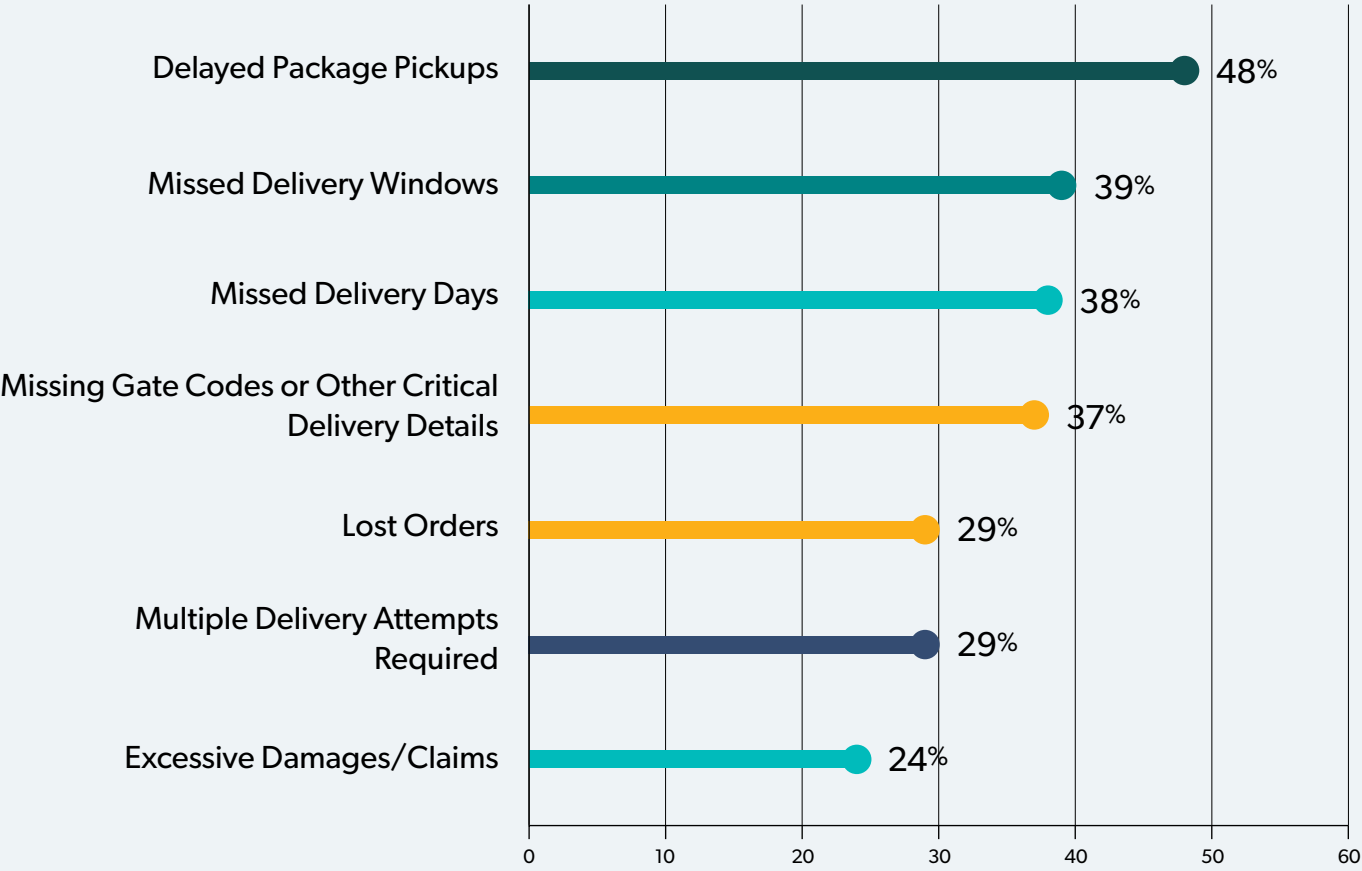
The last mile is famously the most complex part of the supply chain, and the truth is, a lot can go wrong.

According to respondents, delayed package pickups are the most commonly reported issue (48%) in last-mile delivery. (Figure 8) Other top issues include missed delivery windows or days (39% and 38%) and missing gate codes or other critical delivery details (37%).

The people, processes and systems detailed above enable higher-performing delivery partners to avoid these issues.

“It’s important to limit capacity and have very, very clear communication between the driver, the recipient and the retailer to make sure items are delivered on time and according to plan,” Moon says.

**FIGURE 8:**  
**Biggest Challenges in Last-Mile Delivery**





# The Payoffs of a Great Last-Mile Delivery Experience

The gold standard for many retail initiatives is the ability to increase revenue. And it’s the top benefit retailers report from providing a high-quality last-mile delivery experience (43%). (Figure 9) Respondents also report higher customer satisfaction/retention (41%), higher sales (37%) and better brand loyalty (35%).

That means investing in a better last-mile delivery experience actually pays off on the bottom line.

“You can win sales by offering a fast delivery. And then a great delivery can drive a large repeat purchase behavior,” Moon says. “Once people learn to rely on certain retailers to be able to actually deliver on time, they go back to those people in the future.”



**FIGURE 9:**  
Benefits of a High-Quality Last-Mile Delivery Experience



## Making Smart Choices in Last-Mile Delivery

As the survey reveals, a quality last-mile delivery experience is vital, and many retailers are turning to non-national delivery solutions like on-demand crowdsourced platforms and regional last-mile providers to make some or all of those deliveries. But too often, they’re not getting the quality experience they need to satisfy consumers’ expectations. Expanding their delivery options to include partners with the solutions, processes and track record to meet those high expectations is the best way for retailers to achieve the many benefits of a quality last-mile delivery experience — one that pays off on the bottom line.

Results like these also show that some retailers are leveraging a faster and more predictable delivery experience as a way to stand out from competitors. “We’re seeing this one-upmanship, recognizing that getting the goods where they need to go as fast as you possibly can is almost as important as the product itself because the products can be bought in many places,” Grubb says. “That’s really where the game is being won these days, in speed and predictability.”





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](https://www.roadie.com).