

Why crowdsourcing is the secret to winning with BODFS





When customers discover something they like, they quickly come to demand it. Take same-day delivery. Once available only in extraordinary circumstances or at a steep price, many retail customers now want ultrafast delivery for all orders at little or no cost. In fact, nine in 10 online shoppers in the U.S. expect two- or three-day shipping to be free, according to McKinsey & Company.¹ That puts great demand on retailers. While they can't give up profits to ensure rapid delivery as easily as e-commerce giants like Amazon, they must compete with them to sell the same products to the same people.

Keeping up with Amazon isn't retailers' only goal, however. The COVID-19 pandemic raised the stakes for fulfillment. E-commerce competition intensified as more people shopped online, reshaping customer expectations for delivery timing and service levels. The trend is not expected to slow. McKinsey predicts delivery times of fewer than two days will soon be the standard for retailers across sectors.²

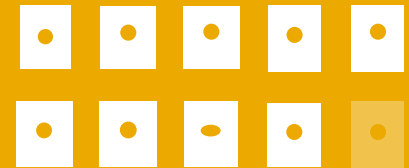
"The coronavirus finished what Amazon started," said Valerie Metzker, head of partnerships and enterprise sales at crowdsourced delivery company Roadie.

What's a retailer to do as competition heats up?

Though Amazon may have its own same-day delivery infrastructure, retailers have a unique weapon of their own. And it's one many underutilize: their store networks. The role of stores in fulfillment is already changing with options like buy online and pick up in store. Retailers looking for an edge in the last mile can go a step further by using their store networks as the starting point for last-mile fulfillment.

1. Barbee, J.; J. Jayakumar; S. Touse; and K. Venkataraman. "Retail's need for speed: Unlocking value in omnichannel delivery." McKinsey & Company, September 8, 2021, <https://www.mckinsey.com/industries/retail/our-insights/retails-need-for-speed-unlocking-value-in-omnichannel-delivery>

2. *Ibid.*



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WHAT IS CROWDSOURCED DELIVERY?

Traditional fulfillment services don't always cut it, whether a product is too large to ship cost-effectively, is needed sooner than the next sweep or must go farther than other carriers can service. Having real-time access to a network of independent, noncommercial drivers enables retailers to add capacity when they need it so they don't have to leave orders on the table.

There are many benefits of this approach, often called buy online deliver from store (BODFS). For one, it removes store distance as a purchase barrier — actually making it an advantage — and shortens the delivery window. The closer a product is to customers, the more likely the order is to arrive quickly. And the faster the order is delivered, the greater the boost to customer loyalty and brand reputation.

To see transformational success with BODFS, however, all customers must get to benefit from the efficiency of store-based fulfillment, regardless of location or the complexity of their order. And that's only possible when retailers can respond to customer demand in real time.

Enter crowdsourced delivery.

Crowdsourcing gives retailers virtually limitless capacity to compete in the last mile without suffering surcharges from traditional carriers, and without having to invest heavily in their own fleets. Crowdsourced delivery also keeps in-house staff focused on the job they were hired and trained to do. When done right, crowdsourcing helps a retailer uphold its brand and standards.

Keep reading to learn how BODFS works and why pairing it with crowdsourced fulfillment can help your operation win customers and keep them coming back.

Understanding BODFS basics

Starting the last mile at a brick-and-mortar store sounds straightforward. And with the right system and partners, it can be. For most retailers, the process centers on transforming stores into forward-distribution centers, determining the drop density within each market and finding a nationally scalable fulfillment solution that flexes with demand. But where does a retailer start?

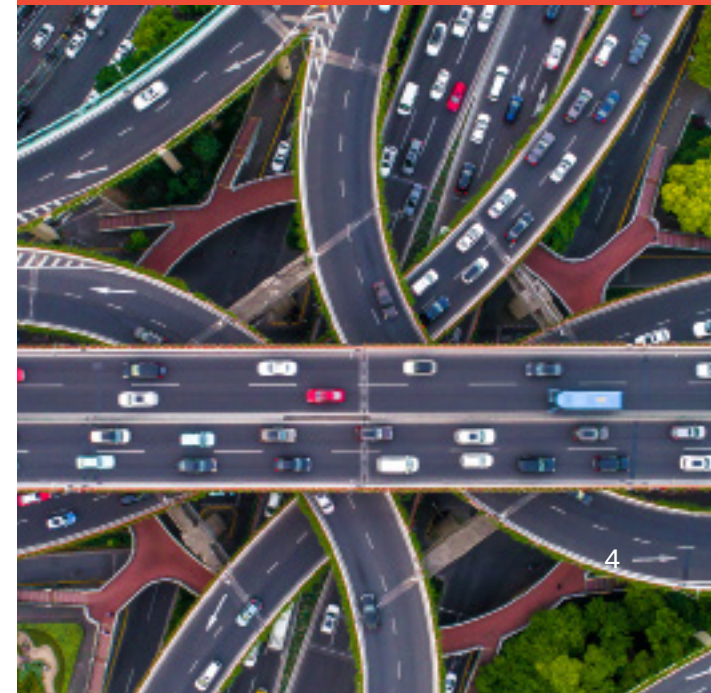
Inventory should be the first thought when making this transition. That includes what products are available and how they're processed in the store. "Who's going to pick an item? Where are they going to put the item while it's waiting to be picked up? And who's going to be there when the pickup person arrives?" Metzker said. "That all has to be figured out ahead of time." Retailers should also think about whether their stores have enough space to stock for both in-store and e-commerce demand during a sales event or seasonal peak.

Managing customer expectations is another important element when bringing BODFS to life. For example, what timing options do customers have for receiving their order? Are shorter delivery times limited based on factors like zip code, product type, basket size or order value? Do customers even know same-day delivery is an option?

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"Our customers who have the most success using crowdsourced delivery for same-day orders are promoting the capability, whether as a convenience option or as an option for their most loyal customers to be even more satisfied with the service," Metzker said.

A phased rollout is often the best way to implement BODFS, Metzker added. Starting with a small group of stores in high-volume locations and expanding from there can help make sure best practices and lessons learned are applied consistently across the network.

Same-day delivery from warehouses and distribution centers is possible, but the costs can add up quickly and the timing must match customer expectations. Part of what makes BODFS so powerful is the flexibility and speed that comes from turning brick-and-mortar stores into distribution points.

"When people hear 'same-day delivery,' they think, 'before I go to bed,' not 'in the next 24 hours,'" Metzker said. "If you're interested in doing same-day delivery, getting inventory to your smallest unit of physical location is the best way to see success."

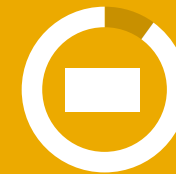
The power of the crowd

BODFS is an important step toward meeting the growing demand for same-day delivery. But retailers know customers want the option for ultrafast delivery each time they place an order.

Whether a retailer is new to BODFS or expanding its footprint, having several options for getting orders from the store to the customer is critical. Crowdsourced delivery does exactly that by offering a new level of flexibility, allowing retailers to scale shipping capacity as needed. For many, this option can be used to fill gaps in traditional carrier service, meaning they can deliver any type of order at any time. It also lets retailers limit or even avoid investing in their own fleets and save on costs like insurance, maintenance, head count and training.

These advantages aren't limited to urban areas. Being able to deliver on short notice to customers outside major metros is another advantage of crowdsourced delivery. "Five years ago you couldn't get same-day delivery if you lived outside a metro area," Metzker said. "Today you can."

Choosing a proven and trusted crowdsourced delivery partner can make the difference between winning and losing customers with BODFS. "A crowdsourced delivery platform is an extension of the retailer's brand," Metzker said. "It's critically important to understand that a crowdsourced delivery platform is the last touch the retailer has with their customer in that item's journey. It's essential to get that right every time."



Roadie can reach
90% of U.S.
households with
same-day delivery.



CONSIDER THESE ADVANTAGES OF CROWDSOURCED DELIVERY ...



A flexible and scalable network of drivers available on demand.



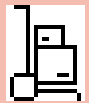
Control over the customer experience with vetted, insured drivers who know proper delivery practices.



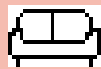
The ability to deliver to customers in metro areas as well as those in the suburbs, exurbs and rural areas.



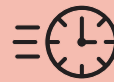
Reliable technology that seamlessly integrates with order-management systems and that optimizes the driver-parcel connection in real time.



Efficient and cost-effective handling of big and bulky items.



The use of less packaging than traditional last-mile shipping.



Shorter delivery windows that increase customer satisfaction.



A partner that shares best practices for implementing BODFS at the store level.

READY FOR ANYTHING

Many people kept busy early in the pandemic by doing projects around the house. But social distancing restrictions and coronavirus concerns made going to the store for supplies difficult or undesirable. That didn't slow down The Home Depot, which was already partnering with Roadie to provide same-day delivery from all its stores.

The home improvement retailer saw a 500% increase in same-day delivery demand during the first few weeks of the pandemic. And deliveries of large and oversized items rose by more than 20% during the period. Roadie saw gains, too, growing its variable vehicle fleet by nearly one-third, which helped The Home Depot achieve a 97% on-time delivery rate.

"We're really proactive about setting goals for key metrics to measure the success of the program," Metzker said of Roadie partnerships.

Key performance indicators for retailers using crowdsourced delivery include:



**On-time
delivery rates**



**Customer
satisfaction**



**Changes in
throughput**



**Cost
savings**



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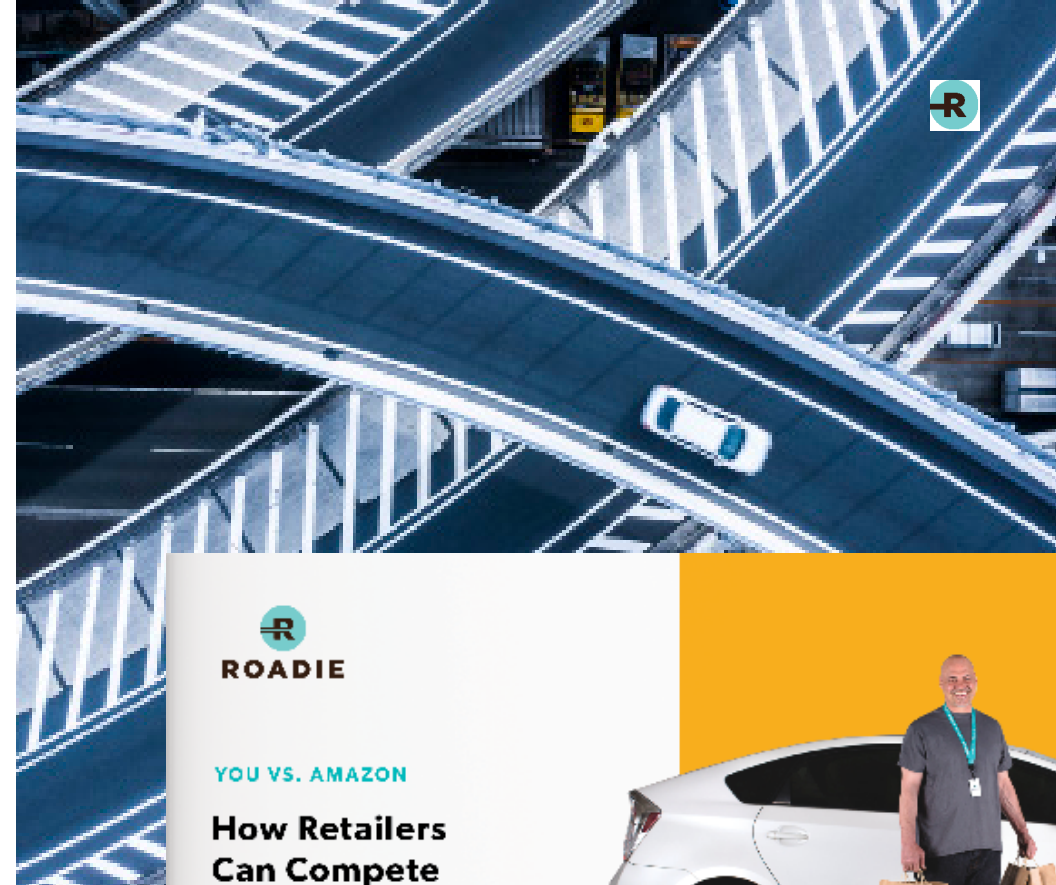
Head of partnerships and enterprise sales at Roadie

Bringing BODFS and crowdsourcing together

Customers want faster deliveries. Retailers must adapt if they want a chance at winning that business. Shifting fulfillment to the store level, and supporting that change with robust, on-demand delivery, is one way to do so. This lets retailers stay competitive in the last mile without making major fleet investments or facing rising shipping costs and other limitations from traditional carriers.

"Delivery from store is the best way to flip on same-day delivery, and it's where our customers who have been doing this for a long time have seen the most success," Metzker said.

Take the next step toward optimizing your omnichannel strategy and learn what retailers should do to add crowdsourced same-day delivery to their fulfillment toolkit.




ROADIE

YOU VS. AMAZON

**How Retailers
Can Compete
with Nationwide,
Same-Day Delivery**



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Roadie, a UPS Company, is a logistics management and crowdsourced delivery platform. Founded in 2014, Roadie offers businesses fast, flexible and asset-light logistics solutions for last-mile delivery. Roadie enables local delivery to more than 97% of U.S. households by providing access to more than 200,000 independent drivers nationwide – allowing businesses to offer their customers delivery optionality for almost any industry, from airlines to artisans.

Roadie's solutions include: local same-day delivery, delivery from warehouse with in-house sortation, oversized delivery, sustainable delivery, returns and more.

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