



Cover image: Nimber

# NEED-TO-KNOW DELIVERY DISRUPTERS

# WHITE PAPER | RetailWeek CONNECT

**A**sk any retail boss what keeps them awake at night and delivery is undoubtedly a culprit. Their connected customers are shopping ruthlessly on and offline and where they ultimately spend their money hinges on how they receive purchases. Shoppers inhabit a world where next-day delivery is sometimes too slow and home deliveries are occasionally inconvenient.

For retailers, traditional delivery methods can be costly, complex to manage and fall short of consumer demands.

In response, professional carriers are working tirelessly to implement solutions, including providing delivery services seven days a week, offering selected delivery times, lockers, or concession locations. And it is all changing at an unrelenting pace. Sunday delivery, introduced by Hermes just last year, already feels like the norm.

But as retailers struggle with consumers constantly shifting the delivery finishing line, professional carriers are not alone in recognising the lucrative potential in fulfilling customer demands.

They are competing with burgeoning ranks of dynamically thinking, flexibly operat-

ing entrepreneurial companies, established explicitly to meet intensifying consumer needs and to disrupt delivery as we know it.

This new wave of companies is operating in an imaginative landscape of apps, peer-to-peer delivery and crowd delivery, as well as open-loop and personalised collection models.

The solutions are varied, creative, innovative, tech-driven and undisputedly disruptive.

As yet, most of these companies are relatively small-scale, consumer-facing services offering people new ways to collect and store products or have them delivered to their front door or a location of choice.

But with some already boasting relationships with retailers and carriers and others talking about deals in the pipeline, their involvement in ecommerce on a far wider scale is surely just around the corner.

Delivery inertia may be catastrophic for retailers that stand still while disrupters march on at an unbridled pace. Retailers must work hard to adapt groaning legacy systems and mastermind strategies to stay relevant in the face of this consumer-driven delivery revolution.

The way people want to be united with their products goes beyond convenience. Consumers expect to receive goods in increasingly personalised ways. And, if a retailer doesn't offer the delivery service they require, customers will take their business elsewhere.

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Traditional delivery methods can be costly, complex to manage and fall short of consumer demands



## DODDLE



The number of click-and-collect locations in Europe will reach half a million in 2015, a 20% increase on 2014, according to Deloitte. Meanwhile, revenues from click-and-collect more than doubled in the UK between 2012 and 2014, reaching £5.6bn from 140 million orders.

With the consumer appetite for clicking online and collecting in person apparently insatiable, the potential of a business model dedicated to providing autonomous pick-up locations in high-footfall areas was clear.

Launched in September 2014, Doddle is an open-loop collection service provider that has nearly 40 railway station-based parcel stores where people can pick up and return online purchases.

Manifesting an open-loop arrangement, Doddle is not affiliated with any one retailer or carrier so can provide any retailer, anywhere in the world, with wider coverage for ecommerce sales without them having to invest in warehouse space.

For consumers, the benefit is more local, convenient locations to pick up their orders.

The cost of failed deliveries is mounting up for retailers. Being able to send parcels to constantly staffed Doddle shops makes sense. Doddle boasts the capacity to hold more than 60,000 parcels per day across its growing network of stores.

The consolidation benefits for retailers and carriers delivering to a Doddle store are convincing. "Because it is open access, the whole supply chain benefits from Doddle's additional capacity to accept and consolidate deliveries," explains Tim Robinson, chief executive of Doddle. "We're also able to consolidate returns for retailers and reduce the cost of reverse logistics."

Doddle has grand plans for growth in the pipeline including new university-based locations.

By adding Doddle to their delivery offer, retailers could be winning happy consumers as well as a healthy bottom line.

The influx of entrepreneurial companies currently taking the delivery market by storm is extensive.

This *Retail Week* white paper looks at eight need-to-know disrupters pioneering groundbreaking delivery models and asks what they do, how they do it, whether their business models are sustainable and why they will be fundamental to the future of retail.

Revenues from click-and-collect more than doubled in the UK between 2012 and 2014, reaching £5.6bn from 140 million orders

## PARCELLY

When the additional convenient pick-up locations provided by open-loop collection services just aren't convenient enough and the nearest official collection point is an extra bus ride too far, Parcelly could provide the solution.

Launched in December 2014, Parcelly specialises in open-loop, personalised parcel collection points, helping not only to combat failed deliveries but to optimise customer convenience by allowing people to choose a collection point for online purchases from a wide range of incredibly local pick-up hubs – think corner shops or even hairdressers.

Empowered with a smartphone app allowing them to track deliveries and manage the collection process, users simply choose a Parcelly registered location – be it a dry cleaners or newsagent – and generate a unique Parcelly ID, which they enter as part of the delivery address with the retailer.

Operating an open-loop set up, the service is compatible with any retailer and any carrier.

While collection from shops close to home has obvious appeal, even more dynamic is the provision for the customer to be able to suggest a specific shop, or indeed an area, to Parcelly for a new pick-up point.

Not only does Parcelly offer the ultimate in prescriptive collection for consumers but it has social appeal, potentially giving back to blighted high streets with its location partners – which sign up at no cost – benefiting from direct access to new customers and additional footfall. ▶

**"The high streets are suffering so Parcelly is a little bit of a social project as well. We turn online shoppers back into footfall"**

SEBASTIAN STEINHAUSER, PARCELLY

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“The high streets are suffering so Parcelly is a little bit of a social project as well,” says Sebastian Steinhäuser, managing director of Parcelly. “We turn online shoppers back into footfall for those businesses.”

Of course, the additional revenue stream no doubt has its appeal too, with a commission paid per parcel.

Location partners simply download an app, sign a supplier services agreement, take a photo of the shop from the outside and they are up and running as a pick-up hub.

There are some maximum value, dimension and weight criteria for parcels delivered to Parcelly locations and the system does not yet offer a returns service but its endeavour to take click-and-collect to a new level of personalisation is bound to appeal.

Already in talks with prominent retailers and carriers about the part it can play in the crucial last mile of the fulfilment journey, Parcelly has real potential to grow, and its ability to operate anywhere gives it scalability.

Enthusiastic to work not only with retailers but with carriers and shippers to help solve the challenge of the last delivery mile and reduce failed delivery volumes, Parcelly is a very real solution to a very real problem.

**“We were inspired by the fact you could create some very interesting solutions by connecting people to people as opposed to companies”**

ARI KESTIN, NIMBER

## NIMBER

Norway-based Nimber is enabling digitally empowered consumers to take delivery into their own hands. Connecting people with something to send, with people who are already travelling that way – be it by car, bus or train – Nimber negates the need for a professional carrier. And in the dawning age of the share economy, where people are increasingly comfortable with sharing, selling or re-using assets such as travel and parking, peer-to-peer delivery companies are thriving.

Nimber was founded three years ago based on recognition of the opportunity to provide a delivery solution for classifieds websites such as Gumtree that lack formal delivery options.

“We were inspired by the fact you could create some very interesting solutions by connecting people to people as opposed to people to companies,” says Ari Kestin, chief executive of Nimber.

And advances in technology are helping expand the connected community into a sustainable business model. “What technology has allowed us to do is to grow the size of the community you can tap into,” says Kestin.

Users simply go online to input details of the parcel being sent, indicating the package size and the ‘to and from’ destinations and the delivery offers hopefully roll in.

The peer-to-peer business model is well suited to the enhanced sense of community that prolific interaction via social media has nurtured.

From a retail perspective, companies such as Nimber are exploring crowd-delivery options whereby businesses can send parcels through the Nimber community, as well as working with third-party carriers.

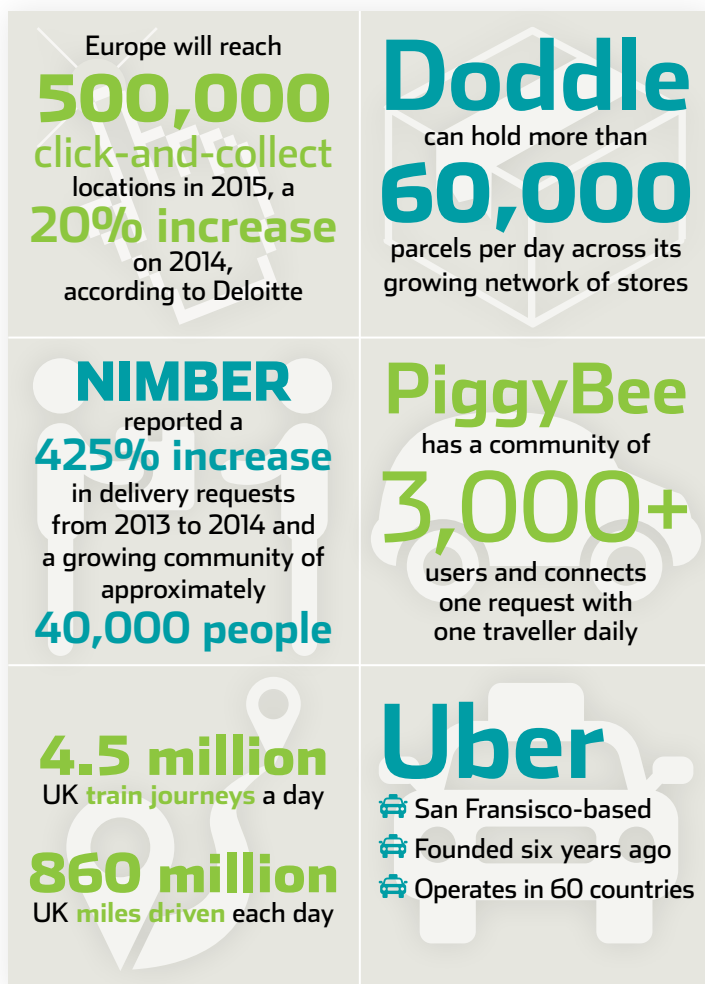
In Norway, Nimber is already integrated with the country’s largest online classifieds company Finn.no, (a subsidiary of Schibsted Group), which offers it as a delivery option when people make a purchase.

Meanwhile, retail giant Amazon wants a slice of the burgeoning peer-to-peer delivery pie, reportedly developing a mobile app that would pay members of the public to drop off deliveries while on their travels – good publicity for peer-to-peer delivery, according to Kestin.

Reporting a 425% increase in delivery requests



**Nimber connects people with something to send, with people who are already travelling that way – be it by car, bus or train**



from 2013 to 2014 and a growing community of approximately 40,000 people, Nimber has made a strong start.

### PIGGYBEE

While most peer-to-peer delivery companies promote the social and eco-friendly aspects of what they do, PiggyBee stands out for its wholly altruistic approach. With deliverers encouraged to take payment for their service through non-monetary rewards such as a lift from the airport or a handshake and cup of coffee, PiggyBee relies on goodwill. The company started life in 2012 as a delivery service for travellers.

Using the PiggyBee online platform, users seeking something exotic from a far-flung place connect with someone willing and able to bring the requested item across borders while on their travels.

The initial concept is arguably a niche service and the challenge of growth for sustainability is clear. PiggyBee has a community of more than 3,000 users and connects one request with one traveller daily. But the model is already evolving into something more sustainable.

Founder David Vuylsteke says the current setup works while the business is still in the early stages of growth, but admits that eventually cash transactions are likely to be introduced.

Maintaining critical mass is also difficult. Vuylsteke explains, for instance, that there are likely to be fewer connection options to get a parcel from New York to Berlin, than along the heavily trodden route of London to Sydney.

Shifting the business focus to local routes could facilitate PiggyBee working with retailers in the future.

Today the lifeblood of PiggyBee is still connecting people who can carry items for delivery across borders, more so than delivering groceries down the road, but that's not to say that a future in ecommerce delivery is completely off the cards, particularly with Vuylsteke mooting the possibility of pick-up and drop-off points in transport hubs.

### UBER

Uber is no stranger to swimming against the tide. It has already set the cat among the pigeons with its GPS-powered taxi-hailing app, disrupting taxi operations as we know them by not directly employing drivers or owning vehicles.

And now the San Fransisco-based company, which was founded six years ago and operates in 60 countries, is poised to take the delivery market by ▶



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UberRush allows users to find partners on bike or on foot to take products from A to B. Consumers can then track the exact location of their delivery

storm. In fact, it has already begun testing the waters outside the UK.

In the US, experimental delivery service UberRush allows app users to find Uber partners on bike or on foot to take products from A to B. Consumers can track the exact location of their delivery and share the live map with others.

There are some limitations, however. For instance, because the messenger is travelling by bike or on foot, UberRush specifies that only 30lbs can be carried and there must be someone at the end address to receive the delivery.

Meanwhile, UberCargo in Hong Kong is a rent-a-van service, which can be used by either individuals or businesses to carry goods from one location to another.

Uber has made a name for itself in a relatively short space of time and, clearly buoyed by its

initial success, the company bosses are trying out new services, with delivery firmly on the agenda.

But are these experimental services of any use to retailers?

In April, technology and start-up website TechCrunch reported that Uber was quietly testing “a massive merchant delivery programme”.

The programme would reportedly allow shoppers buying online to receive same-day delivery of goods through UberRush couriers and Uber drivers.

Uber is said to be particularly interested in launching the service for luxury goods from retailers such as Louis Vuitton and Tiffany.

And if all these ideas weren't disruptive enough, in August UberRush turned its hand to helping take the hassle out of returns for customers.

For a limited time, UberRush introduced a service dedicated to returning consumers' pre-paid

## SENDY

Sendy is blazing a trail in peer-to-peer delivery, with its use of advanced technologies to help clinch consumer confidence.

With a handy mobile app at their fingertips, Sendy users are able to connect with people travelling the same route as their parcel. Without operating a fleet of trucks, vans or other logistical elements, Sendy relies on non-professionals who receive payment to transport parcels along the path they are already treading.

For retailers feeling the strain of delivery and failed delivery costs, Sendy could provide a solution.

“Cloud computing and mobile apps allow for the ongoing disintermediation and de-professionalisation of the economy,” explains Julius Reynolds, chief executive of Sendy. “With Airbnb you don't need a hotel, with Uber you don't need a taxi driver, with Sendy you do not need a courier company. The amount of travelling done by people every day in the UK – 4.5 million train journeys a day, 860 million miles driven each day – represents a formidable

reservoir of potential deliveries that Sendy taps into.” The app helps facilitate flexibility for the sender and receiver too, accommodating any changes in the delivery point and time

for the end user. Deliverer and sender interact and together find the best delivery solution.

Prices are also flexible and can be low because the deliverers are already travelling to the given destination. “Their delivery fee is an added bonus, not their livelihood,” says Reynolds.

Reynolds is well attuned to the challenges ahead in ensuring the Sendy model is sustainable. Getting enough users on board to be able to offer enough frequency and

reliability of routes that the user can always tap into will be the challenge. Asked about the future of delivery, Reynolds says that owning an extensive transport network will not be enough. “The dominant couriers will have to compete with the immense potential of non-professional deliveries harnessed through the power of cloud computing and mobile apps.”





ecommerce purchases, as long as the retailer provided a free return and the product was still within the returns window defined by the retailer.

Uber has already excelled in giving consumers alternative options in on-demand transport and now looks set to do the same with delivery, helping consumers by negating the need for a phone call, online search or cash withdrawal. Bringing these advantages to delivery is likely to strike a chord with consumers but as yet Uber says there are no plans to launch UberRush in the UK.

## BOXBEE

US-based Boxbee began life in 2012 supplying on-demand storage solutions for space-strapped people living in urban settings. For retailers, BoxBee offers last-mile delivery operations and the infrastructure to provide their customers with an on-demand storage service.

Currently in a state of transition, Boxbee is turning its focus to providing software for retailers to manage their own on-demand storage and delivery proposition.

**“The future of retail delivery is happening now: the customer gets what they want, when they want it and how they want it”**

KRISTOPH MATTHEWS, BOXBEE

Boxbee stores inventory for retailers in its native New York City and San Francisco, delivering products when customers order online.

In these instances, the BoxBee team employs its own warehouses, vans, drivers and logistics team all under the name of the retail partner.

The other aspect of the business is a service that allows retailers to offer customers an on-demand storage system powered by Boxbee.

However, Boxbee is evolving. Instead of offering the space and delivery logistics it once focused on, Boxbee is shifting its emphasis towards providing retailers with a software platform that allows them to offer on-demand storage to their customers themselves, hopefully reducing the need for the retailer to make dramatic, costly changes to their legacy systems.

“We’ve worked with apartment buildings, large home improvement retailers and self-storage giants who all want to create value-added on-demand storage services that quickly generate additional, high-margin revenue without having to make expensive and time-consuming investments into software development,” explains Kristoph Matthews, chief executive of Boxbee.

For most traditional companies that want to be able to give their consumers the on-demand services that they are increasingly expecting, the investment can be high.

“The expectation of on-demand has pervaded all areas of our life and is now a default expectation of most customers,” says Matthews.

For Boxbee, keeping pace with the necessary logistics and technology will be a major challenge.

“The simplicity that an on-demand service provides to a customer is very complex to achieve on the back-end given that customers’ expectations will always be rising,” says Matthews.

“Our challenge will be to consistently and persistently make on-demand storage scalable and profitable as those expectations rise.”

Although Boxbee started out offering its on-demand storage services in New York City and San Francisco it has evolved to offer a software platform on an international scale through its global real estate and retail partners.

Matthews’ vision for the future is that the Boxbee solution will continue to grow. “Our platform is built to manage the transport and storage of important stuff no matter where it is and where it needs to end up,” he says. “Because we’re enabling a global network of on-demand storage providers, we’ll be able to connect these providers in real-time based on what a customer needs done.”

He adds: “We have a few retailers that use our ▶

platform to deliver their goods to customers on-demand. The future of retail delivery is happening now: the customer gets what they want, when they want it and how they want it.”

## PELIPOD

Diversifying delivery is costing retailers. In June, John Lewis announced that it would start charging customers £2 for click-and-collect services on orders under £30, a decision that may have been driven by the additional spend by customers arriving in store to collect being insufficient to cover fulfilment costs.

If other retailers decide to start charging too, alternative storage and collection models such as InPost's locker service and concession locations, Collect+ and MyHermes ParcelShops may gain momentum.

While lockers and delivery hubs are ticking the box for people who want more control over where their orders end up, some shoppers find simply getting to those designated collection points inconvenient.

In these cases, the Pelipod personal parcel box may be the answer. The robust and durable smart pod designed for parcel delivery and collection can be secured in the most convenient location for the owner, whether at home or at the office. Designed to be used with any retailer or carrier, the box is also backed by technology that keeps a full audit trail of deliveries and collections.

When ordering online, the consumer uses a simple app to generate a code, which they then include in the delivery address.

When the courier delivers the parcel, they tap that code into the Pelipod keypad and the Pelipod will unlock.

An internal security barcode in the box is scanned by the driver as proof of delivery and, for additional validation, the Pelipod also photographs the parcel once the lid is closed. On delivery or collection, an email is sent to the user to update them.

Backed by audit technology and negating the need for a designated pick-up point, the Pelipod is a robust and durable smart pod which can be secured in the most convenient location

The Pelipod can be used for returns collections too, with the consumer able to generate a return code and leave the parcel in the pod for collection by the courier.

An electronic keypad, smart sensors and camera all contribute to security and reassurance for the consumer, retailer and courier, and the technology behind the Pelipod is powered by GPRS functionality, operating with any available mobile signal irrespective of the telecoms provider.

Two-way messaging with the central Pelipod system communicates secure codes, usage, notifications, event capture and remote functionality monitoring.

“Pelipod is an intelligent parcel delivery box that uses mobile technology to send and receive unique secure codes and messages,” says Karl Willis, chief executive of Pelipod.

“It has all – and more – of the functionality of a sophisticated locker bank but at a fraction of the price, and, more importantly, it can be positioned where the delivery is actually needed.”

The appeal is clear, no need for someone to wait at home, no trip to the post office or parcel hub, no more scheduling work and play around delivery times.

With the direct cost to retailers of failed first-time delivery mounting up to more than £600m per year in the UK alone, according to Deloitte, Pelipod could be well aligned to make retailers significant savings as well as providing them with access to useful customer data.

“It has all – and more – of the functionality of a sophisticated locker bank but at a fraction of the price, and, more importantly, it can be positioned where the delivery is actually needed”

KARL WILLIS, PELIPOD

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