

***Last mile
disruptions:***

Retail and consumer goods new
delivery models



High performance. Delivered.

Manuela Vaz

manuela.vaz@accenture.com

Rui Rufino

rui.rufino@accenture.com

Vitor Azevedo

vitor.m.s.azevedo@accenture.com

Digital describes the deep technology-driven transformation that is changing our world at speed



People's habits, behaviours and expectations are changing through new devices, platforms and apps



Value is shifted within and across industries, transforming the competitive context



14% of global economic activity happens online



Every minute, 1/3 of the world's population interact through the internet (2.4 billion people!)

4 of the 5 top global brands are digital at the core (Apple, Google, IBM & Microsoft)



Every minute, +190k mobile apps are downloaded worldwide



+50 BILLION CONNECTED DEVICES ARE EXPECTED BY 2020



SOON, THERE WILL BE AN APP FOR EVERYTHING...



...AND PLATFORMS FOR EVERYTHING



DATA WILL BE KING OF THIS BRAVE NEW WORLD

Change is driven by key technology trends representing dramatic opportunities for new players and real threats in all industries

SOCIAL AND COLLABORATION

Enables new ways and drive expectations of interacting, personalizing and building relationships within and beyond the organization

CONNECTED DEVICES

Constantly create large amounts of data to be managed effectively. Enables new ways of automated and personal interaction

MOBILITY

Impacts all areas of business and personal life by transforming how people interact, consume information and services, collaborate, and work

ONLINE / E-COMMERCE

Commercial transactions conducted electronically on the Internet. Increasingly seamless with traditional bricks-and-mortar commerce

CLOUD

Possibility to virtualize and consume infrastructure, platforms and applications as a service enables new levels of scalability, flexibility and responsiveness

ANALYTICS

Enables generation of new insights and decision-rich information. Big Data approaches allow usage of increasing amount of data from multiple sources



In retail and consumer goods, digital are contributing largely to a more demanding consumer base and changes in the supply side

Consumers (DEMAND)

eCommerce sales are growing...



- **Portuguese B2C eCommerce** expected to grow at ~11% CAGR until 2017, reaching ~2,5%¹

... but consumers are still using stores...



- **28 percent of shoppers plan to shop more in-store** in the future²
- **32% want online convenience in the store²**: compare prices, research products and take photos

... albeit demanding more



- **Close to 50 percent are happy to provide retailers their personal information²** – as long as it results in a truly personalized offering

Competitive landscape (SUPPLY)

Traditional retailers face new threats...



- **Internet pure players** compete for price, variety and convenience
- **Suppliers reach directly** to consumers

... making them turn to new revenues...



- **Largest retailers** offer convergent products and services while **finding new revenues streams** (e.g. Tesco Bank)

... by reinventing operations & supply



- **Argos provides a digital experience in-store**, reimagining its role
- **Small formats with +15-30% annual sales growth⁶** in mature markets³

Sources: 1. IDC/ACEPI; 2. Accenture Seamless Retail study; 3. Accenture analysis, USA

Different customer demand requirements are generating higher pressure to products delivery (time, volume and cost)



Any time

With **flexibility to schedule different deliveries**

With option to consolidate & automate orders

With real time information of the delivery



Right cost

With multiple cost options

With real-time discount options

Flexible and customized services

Different delivery places



Any product

With instant availability

With visibility on real time inventory status

With “adequate” discounts & promotions



CONSUMER



These customer expectations and requirements are **impacting last mile delivery management:**



Cost efficient operations



Faster deliveries at the most convenient time



More delivery options



Secure transactions

New last mile management solutions are supporting re-shaping of companies operating models, potentiating new delivery scenarios

- Last mile delivery solutions -

Alternative transportation methods



New ways to transport products to the final customer, using **new technologies/digital or crowdsourcing solutions**.

These transports use mobile technologies or automation to improve services.

Alternative delivery models



Urban delivery models, using crowdsourcing, offering delivery solutions at lower prices with new services and in **more flexible and faster delivery windows**.

Collaborative consumer storage models



Storage solutions mostly based on crowdsourcing spaces. Offer temporary storage for later delivery & collection.

Amazon is developing a solution to deliver products to customers in less than 30 minutes using drones

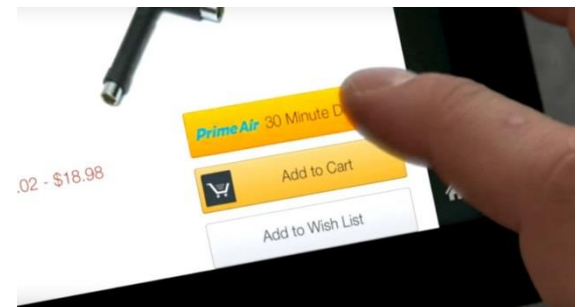
Alternative transportation methods – Amazon Prime Air



*"We're excited about Prime Air — a future delivery system from Amazon designed to **safely get packages to customers in 30 minutes or less** using small unmanned aerial vehicles, also called drones."*

Additional Information

- Future Amazon service that will deliver packages up to **five pounds in 30 minutes or less using small drones**
- These vehicles will use sophisticated **"sense and avoid" technology**, as well as automation, to safely operate beyond the line of sight to **distances of 10 miles or more**
- In the start of operations it will work in the **United States, the United Kingdom, Austria and Israel**
- For the deployment of this solution Amazon is lobbying for **these types of vehicles get access to commercial airspace**



DHL Is testing a delivery solution using drones in the north of Europe

Alternative transportation methods – Parcelcopter



“We’re the first worldwide who are able to offer a transport drone – Parcelcopter at DHL – for end-customer delivery. With this combination of fully automated loading and unloading as well as an increased transport load and range of our Parcelcopter we have achieved a level of technical and procedural maturity to eventually allow for field trials in urban areas as well.”

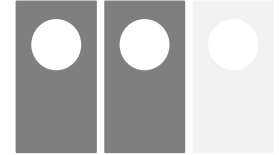
Additional Information

- Delivery solution being developed by DHL since 2013 for the use of **drones for small packages delivery**
- **This solution uses autonomous vehicles** which currently fly under 50 meters
- The project is currently being developed in Germany having finished a **three month trial in the Bavarian community of Reit im Winkl**
- **This solution is currently using Packstations, Parcelcopter spaceports**, for costumers being able to use the solution for the delivery of packages



UberRUSH is a crowdsourcing package delivery solution for business to move packages faster and cheaper inside a city

Alternative transportation methods – UberRUSH

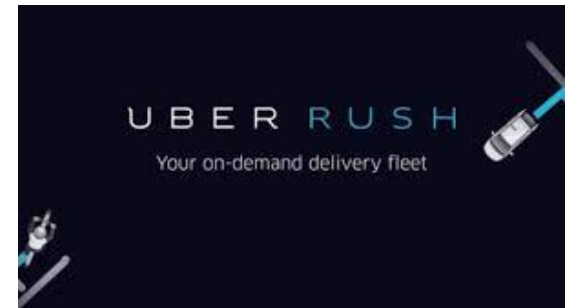


UberRUSH

*“When customers are waiting, every minute counts. **UberRUSH helps you avoid costly bottlenecks during your busiest hours.** You can get as many deliveries on the road as you need. As fast as you need them.”*

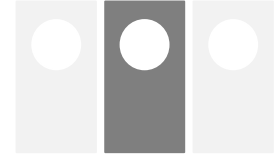
Additional Information

- UberRUSH is one of Uber business developed for the delivery of **small packages in the city**
- Uber RUSH used **crowdsourcing to supply the drivers for the delivery of the packages**
- The solution allows **real time information over the position of the package (focused on B2C)**
- This solution used **vehicles and bicycles for the delivery of the packages**
- It is a solution mainly focused for business **deliver packages faster and cheaper than other options**



Instacart is a crowdsourcing delivery solution that covers from the shopping to the delivery of the products

Alternative delivery model - Instacart



*“Instacart is a **grocery delivery service that delivers in as little as an hour!** We connect you with Personal Shoppers in your area who pick up and deliver your groceries from your favorite local stores. Instacart is not a retailer or a seller of groceries or other merchandise.”*

Additional Information

- **Start-up that ensures last mile delivery from a retailer** with a promise of **delivery within 1 hour**
- Instacart operates on a **crowdsourcing concept**, matching orders to independent users that enroll in the platform as shoppers or drivers
- Instacart has **three positions** to be fulfilled by users:
 - **Shoppers:** Shop for grocery orders in local stores.
 - **Cashier:** Work the cash register to check out orders.
 - **Driver:** Deliver groceries from local stores to customers.
- It operates for **16 retailers across more than 100 cities in USA** (including Wholefoods, Costco and Target)



Instacart joined with Whole Foods to offer an special delivery option of selected gifts in Mother's Day

Alternative delivery model – Instacart Mother's Day



“Instacart is a grocery delivery service that delivers in as little as an hour! We connect you with Personal Shoppers in your area who pick up and deliver your groceries from your favorite local stores. Instacart is not a retailer or a seller of groceries or other merchandise.”

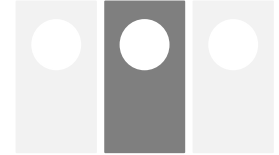
Additional Information

- Since 2015 **Whole Foods and Instacart have joined for a Mother's Day offer**
- In this promotion **up to 6 days in advance it could be scheduled** the delivery of a gift in even a one hour window
- **The main product in offer were bouquets of selected colors with personalized cards**, but could also be bought teas, chocolate, candles, body care items and ingredients for breakfast
- This offer have been successful enough for them to extend it to **Valentine's Day**



Deliv is a crowdsourcing solution which allows that assures same day delivery of products

Alternative delivery model - Deliv



“Deliv bridges the last mile gap between retailers and customers. This new delivery option is easily added into existing ecommerce site or in store checkout and gives shoppers more — a great deal more — choice and convenience. Deliv enables the ultimate customer experience. Items when you want them. Where you want them.”

Additional Information

- **Last mile crowdsourcing solution** that promises same day delivery from online, mobile, phone or in store buys
- **The buyer schedules the time window for the delivery** which is communicated at the driver who receives the necessary tasks During the whole process the **buyer can confirm in real time the position of its delivery**
- At delivery **the buyer confirms the items and then rates the quality of the service**
- It operates with more than a **100 retailers and consumer goods** companies in the USA (including Foot Locker, Best Buy, Hugo Boss)

Deliv



Don't want to carry your shopping bags around the mall? Deliv will have them couriered to your home address.

BOSE

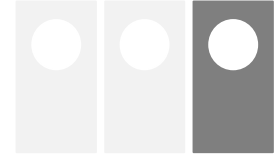
BANANA REPUBLIC



BOSS
HUGO BOSS

Parcel Pending is an storage solution for the delivery of packages in residential communities

Collaborative consumer storage models – Parcel Pending



*“Finally, the Total Package Management Solution.
IT’S ABOUT TIME.”*

Additional Information

- Parcel Pending was founded in 2013 as a **package management company**
- Parcel Pending is a storage solution which **installs Electronic Lockers for the reception of packages in buildings**
- In this solution whenever a customer orders a package this one is delivered in **the Electronics Locker which communicate a unique code to the customer** so he can retrieve the item
- The Electronic Lockers are installed in different North America cities (US and Canada)

