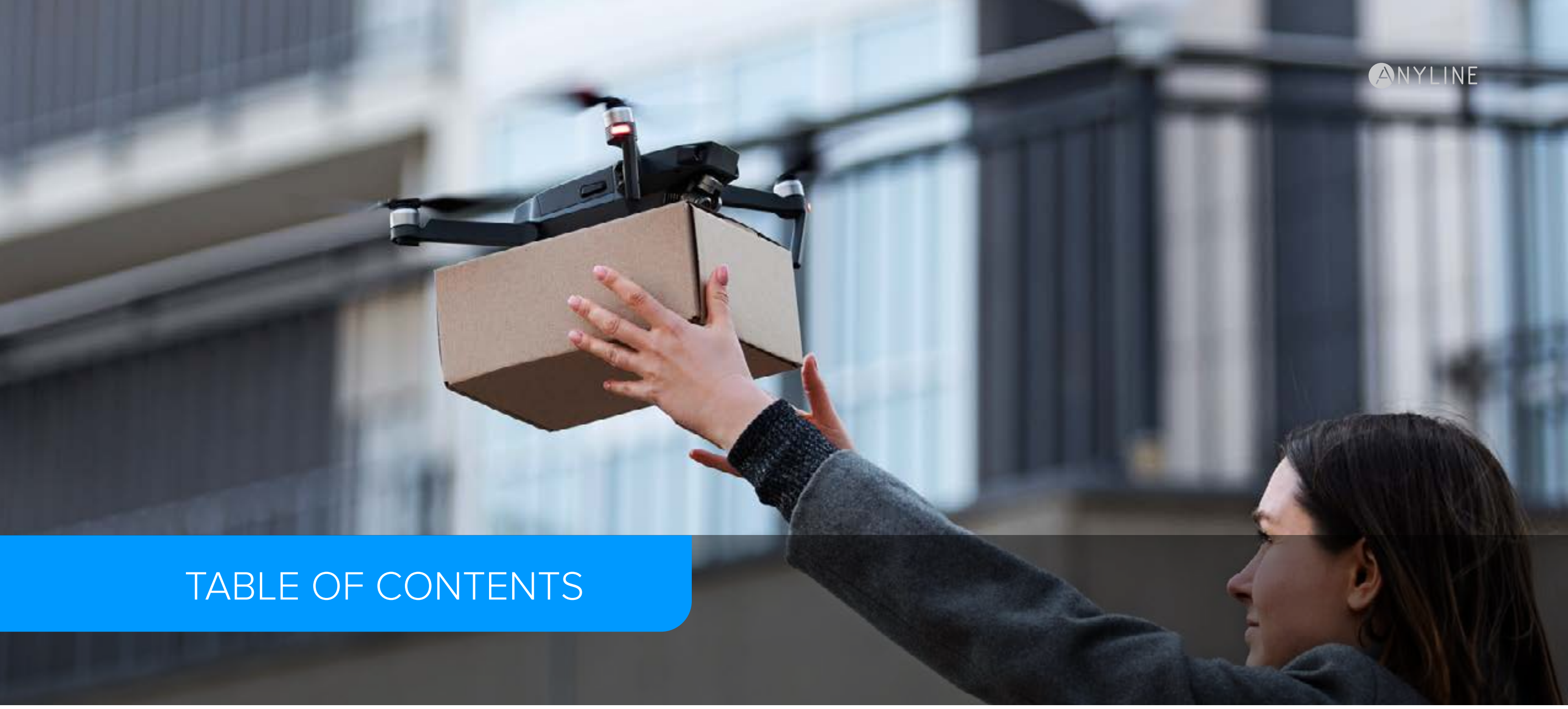
# Last Mile Delivery

Customer Perception Report 2022



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# Introduction

Demand for delivery has skyrocketed in recent years. According to the World Economic Forum, **business-to-consumer parcel deliveries rose by about 25% in 2020** alone, with 10-20% growth expected to remain post-pandemic.[1]

The same can be said of customer expectations. While supply chains have strained to keep up, consumers are also asking for **greater visibility and control** over orders - and demanding **more accountability** if anything goes wrong along the way.

To fully understand these sea-changes in demand, this consumer-focused research of the US last mile market (see methodology) uncovers exactly what matters to online shoppers today. It finds significant evolutions in the behavior and wishes of customers across age demographics, with younger shoppers showing greater willingness to both buy more online and spend more on deliveries, yet they also have far less patience for delays or disruptions along the way.

Delivering the goods in 2022 therefore requires last mile companies to invest heavily in new technologies that bring customers peace of mind, along with their packages. A tall order, considering the last mile already accounts for over 25% of the overall delivery costs.

Read on to find out what matters most for last mile customers, and how to strike the right balance to meet these conflicting demands.

# Methodology

The survey was fielded by Researchscape on behalf of Anyline in February 2022. It represents a random sample of 1,015 US adults 18 years old or more. All genders, ages, geographies, and income levels have been represented. The sample size is statistically significant for a "consumers" population in the United States with a ≤4%margin of error. The results have been compiled from all respondents and unless otherwise specified represent the entire surveyed audience.

[1] Sahay, R. and Wolff, C. (2021) COVID-19 has reshaped last-mile logistics, with e-commerce deliveries rising 25% in 2020. World Economic Forum. [Online] [Accessed on 25th February 2022] https://www.weforum.org/press/2021/04/covid-19-has-reshaped-last-mile-logistics-with-e-commerce-deliveries-rising-25-in-2020/.

# Key Takeaways

### Most US consumers faced delivery delays or disruptions in the last year

**More than 6 in 10 (63%)** said they had had a package damaged, lost or stolen as a result of last-mile delivery, while **almost half (47%)** reported having had more than one delivery problem in the past year.

### Despite improvements, consumers don't feel deliveries are back to pre-pandemic levels

Compared to last year's survey, the rates of packages being reported lost (41%) or damaged (41%) have improved slightly. However, the overwhelming majority **(92%) believe that deliveries are either just as slow or slower than before the pandemic.**

### More than 8 in 10 Millennials and 'Zoomers' will abandon brands after a poor delivery experience

**Each new generation has less patience for poor deliveries.** While only 57% of Silent Generation respondents said they would reconsider shopping with a company again after a poor delivery experience, the figures rose to 72% among Baby Boomers, 76% for Generation X, **81% for Millennials and 86% for Generation Z.**

### Consumers value speed and consistency over other delivery benefits

The **speed of delivery remains the number 1 priority for consumers**, with shoppers placing the greatest importance on deliveries arriving consistently on time. The second most important factor was having real-time communication about the pending delivery. Having a choice of delivery time ranked third, while concerns over sustainability ranked last.

### Younger shoppers are prepared to pay significantly more for faster delivery

**7 in 10 Millennial and Gen Z shoppers are willing to pay more than $10 for same-day delivery, while half would also pay $10 for next-day delivery.** By comparison, only 4 in 10 Baby Boomers would pay this amount for same-day delivery, falling to just over a quarter (27%) for next-day delivery.

### Shoppers uniformly love delivery technologies that enable greater visibility and control

**96% of respondents indicated they would find GPS tracking useful** when awaiting deliveries, while **almost 9 in 10 (88%) desire the ability to redirect deliveries** on route. More than ¾ (78%) were also in favor of receiving packages at centralized pickup locations such as lockers. More eye-catching tech like **drones and autonomous delivery robots** were less popular by comparison, but were viewed favorably by men generally, and younger shoppers.

# Pandemic-Era Problems Persist

## While some improvements can be seen, customer confidence is at an all-time low with deliveries

Since the start of the pandemic, last mile delivery companies have been under intense pressure to step into the vacuum left by in-store shopping, scaling up workforces without notice and carrying far greater loads than before.

But while most consumers expected - and experienced - delays and disruptions to their deliveries in 2020, the latest survey results find that for many, these problems have not subsided.

*In total, almost* ***7 in 10 (68%) respondents experienced a package delay in the last year,*** *mirroring last year's results.*


To make matters worse, among shoppers who had a delivery disruption, almost half (47%) reported having had at least two problems in the past year alone.


However, in certain areas, improvements can be seen. 41% reported having packages damaged, compared to more than half (53%) in the previous year. Meanwhile, packages reported lost during shipping (41%) saw a modest improvement of 2% from 2020. However, **higher rates of porch piracy were reported**, with 18% of respondents having had packages stolen after delivery, up 3% on the previous year.

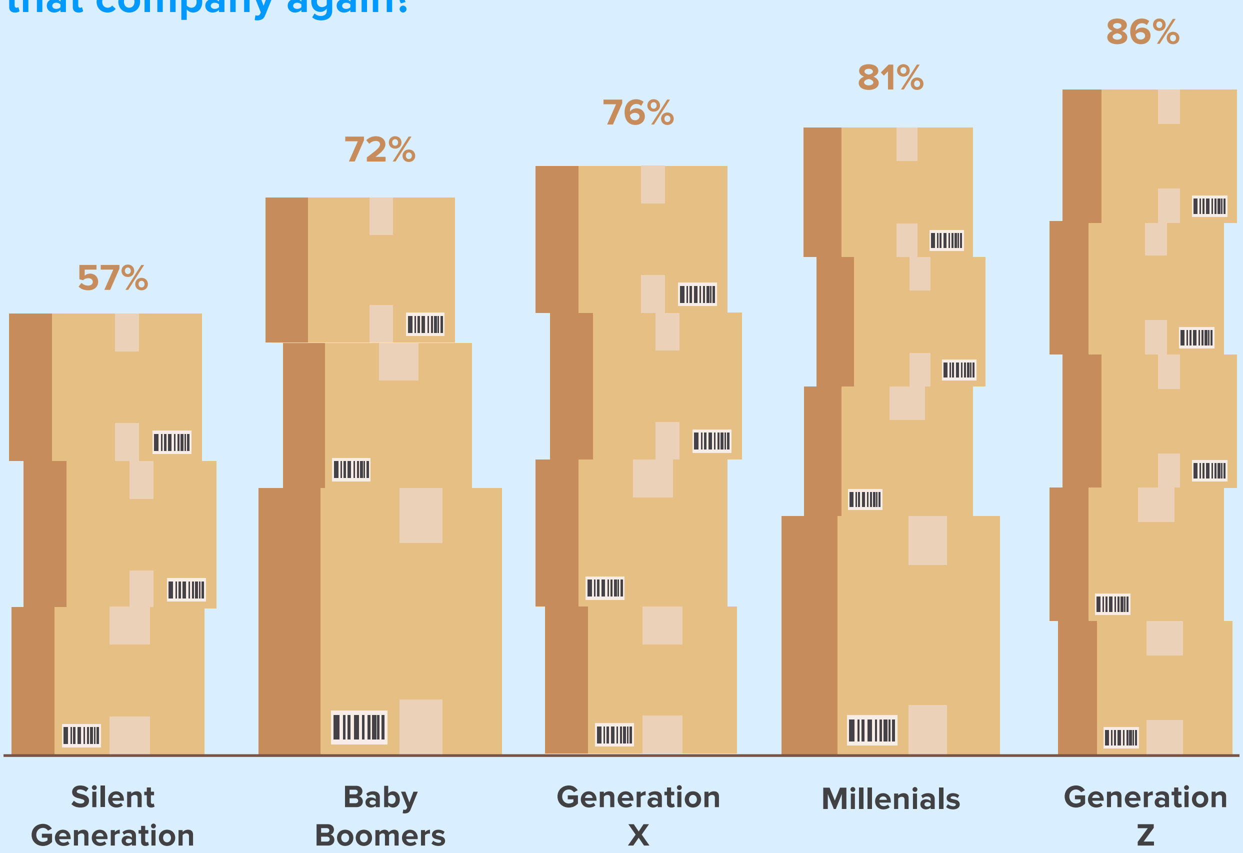
# One Strike and You're Out!

## Most shoppers will think twice after a single bad delivery - especially Zoomers.

Forget the cliches about avocados and pumpkin-spiced lattes. It's true that young people today are indeed a different species when it comes to their purchases, but one key finding of our report tells us more about where they won't spend a dime anymore.

When asked whether they would reconsider shopping with a company again after a poor delivery experience, **we found that each passing generation has less patience - and loyalty** - for brands that let them down even once.

### Would an unacceptable delivery experience strongly or somewhat affect you decision to order from that company again?



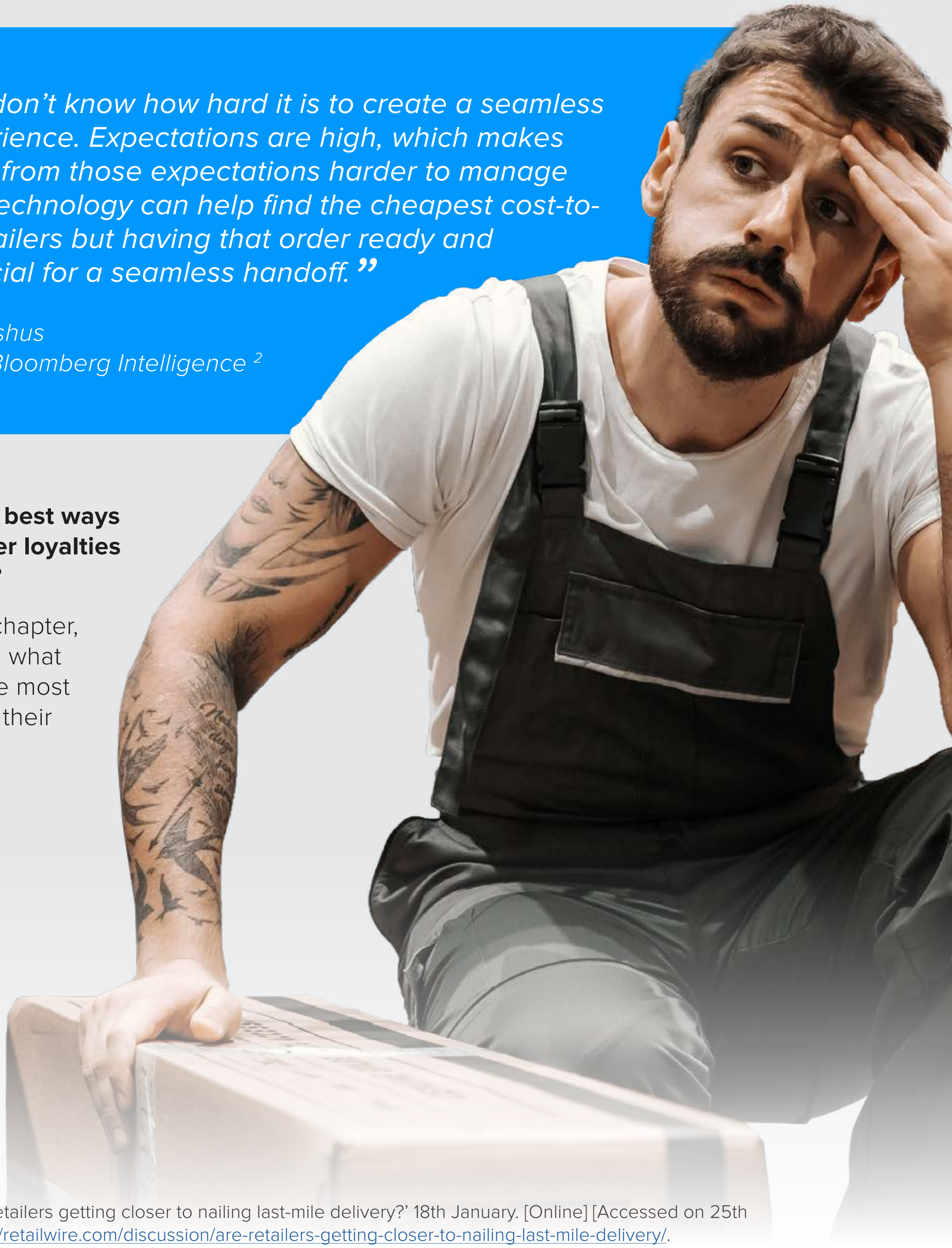

In fact, more than 81% of Millennials would think twice about hitting the order button again after a single poor delivery, rising to 86% among Generation Z shoppers!

## What are the top 3 frustrations of last mile delivery?

The truth is - it's never possible to get it right every time, and sometimes mistakes will be inevitable. But in our recent ebook, we found that the biggest bugbears for customers awaiting their orders is a lack of **visibility, control** and **accountability.**

*“Customers don't know how hard it is to create a seamless delivery experience. Expectations are high, which makes any deviation from those expectations harder to manage for retailers. Technology can help find the cheapest cost-to-deliver for retailers but having that order ready and waiting is crucial for a seamless handoff.”*

*– Jennifer Bartashus*
*Senior Analyst, Bloomberg Intelligence* [2]



**So what are the best ways to keep customer loyalties from being lost?**

In the following chapter, customers tell us what factors matter the most when waiting on their deliveries.

[2] Ryan, T. (2022) 'Are retailers getting closer to nailing last-mile delivery?' 18th January. [Online] [Accessed on 25th February 2022] https://retailwire.com/discussion/are-retailers-getting-closer-to-nailing-last-mile-delivery/.

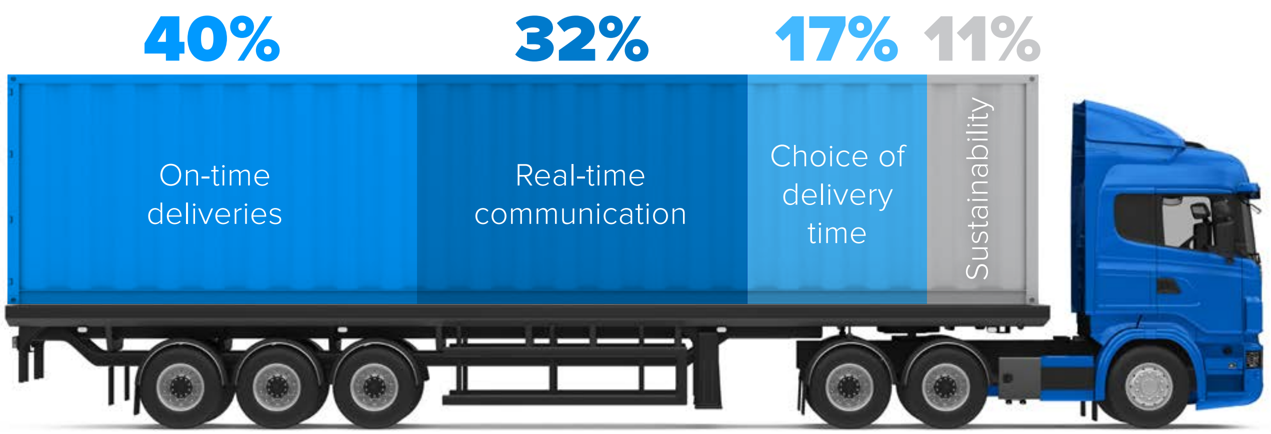
# Consistency is King

## Consumers value speed and reliability above other delivery benefits

Perhaps the most striking finding of this survey is the most obvious. Faced with continued disruptions and with patience wearing thin, our respondents made it clear that what matters most to them is that logistics companies get the basics right.

As our findings show across multiple questions, **consistency is king** and delivering on committed delivery times is what matters more than anything else. When asked what was most important to them regarding last-mile delivery, **ensuring their packages are delivered quickly and on time is the number one priority.**

Reflecting the increasing expectation for logistics companies to integrate more technology into their deliveries, the second most important factor was having **real-time communication** about the pending delivery, such as notifications of the package leaving the depot, where it is in transit, and when the expected delivery time will be.




Having a choice of delivery time ranked third, gaining 17%, while concerns over sustainability ranked last, with just over 1 in 10 (11%) considering it their most important factor in their delivery decisions.

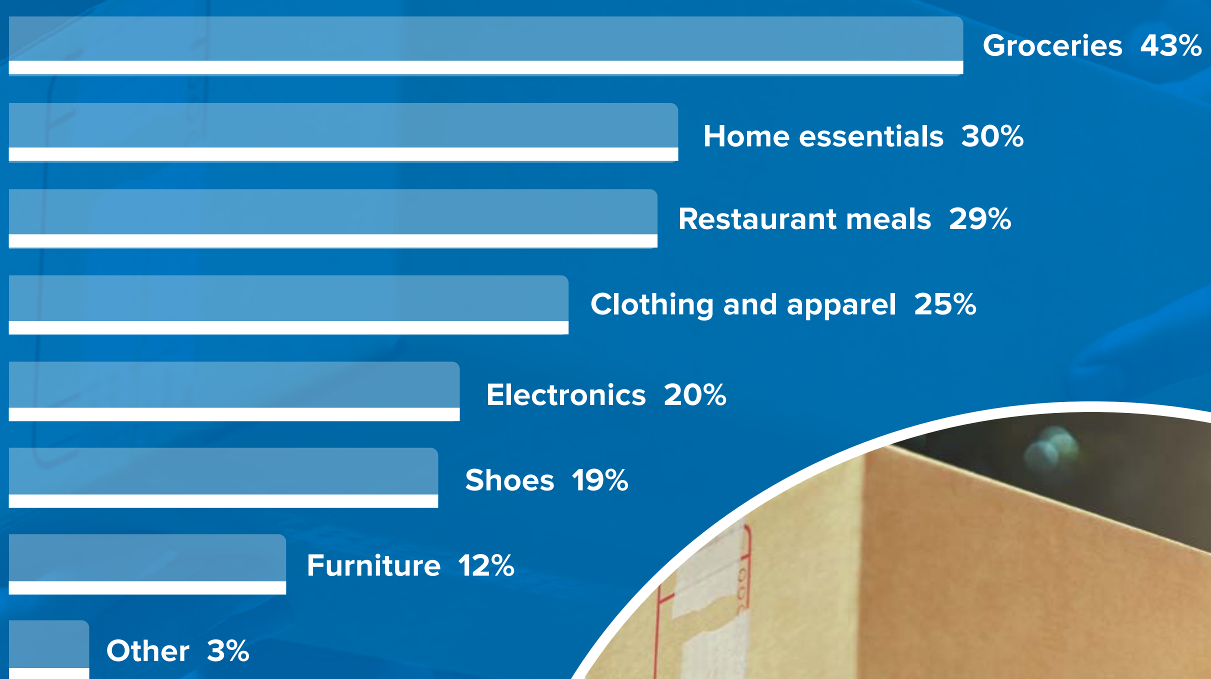
# If you'll ship it, they'll shop for it

## Customers are purchasing a vastly expanding variety of items online post-pandemic

Long gone are the days when ordering home deliveries was limited to pizzas. While the advent of delivery apps like DoorDash and Bringg had already shaken up the last mile in the last 5 years, our survey found that online shopping habits have changed significantly since the pandemic.

The most popular first time purchased for consumers were of course **groceries (43%), home essentials (30%) and restaurant meals (29%)**, reflecting the realities of lockdown closures and greater demand for products like cleaning materials throughout the pandemic.

**What, if anything, have you purcahsed online during the pandemic that you had never purchased online before?**




When broken down by age demographics, some interesting differences can be observed. While groceries were the most popular for all age groups,

39% of Generation Z respondents purchased clothing, apparel and restaurant meals online for the first time during the pandemic while 35% purchased electronics.


However, when it comes to expected delivery times, consumers are realistic about what is possible. **While 87% of respondents expect food items from restaurants to be delivered in an hour or less, only 38% would expect the same from product deliveries.**

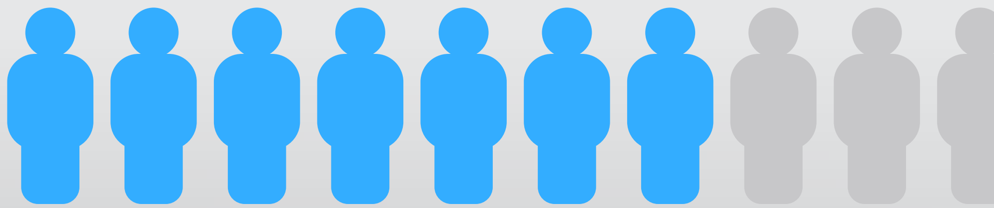
# Time is Money

## Younger consumers will pay significantly more for faster delivery than previous generations

Among the greatest challenges faced by ecommerce businesses in recent years has of course been how to compete with Amazon on every front. In fact, Retail Wire recently reported that **99 percent of retailers plan to offer same-day delivery by 2025**.[3] But how can this be achieved without cutting into already thin margins?

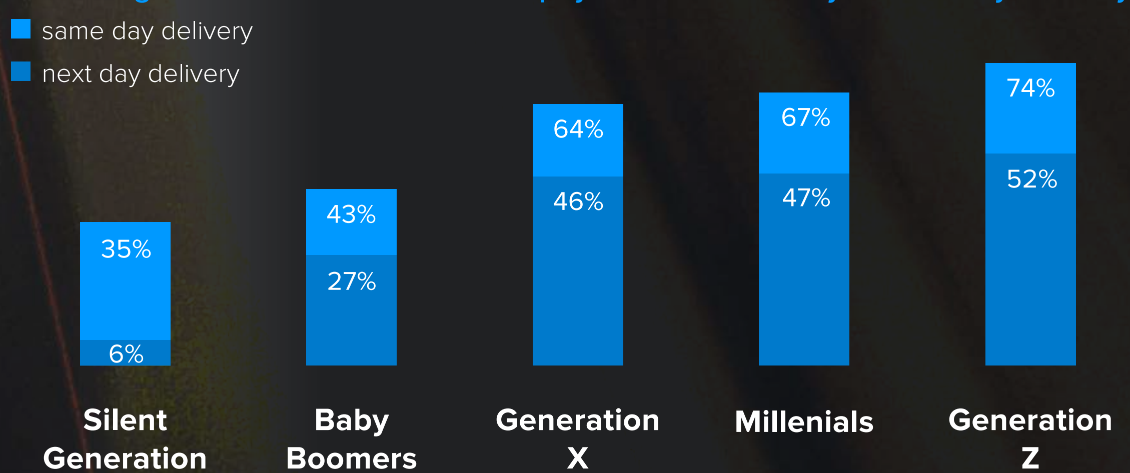
According to our results, focusing on younger customers could be the answer.
We found that:

**7 in 10 Millennial and Gen Z shoppers are willing to pay more than $10 for same-day delivery, while half would also pay $10 for next-day delivery.**



By comparison, only 4 in 10 Baby Boomers would pay this amount for same-day delivery, falling to just over a quarter (27%) for next day delivery. As can be expected, Silent Generation respondents were the least willing to pay premium prices for delivery, with only 35% willing to pay over +$10 for same day delivery, and 6% for next day delivery.

Percentage of consumers that would pay $10 for same day or next day delivery




[3] Ryan, T. (2022) 'Are retailers getting closer to nailing last-mile delivery? RetailWire.' [Online] [Accessed on 1st March 2022] https://retailwire.com/discussion/are-retailers-getting-closer-to-nailing-last-mile-delivery/.

# Package Tracking Delivers Peace of Mind

## Shoppers uniformly love technologies that enable greater visibility and control over their deliveries

So, customers today have proven they are more willing to pay a premium for faster delivery, and less likely to order again if anything goes wrong. But which technologies are they asking for to ensure they have peace of mind while their package is on the way? The response came back loud and clear.

**96% of respondents indicated they find GPS tracking useful when awaiting deliveries.**

Having continuous visibility of a package was by far the most popular tech that last mile providers can give, but improving their control was also highly popular. In fact, **almost 9 in 10 (88%) desire the ability to redirect deliveries on route.**

According to last mile expert Gary Newbury, customers no longer care as much about whether the delivery associate is in uniform or has the right livery on the side of the van.

*“When it comes to general merchandise, especially contactless, it really doesn’t matter who does it. What does matter to shoppers is their experience making the order and getting updates until it reaches their porch.”*

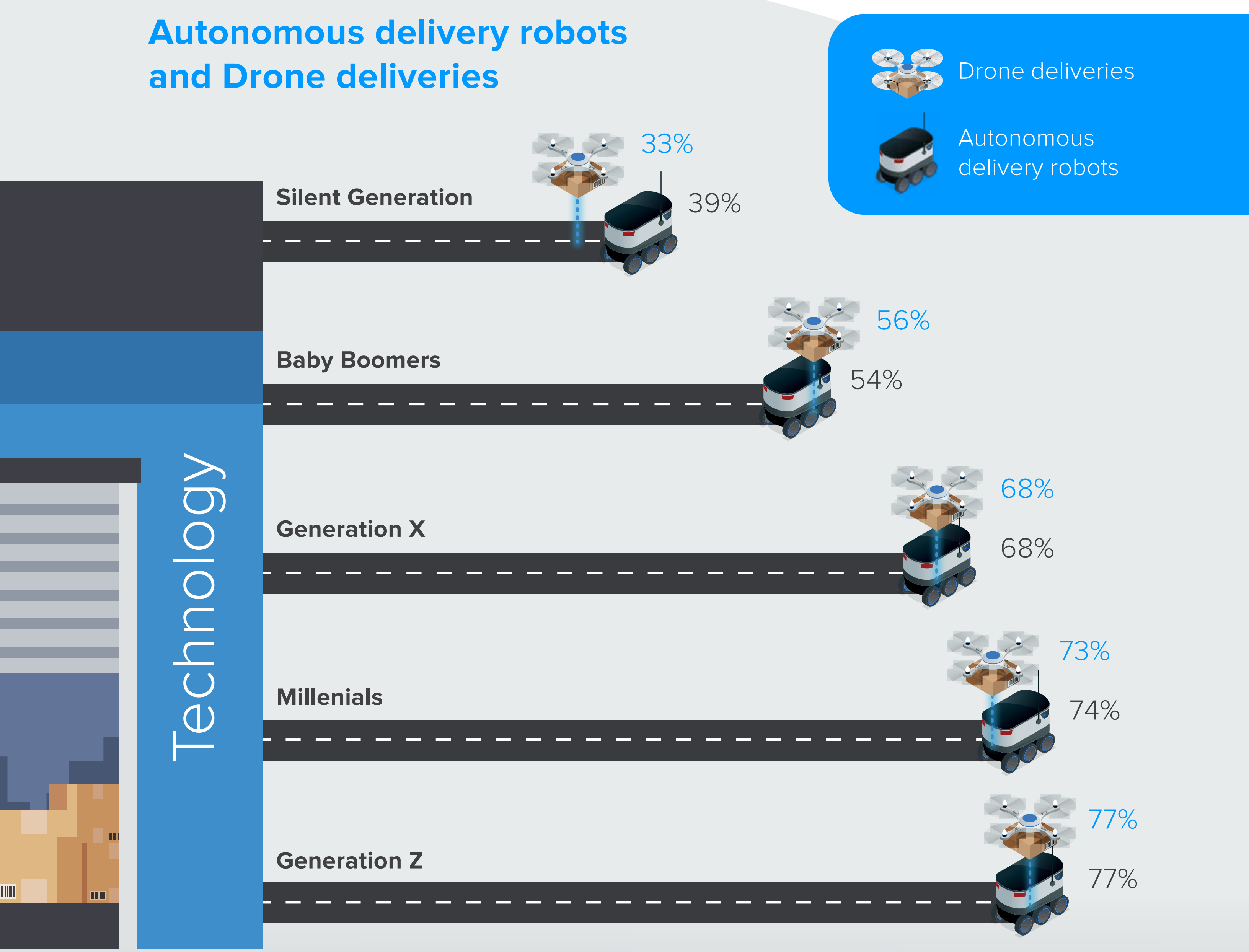
*- Gary Newbury, RetailAID*


If you’re interested in hearing more from Gary, listen to his appearance on our podcast, Delivering the Goods!

The third most popular delivery technology which has risen to prominence in recent years is the possibility to receive packages at **centralized pickup locations such as lockers.** This option was also popular across demographics, with more than ¾ (78%) also in favor of receiving packages in this way.

## Rise of the machines?

By contrast with these fairly 'down to earth' solutions, more eye-catching tech like drones and autonomous delivery robots were less in demand, though not unpopular. As can be expected, the perceived usefulness of both technologies increased with each new generation.



# Conclusion

We have seen a 'great acceleration' of trends and technologies which were already in progress, but which have now become ubiquitous in everyday life. From home office to contactless shopping to mobile-first banking and more, the pandemic has compressed a decade of innovation into two short years.

But perhaps no sector has seen changes on the level of logistics. Previously a mostly invisible industry, the resilience of our supply chains has been moved firmly to the front of mind, and consumers today are far better informed on the challenges faced by delivery companies handling their goods.

What is clear from the findings of this report is that customer sentiments towards last mile deliveries are shifting dramatically, especially among younger consumers who instinctively reach for their phone to inform, compare and complete their purchases. For last mile delivery companies considering which innovations to adopt to meet new customer demands, our findings point to the following conclusions:

1. **The worst problems of the pandemic have passed** but most shoppers are still facing delays and disruptions, with almost half having dealt with more than one in the last year.
2. **Brand loyalty is weaker than ever,** especially among younger shoppers. Most are adopting a 'one strike and you're out' policy, threatening to shop elsewhere after a single unsatisfactory delivery experience.
3. **Customers have a need for speed** - if companies can be consistent and on-time, other advantages can follow. Logistics should not put the horse before the cart and focus on other innovations without already having tackled this key issue.
4. **Many customers will skip the store if they can** and purchase a far wider variety of products for delivery, compared to before the pandemic. Industry pioneers should watch Generation Z shopping habits closely as they are far more likely to purchase clothes, electronics and more online than previous generations.
5. **You get what you pay for:** for younger shoppers, there is a high level of willingness to pay higher prices for fast delivery. Logistics can take advantage of this to make up for the extra costs of same- and next-day deliveries.
6. **Your tech should deliver peace of mind,** giving consumers better visibility and control over their deliveries while they are in progress. GPS updates are universally popular across demographics, followed closely by dynamic delivery options.

# About Anyline

Anyline is defining the future of mobile data capture. By combining the power of neural networks and artificial intelligence, we are creating the most accurate and versatile solutions on the market. Anyline makes data capture simple. With Anyline integrated into your process, your company can instantly read and process text and barcodes with any mobile device or embedded camera.

Since 2013, we've been working with some of the greatest minds in machine learning to create our market-leading data capture solutions. Our technology is already used by household names, including PepsiCo, E.On, Canon, and Porsche, as well as national governments, and the United Nations. From our bases in Vienna Austria and Boston MA, our growing and dynamic team is ready to help you digitize your processes.

## Report details

The results in this report are from an online survey that was fielded from February 14 to 17, 2022. There were 1,015 respondents to the survey. The responses presented in this report were weighted to be representative of the overall population by the following variables:

- Region: South Atlantic (20%), Pacific (16%), East North Central (14%), Mid-Atlantic (13%), West South Central (12%), Mountain (8%), West North Central (7%), East South Central (6%), New England (5%), US Territories (0%)
- Gender: Woman (50%), Man (49%)
- Age: 18-34 (31%), 35-44 (17%), 45-54 (18%), 55-64 (17%), 65+ (16%)
- Ethnicity: White, non-Hispanic (64%); Hispanic (16%); Black, non-Hispanic (12%); Asian (4%); Other race (3%)
- Household income: Under $50,000 (39%); $50-$99,999 (31%); $100,000+ (30%)
- Ideology: Liberal (29%), Moderate (36%), Conservative (35%)
- Political party: Democratic Party (41%), Independent (21%), Republican Party (38%)
- State: California (12%), Texas (9%), Florida (7%), New York (6%), Pennsylvania (4%)
- Education level: Less than HS (12%), HS graduate (28%), Some college (31%), College graduate (18%), Postgraduate (10%)
- Registered voter: Currently a registered voter (69%), Not a registered voter (31%)

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