Elevating the B2B Receiver Experience

→ Leveraging lessons learned in B2C to meet the rising expectations of B2B logistics.

It's not news that the rise of e-commerce has revolutionised consumer expectations by offering greater convenience, choice and speed in their shopping experiences.

But it might surprise shippers to learn that this transformation has led to innovations that they can leverage with their business receivers as well.

Whether ordering a dress, a pair of shoes, or even new kitchenware, consumers around the world expect a certain standard of personalisation, efficiency and ease in their delivery experience. B2B business leaders, mere consumers in their personal lives, have grown accustomed to the convenience provided by e-commerce, and are challenging their logistics managers to deliver the same seamless experience that they – and the rest of the world– have come to expect.

Thankfully for them, the emergence of new B2C technologies can be leveraged to optimise their operations. Innovations like real-time tracking, improved visibility and enhanced communication are key drivers enabling logistics managers to meet the rising expectations of all stakeholders.

Business leaders have grown accustomed to the convenience provided by e-commerce.

## Bridging the Customer Experience Gap

Over the last two decades, B2C logistics has significantly raised the bar of the customer experience. However, the distinct nature of B2B, characterised by large order volumes and complex supply chains, has posed challenges in replicating the same level of sophistication for this market.

Despite the challenges that might exist in meeting these expectations, the need to do so is just as crucial in B2B transactions as it is in the B2C realm.
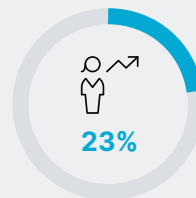
Consider these numbers:
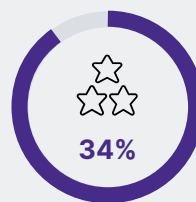
34% — B2B buyers are **34%** more likely to do business with companies that prioritise customer experience[i].
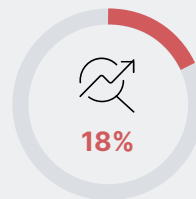
18% — Companies delivering exceptional experiences reported an **18%** increase in acquisition rates and an **8%** boost in average revenues.

23% — Businesses that offer outstanding customer experiences enjoy **23%** higher customer retention and a **26%** increase in customer lifetime value.

Source: Deloitte Digital, 2023[i]

In the logistics industry, this effect is particularly pronounced. A KPMG report, titled 'Connected Experience in Transport and Logistics,' highlights that companies leveraging customer insights to deliver an exceptional overall experience are more likely to achieve significant success.

In multiple sectors, the top 25 customer experience leaders demonstrated 5 times the earnings growth and 7 times the revenue growth of the bottom 25[ii].

The Inherent Challenge of B2B

So, what typically stands in the way of a B2B business achieving the same level of customer experience as its B2C counterpart?

The answer lies in the heightened operational complexity of the B2B model.

Several unique characteristics of B2B logistics contribute to longer delivery times compared to B2C, including:

Complex routes involving multiple stops at warehouses, distribution centres and customer locations.

Consolidated shipments, each with distinct handling and storage requirements.

Stringent legal and compliance requirements, encompassing limits on truck loads, driver hours, road curfews and industry-specific regulations.

Given this hidden complexity, a seemingly straight-forward 12-hour trip from Melbourne to Sydney may in fact require 24 hours. Receivers may wring their hands in frustration and plead for a simple GPS tracker to improve visibility.

However, let's consider this hypothetical scenario. The GPS tracker shows the truck to be just 50 kilometres from its destination, leading the receiver to expect the delivery within an hour.

But little does the receiver know that the truck still needs to pass through a weighbridge, unload at two customers and pick up at another distribution centre.

Providing information without the necessary context could potentially worsen the receiver experience and harm the business's reputation.

Given these inherent limitations of the B2B model, how can B2B shippers enhance the receiver experience?

The Need for
Speed and Information

The need for speed remains paramount in the industry, with half of omnichannel consumers seeking alternatives when delivery times extend beyond two to three days[iii].

90%
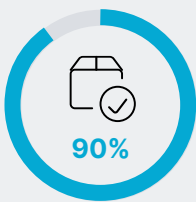
More than **90%** of US online shoppers now expect their orders to arrive within two to three days[iv].

Source: McKinsey, 2021[xv]

These statistics confirm that the period of leniency extended to carriers during the exceptional circumstances of the COVID-19 pandemic in 2020-2021 is over.

In a reflection of these expectations, at efm we are seeing customers re-assess the application of the long-held success metric, DIFOT (Delivered In Full, on Time) to prioritise quicker delivery times over a high success rate.

For example, businesses that might have previously allocated a generous delivery timeframe of 5 days for a straightforward Melbourne to Sydney shipment to optimise DIFOT, are now setting stricter delivery windows, for example 2 or 3 days, recognising that more exceptions will occur.

Key to the ability for businesses to maintain a positive customer experience despite more deliveries not arriving on time is timely and pro-active communication.

As Deloitte found in its research report titled 'Customers Experience Enters the B2B Battlefield'[v], what B2B buyers want most is "information – accurate information – at their fingertips, and control over what they know and when".

In B2C, there are various shipment notification processes and systems that can facilitate efficient and transparent logistics operations. Among the most popular are:

Automatic Shipment Notifications (ASNs): digital notifications triggered by specific events such as when an order is packed, shipped or en route, and typically include details such as item descriptions, quantities, expected delivery dates and tracking information.

Email Shipping Notifications (ESNs): automated notifications, specifically delivered via email. They can be generated by an automated system or manually crafted and sent by the shipper and are often used when personalised or detailed communication is required.

Shipment Tracking Platforms: web-based platforms or software solutions that allow customers to track shipments in real-time. These platforms provide visibility into the entire shipping process, from order preparation to delivery.

SMS Notifications: B2C shippers may employ SMS notifications to keep customers informed about their shipments. These notifications can include tracking links and estimated delivery times.

Customising information to reduce noise

We've found that B2B businesses, dealing with high order volumes, often report notifications as more noise than value. Instead, their priority is in receiving succinct updates regarding the progress of shipments, enabling them to make informed decisions promptly if needed. These updates may take the form of daily exception reports or on a case-by-case basis.

Elevating Last Mile to Deliver Success

Fuelled by an explosion in e-commerce, the global last mile delivery market is expected to grow 85%, from US$108 billion in 2020 to US$200 billion by 2027[vi].

The discourse in the industry is dominated by e-commerce and the associated emergence of cutting-edge innovations like smart technology, drones, delivery robots and electric vehicles that promise to make B2C last-mile delivery faster, more traceable and efficient[vii].

While in B2B, last mile looks vastly different – characterised by bulk shipments, commercial receiver locations and larger delivery vehicles – it is no less important.

This highlights an enormous missed opportunity given the following insights:

21%
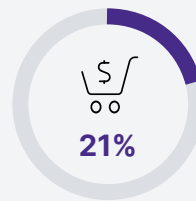
B2B customers are 21% more likely to repurchase if they're satisfied with just the last mile[ix].

73%
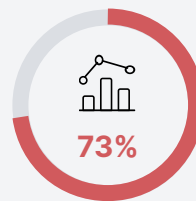
B2B customers expect excellence across many aspects of last mile. Flexibility (74%) Sustainability (75%) and Packaging (81%) scored even higher than Speed (73%) in their contribution to High Satisfaction.

Source: Gartner, 2023[viii]

This data tells us that improving the last-mile experience for B2B customers is important and can benefit from a comprehensive approach.

Improve your Last Mile experience with these 10 strategies:

1. Choose the right carriers

- **Diverse fleet:** Engage a diversified fleet to accommodate various delivery sizes, aligning vehicle sizes with specific delivery requirements, ultimately reducing costs and environmental impact.

2. Customised delivery options

- **Time-slotted deliveries:** Allow customers to select delivery windows that match their schedules, minimising disruptions and optimising efficiency.
- **Delivery location preferences:** Enable customers to specify delivery locations, whether it's a loading dock or a specific area within their premises.

3. Personalised service

- **Recipient preferences:** Ensure delivery personnel handle goods as per the recipient's preferences, from stocking locations to stacking methods.
- **Adaptability:** Encourage flexibility in addressing unexpected situations; for instance, providing alternative solutions when issues like temporary loading dock inaccessibility arise.

4. Transparent communication

- Keep customers informed about the status of their deliveries through proactive communication, including email or SMS notifications.
- Provide accurate estimated delivery times and notify customers of any delays.

5. Consistency and reliability

- **Service Level Agreements (SLAs):** Establish clear SLAs outlining performance expectations, including delivery timeframes, accuracy standards and quality assurances.

6. Quality control

- Implement rigorous quality control processes across packaging, loading and unloading.

7. Dedicated Account Management

- **Personalised support:** Assign dedicated account managers to serve as a single point of contact for customers, ensuring consistent fulfilment of their unique requirements.

8. Customer support and issue resolution

- **Accessible channels:** Provide multiple accessible support channels, including phone, email, and online chat, for easy customer communication regarding delivery questions.
- **Effective issue tracking:** Implement robust systems for tracking and managing customer queries, enabling monitoring of issue resolution progress and prioritising urgent cases.

9. Customised packaging

- **Tailored solutions:** Offer personalised packaging options to align with the nature of goods or specific recipient requirements, including eco-friendly, specialised labelling, tamper-evident, and temperature-controlled packaging.

10. Security measures

- **Protection for high-value goods:** Implement security measures to safeguard deliveries, especially for high-value or sensitive items.
- **Tamper-evident packaging:** Use tamper-evident packaging and provide proof of delivery for added security.

Thrive in the Green Revolution

Heightened environmental awareness, evolving consumer preferences, stricter regulations and supply chain pressures have led to a surge in importance of packaging sustainability in recent years.

The pressure is coming both from a corporate perspective and from the customer. The 2018 Global Sustainability Index Institute Report[xi] found that the number of sustainable development goal statements in the annual reports of 400 of the world's largest businesses had more than doubled[xii].

This trend reflects findings from a Nielsen[xiii] survey of 30,000 people from 60 countries, which found that two-thirds of respondents would happily pay more for sustainable goods.

> Three out of four millennials are willing to pay 10-15% more for sustainable products and services.
>
> *Source: World Economic Forum, 2018[xiv]*

By meeting rising consumer expectations and reducing operational cost, sustainability in logistics can enhance brand reputation and improved profitability, ultimately leading to competitive advantage.

So how can you improve sustainability in your logistics?

We recommend the following strategies for reducing your carbon footprint and contributing to an eco-friendlier approach to packing and transporting freight.

1 Right-size packaging

- Use packaging that matches the size of the product, reducing the need for excess materials and minimising wasted space during transportation.
- Choose lightweight materials and recyclable packaging materials to reduce the overall weight of the shipment, which can lower fuel consumption and emissions.

2 Choose eco-friendly packaging

Companies can explore a range of eco-friendly packaging alternatives, including:

- **Bioplastics:** Derived from renewable resources, these plastics are compostable or biodegradable, reducing the burden on the environment.
- **Recycled materials:** Using recycled cardboard, paper or plastics in packaging not only conserves resources but also sends a positive environmental message.
- **Reusable packaging:** Implementing a system of reusable packaging materials can significantly reduce waste and enhance sustainability.

3 Reduce packaging waste

- Work towards designing packaging that generates minimal waste by focusing on factors like easy disassembly and reusability.

4 Consolidate and optimise

- Combine smaller shipments into larger ones whenever possible to reduce the number of trips and decrease carbon emissions.
- Employ advanced logistics and routing software to plan more efficient transportation routes, reducing fuel consumption and emissions.

5 Eco-friendly practices

- Minimise vehicle idle times, optimise loading/unloading, and reduce unnecessary stops.
- Opt for vehicles powered by cleaner fuels like electric, hybrid, or natural gas to reduce emissions.
- Encourage waste reduction and recycling in your organisation and among suppliers to minimise environmental impact during transportation.

6 Consumer engagement

- Packaging is often the most visible aspect of a product's sustainability, and many consumers are increasingly making eco-friendly choices.
- Engage consumers by clearly labelling their commitment to sustainable packaging and educate them about responsible disposal and recycling practices.

Transforming Returns into Rewards

A generous returns policy is a standard customer expectation these days. That's not surprising when you consider that for every nine items received by a consumer, one will be returned – even more during peak shopping periods such as Christmas and Boxing Day sales[xvi].

E-commerce businesses have a high frequency of returns and an obvious need for a clear process. However, there are many B2B shippers with a requirement for high-value returns on a less frequent – but still consistent – basis.

## Reasons for returning items may include the following:

- Items that are no longer able to be sold;
- The refurbishment of rented equipment;
- The return of a product back to a manufacturer due to a failed delivery;
- A process for reusing packaging materials to avoid waste; and
- Transfers of items that involve two-way delivery. For example, medical equipment returned from the hospital to the manufacturer for sterilisation.

Maximising value in B2B returns management

Although it can improve the receiver experience, returns come at a high price for businesses, with the average return costing businesses 30 per cent of the purchase price[xvii]. Meanwhile the average profit for an online order is only 10 per cent. This means that for each return a business is making a loss which needs to be recovered by making at least *three* more sales.

Instances of reverse logistics may be infrequent, but they are costly to manage on an ad hoc basis. We have seen that the accumulated spend on returns can be a significant portion of a company's freight budget. Through our experience we also know it's possible to bring down the expenditure of returns by up to 80% by taking a strategic approach to reverse logistics, in much the same way as we tackle forward-facing logistics.

Here's how to improve returns management and elevate your receiver's experience:
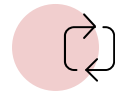
1. Establish a clear return policy and process

- Ensure that your receivers are well-informed about your returns policy, covering various situations.
- Provide a designated point of contact or an online portal to facilitate returns initiation and processing.

2. Transparent communication

- Keep your receivers informed with regular updates on the status of their returns. This not only builds trust but also reduces uncertainty and anxiety.

3. Quality control

- Implement robust quality control measures at different stages of your supply chain to identify and address issues, whether they are defects or other reasons for returns.

4. Harness data analytics

- Utilise a technology platform that provides visibility of returns, reasons, frequency, locations and other data points to address common issues and identify opportunities to enhance efficiency.

5. Cost management

- Pre-negotiate carrier rates for returns as you would for outbound logistics rather than manage reverse logistics on an ad hoc basis.

6. Incorporate sustainability

- Explore recycling, refurbishing and repurposing returned items to reduce waste. Opt for environmentally-friendly transportation options to minimise emissions.

Navigating the changing landscape

In this ever-evolving environment, the ability to meet rising expectations will be a defining factor for success. Adapting to these changes will not only enhance the receiver experience but also drive customer satisfaction, recommendation and repurchase decisions.

By staying responsive to these shifting dynamics and integrating innovative logistics solutions, B2B logistics managers can secure a competitive edge in the market of tomorrow.

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For a complimentary analysis of your existing logistics solution, visit
efmlogistics.com.au/contact

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