

DESCARTES™



John Lewis + Partners

Customer-Centric Home Delivery Solution

Summary

The John Lewis + Partners is one of the United Kingdom's most successful retailers. Its product line of over 350,000 items includes a range of categories, including some—such as furniture and appliances—that require delivery and in many cases installation and other services. The retailer is known for creating a superior customer experience and service – from the time they engage the customer to the product is in their hands, is paramount for the organization. They are also an excellent example of a traditional retailer transitioning much of its business online.

John Lewis began a sweeping modernization of its supply chain to support its expanding omnichannel presence. A significant element of that program was establishing an end-to-end customer home delivery experience. As a richly experienced retailer through both brick-and-mortar and online channels, John Lewis + Partners understood the importance of being able to instantly offer customers exactly what they want. They also saw a persistent flaw: when it came to delivery, they—and all retailers—were failing to offer customers that same choice, convenience and certainty.

Virtually every multichannel or omnichannel retailer worldwide—John Lewis included—had a delivery scheduling system that offered the customer no options, that took a very long time—often days—to complete, and that failed to offer the customer additional—and profitable—services. Using the latest innovations in route optimization and home delivery technology, John Lewis turned that model on its head. Today, customers choose their delivery slot. They bundle in any required services. It's confirmed at the point-of-sale: at the same time their purchase is confirmed. And John Lewis makes a profit doing it.



Why it Matters

Customer-centric delivery has always been an elusive holy grail for retail. Letting customers select a tight delivery time window most convenient for them has always been poor logistics for the retailer. If the retailer, or contracted third-party handling home deliveries, couldn't decide which van, on which route, at which time, it couldn't control its costs of last mile fulfillment. John Lewis + Partners has implemented a solution—combining innovative thinking with packaged software from Descartes—that makes empowering customers with the flexibility to choose their delivery window practical and profitable. The success of the initiative makes it a model for retailers across categories where delivery is part of the equation.

Impact Statement

Providing customers with the same experience, scheduling deliveries as they have when buying product, has significantly strengthened the John Lewis + Partners brand, its reputation as an innovative omnichannel retailer, and its customer loyalty. You can't go wrong by profitably offering the customer choice and convenience. The solution delivers a substantial return on investment for John Lewis + Partners—in terms of both cost savings and increased revenue. They cut logistics costs. They dropped a full mile a stop, for the millions of deliveries they make each day. And they created new revenue streams for both premium deliveries and services.

Applicability

Every company that delivers to the customer's door faces the challenge John Lewis + Partners confronted: how to let the customer make the delivery decision without making logistics unacceptably expensive. That challenge increases for retailers working within omnichannel environments. The technology John Lewis + Partners used is available and affordable for any retailer with delivery offerings. The way John Lewis + Partners used that technology is a model for all retailers to follow.

The Challenge

"Personalized" and "customer-centric" are parts of the mantra of omnichannel retailing. Those characteristics are ubiquitous at the point-of-sale. Customers can purchase a product from physical, online and mobile points of sale, selecting just the right size, color and so on. Providing this to customers through a well-integrated supply chain is a critical, common imperative for retailers of every size, and for their customers.

When it comes to home delivery, that same level of personalization and customer centricity is conspicuously absent. Home delivery still operates on the premise of "any color as long as it's black." Customers generally have only minimal control over when and how a home delivery takes place. They are usually unable to confirm the exact delivery window at the point of sale. They have to wait for a call back (that's often automated so there's no chance to respond) that comes sometimes hours—or even days—after their purchase, to know what their actual delivery time will be. Should the order require separate services, those have to be scheduled separately. If there are other orders already scheduled for the address, they will come separately.

John Lewis + Partners began a long-term initiative to put in place a supply chain that would support the omnichannel reality they faced, allow them to increase profit by delivering better on the customer proposition, and lay a foundation for change and response to market demands on the supply chain through the next decade. For John Lewis + Partners, the supply chain was the pulse of successful retailing. They focused on four key areas: optimized inventory, supply chain agility, partner growth and empowerment, and fulfillment excellence.

When it came to the last of these—creating customer-centric fulfillment—John Lewis + Partners set a goal that scheduling a product for delivery had to be as easy, as fast, and as flexible for the customer as buying the product was. It had to be profitable for John Lewis + Partners as well. To satisfy that mandate, John Lewis + Partners provides a delivery scheduling system that lets the thousands of customers who schedule deliveries each day choose and schedule—at the point of sale—the delivery date. There are no delays between placing an order and scheduling the delivery. The customer has a range of choices so that the delivery is scheduled for their convenience. They bundle in any required services (like electrical, installation or takeaway) at the same time. Just as importantly, John Lewis + Partners did this in a way that lowered its delivery costs by millions of pounds and directly contributed tens of millions of pounds to its top line.

The Traditional Mode of Customer Delivery

Two fundamental obstacles have universally stopped retailers from breaking out of this “Request-Wait-Accept” mode of scheduling a delivery.

Obstacle 1: Traditional Route Optimization

Route optimization—finding the least-cost delivery route—is typically done in batches. Throughout the day, delivery requests accumulate. At predetermined points in time—which is often just once, generally the day before the deliveries are made—all the requested deliveries that are waiting to be scheduled are loaded into the optimization system at one time, and the optimal routes for them all are identified and scheduled. Even while that batch optimization process is running, new delivery requests are being backlogged for the next batch run. In other words: the optimized route is outdated even before the batch run completes, and no delivery commitments can be made until the next optimization run. Only when all that backend processing is done can the retailer call the customer back with a delivery window: a window imposed on, not selected by, the customer.

Obstacle 2: Time Slot Selection

How the route is selected after batch optimization is the other major challenge. “Best for the retailer” is the only criterion used to generate that delivery window. The definition of “optimal route” is all about least-cost for the retailer to fulfill. Lowest cost is important, but it’s definitely not a personalized, customer-centric perspective. When the retailer calls the customer back, it’s not to ask them when they’d like it delivered, it’s to tell them when it will be delivered. Any services that have to be included (like installation) likely need to be scheduled separately. Time-slot windows are often broad (such as before noon or after noon). If the window it selected can’t work for the customer, the retailer offers even less-attractive second and third choices. From this approach, the potential for using delivery as a profit center is never considered. Routes that can carry a premium price (and generate profit for the retailer) are ignored.



The John Lewis + Partners Customer Experience Today

To best understand the achievement John Lewis + Partners' fulfillment process represents for themselves and all retailers, follow the very simple John Lewis + Partners customer experience, and compare it to the traditional model of Request-Wait-Accept:

1. Customers buy at any point of sale: in-store, online or mobile.
2. Once they reach checkout, customers or in-store, John Lewis + Partners sales resources are presented with a "Delivery Options" button.
3. When they click on that button, they're instantly presented with a calendar view of many available delivery windows—some free and some premium-priced—across the coming week. Any required services are scheduled at the same time and the same way: instantly, at point-of-sale. If other deliveries are already scheduled for that address, they're combined into a single delivery. A critical differentiator here is that the delivery and service options returned are already optimized for John Lewis + Partners' operations.
4. Customers select the day and time they want delivery, bundle their services, and the purchase and delivery schedule are completed and confirmed in the same transaction.

This is a dramatic shift in convenience for the customer, and a financial game-changer for John Lewis + Partners as well. The supply chain has become a profit center for them. Providing this kind of instantaneous customer choice has increased completed online carts, generated significant new services revenue, lowered logistics costs, cut mileage traveled, and given them a new set of premium delivery options to offer customers.



The Solution Overview

John Lewis + Partners combined its own innovative thinking with Descartes Home Delivery Solution to create a fulfillment process that delivers perfectly on the promise of customer-centric delivery. To do that they needed to take advantage of the unique capabilities Descartes' solution offered

Dynamic Delivery Appointment Scheduling

John Lewis + Partners wanted to eliminate the long delay before the delivery was actually scheduled and confirmed to improve the customer experience, upsell premium time windows and value-added services and reduce its delivery costs.

Success starts during the ordering process where there is the greatest opportunity to influence the customer to take delivery appointment options that benefit John Lewis + Partners. Every delivery appointment booking is unique and depends not only on the customer's order, but also all of the existing orders. Providing delivery options to fit the delivery personas is critical to creating a differentiated customer experience and increasing revenue. There is no reason, however, that the options presented cannot also benefit the retailer, reducing costs and maximizing delivery capacity. Dynamic delivery appointment scheduling provides multiple options simultaneously and allows the retailer to present these during the buying process. Each delivery option is scored for best delivery performance for the retailer, so the retailer can determine in real-time which options to present to the customer. Because the options are dynamically generated, they can be unique to the customer type, size of sale, etc. and the retailer can display the options that potentially meet the customer's need and are the most economical for the retailer—hence the concept of profitable choice. Another benefit of dynamic delivery appointment scheduling is that it eliminates unscheduled or infeasible deliveries because the customer is only presented with viable options to select. To produce the most productive options, dynamic delivery appointment scheduling requires real-time optimization technology that considers the road network, vehicle type and capacity, operational rules, customer preference and existing orders.



All this happens instantly after the "Delivery Options" button is clicked, a calendar view of available time slots is presented to the customer or in-store partner. Only those windows that are profitable are presented, and there are multiple options across the time horizon. There are different time window durations offered – all day, 4-hour and 2-hour with different delivery prices. In addition, John Lewis + Partners highlights "eco" delivery options where they will already be in the "area" of the customer and have least carbon footprint impact – they are also the lowest cost delivery options for John Lewis + Partners.

Continuous Route Optimization

Descartes MacroPoint is a global freight visibility platform for shippers, brokers and 3PLs to get real-time visibility on the freight they have given to 3rd party carriers. Our patented, automated load monitoring and tracking software provides load location visibility, predictive analytics, and an automated communication platform to truly enable "Manage by Exception" capabilities. We own the largest supply chain visibility network of connected carriers and continue to grow by integrating with new technologies and onboarding hundreds of new carriers monthly.

Benefits

For John Lewis + Partners, the value of this approach goes far beyond “just” increasing customer satisfaction.

Here are some of the benefits John Lewis + Partners realized with its solution.

- Increased revenues by tens of millions of pounds, due to increased service orders and increased purchases of premium delivery windows.
- Increased on time and completed orders.
- Cut an average of 1 mile off every delivery route, decreasing logistics costs by millions of pounds and reducing carbon emissions.
- Increased delivery capacity by 35% without increasing resources.

The Future

John Lewis + Partners is looking ahead not just at ways to further improve customer choice for deliveries, but to envision how it will evolve as the omnichannel evolves. Since the original omnichannel modernization program John Lewis + Partners has implemented the Descartes Mobile solution to provide a truly seamless delivery experience and better manage the fleet during delivery execution.

The John Lewis + Partners/Descartes Relationship

From more than a decade, John Lewis + Partners has relied on Descartes to provide home delivery solutions. The two organizations have worked together to develop leading delivery strategies and technology solutions that have changed how many retailers globally view the value of home delivery.

More information on John Lewis + Partners is available at www.johnlewis.com

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Uniting the People & Technology That Move the World.